

HARVIA PLC

**FINANCIAL
STATEMENTS
BULLETIN
2021**

HARVIA

Sauna & Spa

#healingwithheat

HARVIA Q4: STRONG GROWTH AND PROFITABILITY CONTINUED

HIGHLIGHTS OF THE REVIEW PERIOD

OCTOBER–DECEMBER 2021:

- Revenue increased by 31.9% to EUR 46.5 million (35.2). At comparable exchange rates, revenue increased by 29.8% to EUR 45.7 million. On top of strong organic revenue growth of 21.0%, Harvia enjoyed substantial revenue growth due to acquisitions.
- Adjusted operating profit increased to EUR 11.1 million (8.8), making up 24.0% (24.9) of the revenue. At comparable exchange rates, the adjusted operating profit increased to EUR 11.0 million (24.0% of the revenue).
- Operating profit was EUR 11.1 million (8.7), making up 23.9% (24.7) of the revenue.
- Operating free cash flow amounted to EUR 3.8 million (10.3) and cash conversion was 30.2% (104.1%). EUR 3.8 million (0.8) investments in expanding capacity and improving productivity as well as EUR 5.1 million increase of net working capital decreased the operating free cash flow and cash conversion in the fourth quarter.

JANUARY–DECEMBER 2021:

- Revenue increased by 64.2% to EUR 179.1 million (109.1). At comparable exchange rates, revenue increased by 65.8% to EUR 180.9 million. Organic growth was very strong at 43.3%. The impact of acquisitions on growth was substantial, as well.
- In 2021, the share of international business was EUR 142.2 million (81.4), making up 79.4% (74.6) of the revenue.
- Adjusted operating profit increased to EUR 47.3 million (24.4), making up 26.4% (22.4) of the revenue. At comparable exchange rates, the adjusted operating profit increased to EUR 47.9 million (26.5% of the revenue).
- Operating profit was EUR 46.6 million (22.4), making up 26.0% (20.5) of the revenue.
- Operating free cash flow amounted to EUR 20.4 million (28.7). EUR 11.8 million (2.6) investments in expanding capacity and improving productivity as well as EUR 20.9 million increase of net working capital decreased the operating free cash flow and cash conversion. The acquisitions in 2021 were paid out of the company's cash reserves.
- Net debt amounted to EUR 43.8 million (31.9) and leverage was 0.8 (1.1).
- Equity ratio was 42.4% (42.0).
- Earnings per share was EUR 1.80 (0.83). The Board of Directors' dividend proposal is EUR 0.60 per share, to be paid in two instalments.
- On 28 May 2021, Harvia signed and closed an agreement to acquire Kirami, a leading Finnish still water hot tub manufacturer and pioneer in wood-heated hot tubs globally.
- On 31 August 2021, Harvia signed and closed an agreement to acquire Sauna-Eurox Oy, and its sister company Parhaat Lölyt Oy.

KEY FIGURES

EUR million	10-12/2021	10-12/2020	Change, %	1-12/2021	1-12/2020	Change, %
Revenue	46.5	35.2	31.9%	179.1	109.1	64.2%
EBITDA	12.7	9.9	28.3%	52.5	26.7	96.5%
% of revenue	27.3%	28.0%		29.3%	24.5%	
Items affecting comparability *	0.0	0.1	-45.4%	0.6	2.1	-69.7%
Adjusted EBITDA **	12.7	9.9	27.8%	53.1	28.8	84.6%
% of revenue	27.3%	28.2%		29.7%	26.4%	
Operating profit	11.1	8.7	27.6%	46.6	22.4	108.5%
% of revenue	23.9%	24.7%		26.0%	20.5%	
Adjusted operating profit **	11.1	8.8	27.1%	47.3	24.4	93.4%
% of revenue	24.0%	24.9%		26.4%	22.4 %	
Basic EPS (EUR)	0.44	0.31	39.6%	1.80	0.83	117.3%
Operating free cash flow	3.8	10.3	-62.9%	20.4	28.7	-28.7%
Cash conversion	30.2%	104.1%		38.5%	99.7%	
Investments in tangible and intangible assets	-3.8	-0.8	344.6%	-11.8	-2.6	358.2%
Net debt	43.8	31.9	37.4%	43.8	31.9	37.4%
Leverage	0.8	1.1		0.8	1.1	
Net working capital	41.9	18.0	133.6%	41.9	18.0	133.6%
Adjusted return on capital employed (ROCE)	112.6%	73.3%		112.6%	73.3%	
Equity ratio	42.4%	42.0%		42.4%	42.0%	
Number of employees at end of period	824***	617	33.5%	824***	617	33.5%

* Consists of items outside the ordinary course of business, relating to the Group's strategic development projects, acquisitions, restructuring expenses and loss on sale of fixed assets, and affecting comparability.

** Adjusted by items affecting comparability.

*** Includes the personnel of Kirami and Sauna-Eurox, totaling 71 employees on 31 December 2021.

FINANCIAL TARGETS AND OUTLOOK

Harvia targets an average annual revenue growth of more than 5%, an adjusted operating profit margin exceeding 20% and a net debt/adjusted EBITDA between 1.5x–2.5x in the long term. The future impacts of changes in IFRS reporting standards have been excluded in the net debt/adjusted EBITDA ratio target.

The company has set long-term targets related to growth, profitability and leverage. The company's management estimates that due to the special circumstances caused by the COVID-19 pandemic, the sauna and spa market has experienced exceptionally high demand. This, however, is not expected to have an impact on the long-term growth expectations of the sauna and spa market, nor on Harvia's long-term targets.

Harvia does not publish a short-term outlook.

TAPIO PAJUJARJU, CEO:

I am very happy and proud of being part of the outstanding Harvia team: Excellent performance and effort continued during the fourth quarter, and we are very pleased with 2021. Everyone in the team has done great job in demanding conditions. A job more than well done. Thank you!

The underlying market demand and sentiment have remained favorable in all product categories. In the last quarter, we continued on the growth path and reached a healthy topline growth of EUR 11.2 million or 31.9%. We experienced some shortages of critical componentry impacting sales of control units. The capacity constraints had an unfavorable impact on sales of sauna rooms.

We have continued to gain market share and improve our position in the market. We estimate that Harvia has taken the leading position in the global sauna and spa market. The gain has been strongest in Europe. We have also opened new markets, such as Japan, Australia, and New Zealand. Our growth in Finland and Scandinavia has been robust, and in Scandinavia, we are now very close to the market leader.



The full-year figures reflect the excellent execution of our strategy. Our revenue amounted to EUR 179.1 million, increasing by EUR 70 million or 64.2% year on year. Despite the highly demanding situation in the supply chain and logistics, we were able to maintain excellent profitability in the fourth quarter. Our adjusted operating profit increased to EUR 11.1 million, an improvement of EUR 2.3 million year on year. The relative operating profit decreased by less than 1 percentage point, despite increases in raw material, packaging material prices, logistics costs and changes in the product mix. The recent acquisitions performed well and made a favorable contribution to profitability, yet lower than our average profit margin. The full-year adjusted operating profit landed at EUR 47.3 million, delivering a substantial year-on-year improvement of EUR 22.9 million or 93.9%.

Our cash flow remained strong. We deliberately increased our inventories of critical raw materials and componentry as well as our ready-made goods, which is visible in the increased net working capital. On top of this, we paid the acquisitions of Kirami and Sauna-Eurox as well as the investments of EUR 11.8 million with cash funds. This has temporarily impacted our cash position.

The availability of certain components and raw materials has caused some delay and increased our order stock, but our ability to serve our customers has remained good. We have addressed the escalating prices of raw materials and components as well as the increased logistics costs in our pricing with a firm grip. This process is ongoing.

Despite the challenges caused by the pandemic, all of our production units have performed well. Our capacity utilization has been excellent. To further boost the capacity and improve productivity, we completed an all-time high investment program of EUR 11.8 million during 2021. We opened a new sauna factory in Lewisburg, West Virginia, USA, expanded and upgraded the capabilities at the Muurame factory, expanded capacity at our sauna factory in Romania and the capabilities in our factory in China, expanded the warehousing and logistics capacity at Kirami, upgraded the EOS Driedorf machinery and capacity, as well as laid the ground for improving internal logistics at the Muurame facility. All our investments were completed on time and on budget.

I am extremely happy that the EOS team and operations are well integrated in the family and performing ahead of the plan. On top of this, the integration of the recently acquired Kirami business as well as Sauna-Eurox, manufacturer of high quality and sustainable sauna stones, has progressed according to plans.

Harvia has always paid a great deal of attention and effort on environmental, social, and corporate governance issues. The year 2021 was no exception. We created a sustainability program for 2022–2025. We also carried out a review of our current CO₂ impact. Our starting point for decreasing our CO₂ footprint further is good, and we are committed to continuous improvement.

The sauna and spa market continues to enjoy good momentum. The general awareness of health benefits of regular sauna bathing is gaining attention globally. This applies to all sauna markets and all sauna types and cultures.

The year of 2021 was unusual by all standards and very demanding on our people. We remain committed to keeping all our people safe, fully functional, and highly motivated. We conducted a group-wide People Power Survey in the last quarter of the year. The results confirmed that the spirit and motivation of our personnel is on a very good level. This gives us an even better fundament to work focused on our strategy of increasing the value of the average purchase, geographical expansion, and continuous improvement of productivity and innovation. M&A activity in the sauna and spa market remains high. As stated in our strategy, we will continue to seek opportunities to grow both organically and through M&As.

After analyzing the market and its dynamics, we maintain our general outlook for the market and estimate that for the next few years the market growth will exceed the historical average. However, we continue to estimate that part of the growth is so-called advance demand, which is normalizing for the residential market while the professional market is gaining momentum. This is not expected to affect the long-term expectations of the sauna and spa market.

MARKET REVIEW

Historically the sauna and spa market has been resilient due to demand arising from the need to replace sauna heaters.

According to Harvia's estimate, the total impacts of the COVID-19 pandemic on the sauna and spa markets were favorable in 2020–2021, although the pandemic caused significant and quick short-term fluctuations in demand in several of Harvia's key markets in 2020. The challenges brought on by the pandemic to Harvia's business are still somewhat evident in Southern Europe, Russia, the Arab countries and Asia.

According to Harvia's estimate, there are approximately 17 million saunas in the world. This large sauna base provides significant business arising from the replacement of saunas and sauna heaters. Historically, the sauna market has grown annually by an average of 5%. However, Harvia is currently seeing considerable growth in the market due to growing awareness and appreciation of the health benefits related to sauna and the general trend of investing in and relaxing at home, which began already before but has been accelerated by the COVID-19 pandemic. Harvia's management estimates that somewhat higher than historical average market growth rates will continue in the medium term, for the next couple of years.

According to the management's estimate, Harvia's share of the sauna and spa market has increased and is estimated to be 5% and its share of the sauna heater and sauna component market is estimated to be 20% in 2021. With the revenue reached in 2021, the management estimates that Harvia has taken the leading position in the global sauna and spa market.

REVENUE

REVENUE BY MARKET AREA

EUR thousand	10-12/2021	10-12/2020	Change %	1-12/2021	1-12/2020	Change %
Finland	8,505	6,373	33.5%	36,900	27,679	33.3%
Scandinavia	2,664	2,058	29.4%	9,357	5,615	66.6%
Germany	8,674	7,704	12.6%	35,351	17,644	100.4%
Other European countries	13,316	9,267	43.7%	49,674	26,118	90.2%
Russia	3,675	3,002	22.4%	11,549	7,881	46.5%
North America	7,406	5,696	30.0%	29,132	20,847	39.7%
Other countries*	2,241	1,147	95.4%	7,160	3,331	114.9%
Total	46,481	35,249	31.9%	179,123	109,115	64.2%

* The largest of which: Arab countries and Asia.

REVENUE BY PRODUCT GROUP

EUR thousand	10-12/2021	10-12/2020	Change %	1-12/2021	1-12/2020	Change %
Sauna heaters	21,604	18,817	14.8%	88,177	59,003	49.4%
Sauna rooms & Scandinavian hot tubs	11,220	5,913	89.8%	41,185	20,646	99.5%
Control units	4,317	4,118	4.8%	17,578	10,217	72.0%
Steam generators	1,386	1,032	34.3%	5,129	3,199	60.3%
Other product groups, spare parts and services	7,953	5,369	48.1%	27,053	16,049	68.6%
Total	46,481	35,249	31.9%	179,123	109,115	64.2%

OCTOBER–DECEMBER 2021

The Group's revenue increased in October–December by 31.9% to EUR 46.5 million (35.2). At comparable exchange rates, revenue increased by 29.8% to EUR 45.7 million. Organic revenue growth was 21.0%. Revenue increased significantly in all of Harvia's key markets, especially in Europe and other countries. The growth in other countries was driven mainly by Asian and Arab countries.

Revenue increased in all product groups in October–December. Sauna heater sales improved particularly in electric heaters, especially in other European countries and Finland. The strong growth of sauna room sales continued especially in North America and Germany, while hot tub sales was driven by Central Europe. Revenue from control units slightly exceeded the level of the comparison period. Sales of other product groups, spare parts and services also developed very well, with heater stones and accessories driving the growth.

JANUARY–DECEMBER 2021

The Group's revenue increased in January–December by 64.2% to EUR 179.1 million (109.1). At comparable exchange rates, revenue increased by 65.8% to EUR 180.9 million. Organic revenue growth was 43.3%. Revenue growth was significant in all of Harvia's key markets, especially in Germany and in other European countries. The growth in other countries was driven mainly by Asian and Arab countries.

Revenue increased in all product groups in January–December. Sauna heater sales improved in both electric and wood burning heaters, especially in Germany and other European countries. The strong growth of sauna room sales continued especially in North America and in Central Europe. Revenue from control units developed favorably particularly in Germany and other European countries. Sales of other product groups, spare parts and services also developed very well.

RESULT

OCTOBER–DECEMBER 2021

Operating profit for October–December increased to EUR 11.1 million (8.7) and the operating profit margin was 23.9% (24.7). The operating profit included EUR 0.0 million (0.1) of items affecting comparability, mainly related to acquisitions. Changes in exchange rates strengthened the operating profit by approximately EUR 0.1 million. Adjusted operating profit increased to EUR 11.1 million (8.8) and the adjusted operating profit margin was 24.0% (24.9). The net finance costs for the review period were EUR -0.4 million (-0.8).

Profit before taxes was EUR 10.8 million (7.9). The Group's taxes amounted to EUR -2.3 million (-1.8).

The result for October–December was EUR 8.4 million (6.1) and undiluted earnings per share were EUR 0.44 (0.31).

JANUARY–DECEMBER 2021

Operating profit for January–December increased to EUR 46.6 million (22.4) and the operating profit margin was 26.0% (20.5). The operating profit included EUR 0.6 million (2.1) of items affecting comparability, mainly related to acquisitions. Changes in exchange rates weakened the operating profit by approximately EUR 0.7 million. Adjusted operating profit increased to EUR 47.3 million (24.4) and the adjusted operating profit margin was 26.4% (22.4). The net finance costs for January–December were EUR -1.4 million (-2.0).

Profit before taxes was EUR 45.2 million (20.4). The Group's taxes amounted to EUR -10.4 million (-4.4).

The result for January–December was EUR 34.8 million (16.0) and undiluted earnings per share were EUR 1.80 (0.83).

FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of December 2021 was EUR 201.5 million (31 December 2020: 165.6), of which equity accounted for EUR 84.1 million (68.9).

At the end of December 2021, the company's net debt amounted to EUR 43.8 million (31.9). Loans from credit institutions were EUR 56.4 million (56.4) and lease liabilities were EUR 2.9 million (2.8). During the fourth quarter, the company renegotiated its loans from credit institutions resulting in more favorable conditions. Cash and cash equivalents at the end of the review period amounted to EUR 15.5 million (27.3). Leverage was 0.8 (1.1) at the end of the review period.

Other non-current liabilities include redemption and purchase price liabilities resulting from acquisitions, amounting to EUR 20.6 million (9.6). At the end of December 2021, the contractual amount of the redemption and purchase price liability was EUR 22.0 million (10.1). The increase is mainly due to the Kirami acquisition and increased valuation of EOS Group's minority shareholding.

Equity ratio was 42.4% (42.0) at the end of the year. The adjusted return on capital employed (ROCE) was 112.6% (73.3).

In January–December, Harvia's operating free cash flow was EUR 20.4 million (28.7) and cash conversion was 38.5% (99.7). The operating free cash flow was reduced by EUR 20.9 million increase in net working capital compared to 31 December 2020 as well as EUR 11.8 million investments in increasing capacity and improving productivity.

INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

The Group's investments in January–December amounted to EUR 11.8 million (2.6). The growth investments increased significantly compared to January–December 2020. The investments expand Harvia's capacity and improve productivity in line with Harvia's strategy. The Group's research and development expenditure recognized as expenses amounted to EUR 2.3 million (1.7).

Harvia's old production facility in the United States had a very high utilization rate at the beginning of 2021, and the sauna demand was growing. Harvia completed the acquisition of a facility suited for production of sauna and spa products in Lewisburg, West Virginia, USA, on 26 April 2021. The value of the transaction was approximately EUR 2.1 million. The facility comprises high-quality production and office space totaling 8,900 m². The new facility is expected to increase the production capacity of Almost Heaven Saunas by approximately one third, due to a new layout and production lines, as well as improved production processes. In addition, the new facility offers an opportunity to increase and diversify production capacity significantly in the future. Production in the new facility began in November 2021.

Harvia invested in increasing the production capacity of its Muurame factory in Finland by expanding the factory and acquiring new machinery. The total value of the investment, including the new machinery, was approximately EUR 2.5 million. The investment in Muurame was used for the construction of a production hall of approximately 1,200 m², where the company installed new modern, more efficient production equipment. Compared to the current production lines, the new equipment has higher output as well as lower maintenance costs and smaller environmental impacts. The investment will directly increase the capacity of the production phase prior to assembly by approximately 20% and will enable building additional capacity for the electric heater assembly hall. A new layout, to be implemented following the new expansion, will also improve the efficiency of internal logistics. Production in the new hall began in December 2021.

Harvia purchased an industrial building of 1,266 square meters and the lease of the plot of land next to its Muurame factory with a deed signed on 1 December 2021. The acquired building is suitable for production use, but for the time being, the company will use it as part of its own logistics and warehousing operations. Harvia redeemed the property's 4,500-square-meter plot from the municipality of Muurame in December 2021.

In addition, Harvia has invested in production machinery in China and Romania.

ACQUISITIONS

KIRAMI

On 28 May 2021, Harvia signed and closed an agreement to acquire Kirami, 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 Oy owns 50% of an Estonian production company Metagrupp OÜ and 60% of a sales company Kirami Sweden AB. The financial figures of Kirami have been consolidated with Harvia's figures starting from 28 May 2021.

Kirami is a family business that was established in 2001 by the sellers and has grown to be one of the largest makers of still-water hot tubs globally. The company's main product is a wood heated still-water hot tub. Kirami's offering also includes hot tub accessories, water sanitation products, and outdoor saunas, as well as other products for outdoor living. Kirami has grown rapidly in recent years. The company has a production facility in Sastamala and a sales office in Turku, Finland, employing approximately 40 persons in total. In addition, Kirami employs seasonal workforce in production and logistics in April–August.

The purchase price was EUR 7 million at closing and on top of this, a delayed purchase price of EUR 0–4 million after a three-year period based on Kirami's EBITDA development. Harvia financed the acquisition with cash funds.

Realization of the synergies related to the acquisition has progressed according to plan. The identified key sources of synergy comprise 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.

SAUNA-EUROX

On 31 August 2021, Harvia Plc signed and closed an agreement to acquire Sauna-Eurox Oy. Together, the parties will continue to develop and expand the sauna stone business. Concurrently, Harvia also acquired Sauna-Eurox Oy's sister company Parhaat Löylyt Oy. Consolidated revenue of the acquired companies totaled approximately EUR 3.2 million in 2020. The acquisition allows Harvia and Sauna-Eurox to strengthen the availability of sauna stones and increase production capacity. The financial figures of Sauna-Eurox have been consolidated with Harvia's figures starting from 31 August 2021.

During 2021, Harvia also acquired the remaining 43.8% of Saunamax Oy shares from minority shareholders.

CORPORATE RESPONSIBILITY

Sustainability is a part of everyday life at Harvia – the company's operations and products have been developed sustainably already for over 70 years, as Harvia has developed from a traditional sauna and heater manufacturer into a leading player in the international sauna and spa market.

Harvia manufactures durable and safe products in a sustainable manner. For a long time, the company has invested in taking environmental aspects into consideration all the way from design to production, logistics, use and recycling of the products. Harvia has an environmental manual summarizing the company's sustainability values in four areas: environmental impacts of production, personnel, products and a responsible code of conduct.

During the year 2021, Harvia created the company's sustainability program for years 2022–2025. The program was approved by the Board of Directors in the fourth quarter of 2021. Harvia also partnered with a well-established ESG expert in order to carry out a review of its current group level CO₂ impact. The results indicated that Harvia's starting point with CO₂ footprint is good, and the company is committed to continuous improvement.

Harvia's corporate responsibility will be presented in more detail in the Annual Report 2021.

PERSONNEL

The number of personnel employed by the Group at the end of the December 2021 was 824 (617) and averaged 767 (534) in January–December. The increase in the number of personnel resulted from the acquisition of Kirami at the end of May 2021, the acquisition of Sauna-Eurox at the end of August 2021 and recruitments particularly at the factories in Muurame, Germany, China and Romania.

Of the personnel, 308 (201) worked in Finland, 143 (136) in Germany, 133 (88) in Romania, 95 (66) in China and Hong Kong, 60 (49) in the United States, 43 (37) in Austria, 27 (25) in Russia, 13 (14) in Estonia and 2 (1) in Sweden.

SHARES AND SHAREHOLDERS

Harvia's registered share capital is EUR 80,000 and at the end of December 2021, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume in 2021 was EUR 882.0 million (115.5) and 18,798,719 shares (8,496,186). The share's volume weighted average price during the review period was EUR 46.96 (13.59), the highest price was EUR 64.10 (25.10) in August 2021 and the lowest EUR 22.00 (7.02) in January 2021. The closing price of the share at the end of December 2021 was EUR 58.70 (24.50). The market value of the share capital on 31 December 2021 was EUR 1,097 million (458.0) including treasury shares.

At the end of December 2021, Harvia Plc held a total of 51,057 own shares, corresponding to 0.27% of the total number of shares. On 2 December 2021, the Board of Directors decided to start repurchasing the company's own shares on the basis of the authorization given by the Annual General Meeting on 8 April 2021. The shares were repurchased to be used as a part of the company's incentive plan. The maximum number of shares to be acquired was 44,000, corresponding to 0.24% of the total number of shares, and the maximum sum to be used for the repurchase was EUR 3.0 million. The repurchase of own shares started on 3 December 2021 and ended on 8 December 2021. During that time, Harvia acquired a total of 44,000 own shares for an average price of EUR 57.23 per share.

The number of registered shareholders at the end of December was 33,879 (13,551), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 48.7% (44.8) of the company's shares. The ten largest shareholders held a total of 19.0% (29.4) of Harvia's shares and votes at the end of December 2021.

During the year 2021, Harvia received the following notifications pursuant to Chapter 9, section 5 of the Securities Markets Act:

On 26 October 2021, Harvia announced that that it had received a notification that the total holding of Handelsbanken Fonder AB (Stockholm, Sweden) in Harvia Plc shares and votes had fallen below five percent to 4.94% on 22 October 2021.

On 2 September 2021, Harvia announced that that it had received a notification that Onvest Oy had sold a total number of 1,483,990 Harvia Plc's shares. In connection with the share sale, Onvest Oy's holding of the shares and votes of Harvia Plc had on 1 September 2021 decreased below 5 percent. After the sale, Onvest Oy held a total of 821,689 shares, which is 4.40% of the total number of Harvia's shares.

On 23 July 2021, Harvia announced that that it had received a notification that the total holding of Lannebo Fonder AB (Stockholm, Sweden) in Harvia Plc shares and votes had fallen below five percent on 19 July 2021 to 4.94%.

GOVERNANCE

Annual General Meeting

Harvia Plc's Annual General Meeting, held on 8 April 2021, approved the financial statements and discharged the members of the Board of Directors and the company's CEO from liability for the financial year 2020. The Annual General Meeting approved in an advisory decision the remuneration report for governing bodies.

The Annual General Meeting approved the Board of Directors' proposal that no more than EUR 0.51 per share be paid as dividend and that the remainder of the distributable funds be transferred to shareholders' equity. The dividend was divided into two instalments in accordance with the Board's proposal. The Annual General Meeting resolved that a dividend of EUR 0.20 per share will be paid to shareholders. In addition, the Annual General Meeting approved the Board of Directors' proposal of paying a dividend of EUR 0.12 to celebrate Harvia's 70-year anniversary. These dividend payments 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.

In addition, 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. On 15 October 2021, the Board of Directors decided that an extra dividend of EUR 0.19 per share (EUR 3,550,564.01 in total) was going to be distributed from retained earnings. The dividend was paid to a shareholder registered in the company's shareholder register on the record date for the dividend 19 October 2021. The dividend was paid on 26 October 2021.

The Annual General Meeting resolved that the Board of Directors consists of five members. Olli Liitola, Ja Adlercreutz and Sanna Suvanto-Harsaae were re-elected to the Board of Directors and Anders Holmén and Hille Korhonen were elected as new members of the Board of Directors. Authorized Public Accountants PricewaterhouseCoopers Oy was elected as the Auditor of the company and Markku Launis, Authorized Public Accountant, will act as the Responsible Auditor.

The Board of Directors was authorized to resolve on the repurchase of a maximum of 934,711 shares in the company in one or several tranches. The maximum number of shares to be repurchased represents approximately 5% of all the shares in the company on the date of the Annual General Meeting. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorization. The authorization replaces the authorization of the Board of Directors to resolve on the repurchase of own shares granted by the shareholders of the company on 2 April 2020. The authorization is valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2022.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares as referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act in one or several tranches, either against payment or without payment. The aggregate number of shares to be issued, including the shares to be received based on special rights, must not exceed 1,869,423 shares. The Board of Directors may resolve to issue new shares or to transfer own shares possibly held by the company. The authorization is valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2022. The authorization replaces and revokes all previous unused authorizations of the Board of Directors to resolve on the issuance of shares, share options and other special rights entitling to shares.

Board of Directors' organizational meeting

The organizational meeting of the Board of Directors elected from among its members Olli Liitola as its Chair and Sanna Suvanto-Harsaae as its Deputy Chair. The Board of Directors elected from among its members Olli Liitola and Hille Korhonen as members and Sanna Suvanto-Harsaae as Chair of the Audit Committee. All members of the Board of Directors are independent of the company and its major shareholders.

Directed share issue

On 4 May 2021, The Board of Directors of Harvia Plc decided on a directed share issue without consideration for the payment of rewards earned under the company's share-based incentive program. The share payments concern the performance period 2018–2020 of the company's share-based incentive program launched in 2018. In the share issue, 42,943 own shares held by the company were transferred without consideration to the key employees participating in the share-based incentive program in accordance with the program-specific terms and conditions. After the transfer of shares,

Harvia Plc held a total of 7,057 own shares, corresponding to 0.04% of the total number of shares.

Long-term Performance Share Plan

The Board of Directors of Harvia Plc decided on 2 July 2021 to continue the Long-term Performance Share Plan for the management team and other key employees for the performance period 2021–2023. In the performance period 2021–2023, the plan has 15 participants at most and the targets for the performance period relate to company's total shareholder return, revenue growth, sustainability targets and EBIT margin. The maximum number of shares in Harvia Plc to be paid based on the performance period 2021–2023 is 33,500. This number of shares represents the gross earning, from which the withholding of tax and possible other applicable contributions are deducted, and the remaining net amount is paid in shares. However, the company has the right to pay the reward fully in cash under certain circumstances. Potential rewards from the performance period 2021–2023 will be paid out during spring 2024.

Composition of the Shareholders' Nomination Board

Harvia Plc announced the composition of the Shareholders' Nomination Board on 10 September 2021. Pursuant to the Board's proposal, the Shareholders' Nomination Board would be comprised of representatives appointed by the company's four largest shareholders. Each year, those four shareholders that hold the largest share of the votes conferred by all shares in the company on the first working day of the September preceding the applicable Annual General Meeting pursuant to the shareholders' register maintained by Euroclear Finland Ltd will be entitled to appoint members that represent the shareholders.

The following members were appointed to Harvia Plc's Shareholders' Nomination Board:

Juho Lipsanen, Onvest Oy, Member of the Board

Heikki Savolainen, WestStar Oy, Managing Director

Pertti Harvia, Tiipeti Oy, Chairman of the Board

Annika Ekman, Keskinäinen Eläkevakuutusyhtiö Ilmarinen, Head of Direct Equity Investments

In addition, Olli Liitola, the Chairman of the Board of Directors of Harvia, serves as an expert in the Nomination Board without being a member.

RISKS AND UNCERTAINTIES

As a global sauna and spa company, the health and well-being of our employees, partners and customers is our top priority also in the COVID-19 situation. All Harvia offices and production facilities follow the guidelines set by local health authorities to contain the spread of the pandemic. In accordance with our contingency plan, we have taken special measures to ensure the safety of our personnel as well as the continuity of our production and services in the exceptional situation caused by the coronavirus.

The company is constantly assessing the COVID-19 situation in terms of its business. In 2021, the pandemic increased demand in the sauna and spa market. According to the company's assessment, a part of this demand may be so-called advance demand. The magnitude and timing of the potential reverse impact remain unknown for the time being. Our supply chain has been affected by increased prices and exceptional volatility in availability of raw materials and key componentry, but thanks to our partners and multiple sourcing strategy, we have been able to keep the impact under control. Going forward, we anticipate the same challenging situation to continue at least for the first half of 2022.

So far, Harvia has been able to maintain full operational capability, but if the need to restrict operations arises, this may have a negative impact on the company's business volume, result or financial performance. If the exceptional circumstances caused by the pandemic prove to be long-lasting, the general economic situation may have a dampening effect on demand in the industry.

General economic, social and political conditions impact Harvia's operating environment. Economic uncertainty in Finland, Europe, Russia, North America or more widely across the globe can affect the company's business in many ways and make accurate predictions and planning of future business more difficult than usual.

The self-sufficiency of the Group's manufacturing process, the backup supplier system for materials and the widely dispersed customer base balance potential strategic risks. Production is based on the company's own design and patents, and these are used to manage potential operational risks. Damage risks are covered with insurances where possible, and their coverage is assessed annually with the insurance company.

The Group's loans consist of long-term liabilities. The loans include covenants, which in unfavorable business conditions may require new financing negotiations with the bank. The company protects itself from interest risks arising from bank loans with interest rate swaps amounting to EUR 25 million.

Harvia has business operations in several countries. Harvia is exposed to transaction and translation risks mainly relating to the US dollar and the Russian ruble. Exchange rate risks have thus far not been significant for the Group, and Harvia has not protected itself from these risks with currency derivatives.

The principles of Harvia's financing risk management are described in the Consolidated Financial Statements and the general principles of risk management on the company's website at www.harviagroup.com.

EVENTS AFTER THE REVIEW PERIOD

Nasdaq Nordic, responsible for the trading on the Helsinki stock exchange, announced changes to the OMX Helsinki 25 Index portfolio in January 2022. Harvia Plc (HARVIA) is one of the companies to be added to the OMX Helsinki 25 (OMXH25). The new portfolio of the OMX Helsinki 25 became effective on 1 February 2022.

On 31 January 2022, Harvia announced the proposals of Harvia Plc's Shareholders' Nomination Board to the Annual General Meeting 2022. The Nomination Board proposes that the number of members of the Board of Directors will be increased by a maximum of one member, from the current five to six members. The Shareholders' Nomination Board proposes that Olli Liitola, Sanna Suvanto-Harsaae, Anders Holmén and Hille Korhonen be reappointed to the Board of Directors. The Nomination Board proposes that Heiner Olbrich be appointed as a new member of the Board of Directors. All proposed persons are independent of the company and of the major shareholders of the company.

THE BOARD OF DIRECTORS' PROPOSAL ON THE USE OF PROFITS

Harvia Plc's total unrestricted equity amounts to EUR 69,226,116 in total, of which profit for the period accounts for EUR 16,607,971. In order to determine the amount of dividend, the Board of Directors has assessed the company's solvency and financial standing after the end of the period. Harvia's Board of Directors proposes to the Annual General Meeting that the company distributes a dividend of EUR 0.60 per share, EUR 11,216,541.60 in total, for the financial period ended 31 December 2021. The Board of Directors proposes the dividend to be paid in two instalments, EUR 0.30 in April 2022 and EUR 0.30 in October 2022.

FINANCIAL RELEASES IN 2022

Harvia will publish its financial reports in 2022 as follows:

5 May 2022 January–March 2022 interim report

11 August 2022 Half-year (January–June) 2022 financial report

3 November 2022 January–September 2022 interim report

Harvia’s annual report which contains the complete Financial Statements 2021, will be published during the week starting 7 March 2022 (week 10/2022). Harvia’s Annual General meeting has been planned to be held on 7 April 2022 at 10:00 a.m. in Helsinki.

MUURAME, 9 FEBRUARY 2022

HARVIA PLC
Board of Directors

For more information, please contact:

Tapio Pajuharju, CEO, tel. +358 50 5774 200
Ari Vesterinen, CFO, tel. +358 40 5050 440

PRESS CONFERENCE ON FINANCIAL RESULTS

Harvia will hold a webcast for analysts, investors and media on 10 February 2022 at 11:00 a.m. EET. The conference will be held in English. Harvia’s CEO Tapio Pajuharju and CFO Ari Vesterinen will host the event. The webcast can be followed at <https://harvia.videosync.fi/2021-q4-results/>.

You can also participate in the conference by calling:

Finland: +358 9 8171 0310

Sweden: +46 856 642 651

UK: +44 333 300 0804

US: +1 631 913 1422

PIN: 60749534#

A recording of the webcast will be available later at the company’s website <https://harviagroup.com/investor-relations/>.

HARVIA PLC FINANCIAL STATEMENTS BULLETIN 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Revenue	2.1	46,481	35,249	179,123	109,115
Other operating income		284	214	539	377
Materials and services		-18,026	-13,541	-70,114	-42,033
Employee benefit expenses		-8,160	-6,601	-30,591	-21,180
Other operating expenses	2.2	-7,902	-5,437	-26,469	-19,573
Depreciation and amortisation		-1,568	-1,174	-5,844	-4,329
Operating profit		11,110	8,710	46,644	22,376
Share in profits and losses of associated companies		24		57	
Finance income		190	74	698	229
Finance costs		-679	-1,020	-2,601	-2,645
Changes in fair values		109	102	418	390
Finance costs, net		-355	-845	-1,428	-2,026
Profit before income taxes		10,755	7,865	45,216	20,350
Income taxes		-2,334	-1,754	-10,427	-4,399
Profit for the period		8,420	6,111	34,789	15,951
Attributable to:					
Owners of the parent		8,153	5,842	33,674	15,475
Non-controlling interests*		268	269	1,115	476
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences		334	-255	1,197	-801
Other comprehensive income, net of tax		334	-255	1,197	-801
Total comprehensive income		8,754	5,857	35,986	15,150
Attributable to:					
Owners of the parent		8,487	5,588	34,871	14,674
Non-controlling interests*		268	269	1,115	476
Earnings per share for profit attributable to the owners of the parent:					
Basic EPS (EUR)	2.3	0.44	0.31	1.80	0.83
Diluted EPS (EUR)	2.3	0.43	0.31	1.79	0.82

*EOS Group and Kirami Ab Non-controlling interests

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	31-Dec-2021	31-Dec-2020
ASSETS			
Non-current assets			
Intangible assets		12,732	10,420
Goodwill		73,730	71,018
Property, plant and equipment		27,994	16,907
Leased assets		2,644	2,683
Investments in associated companies		726	
Deferred tax assets		1,488	1,924
Total non-current assets		119,313	102,952
Current assets			
Inventories	3	46,130	20,696
Trade and other receivables	3	20,447	14,411
Income tax receivables		113	244
Cash and cash equivalents	4	15,488	27,321
Total current asset		82,178	62,673
Total assets		201,492	165,625

EUR thousand	Note	31-Dec-2021	31-Dec-2020
EQUITY AND LIABILITIES			
Share capital		80	80
Other reserves		32,585	42,627
Retained earnings		14,212	8,254
Profit for the period		33,674	15,475
Equity attributable to owners of the parent		80,552	66,437
Non-controlling interests		3,598	2,423
Total equity		84,149	68,859
Liabilities			
Non-current liabilities			
Loans from credit institutions	4	56,380	56,328
Lease liabilities	4	2,315	2,425
Derivative financial instruments		484	903
Deferred tax liabilities		2,260	1,941
Employee benefit obligations		2,595	2,847
Other non-current liabilities*		20,553	9,616
Provisions		345	305
Total non-current liabilities		85,932	74,365
Current liabilities			
Loans from credit institutions	4	48	55
Lease liabilities	4	562	404
Employee benefit obligations		188	186
Income tax liabilities		6,661	4,323
Trade and other payables	3	24,646	17,156
Provisions		305	277
Total current liabilities		32,411	22,400
Total liabilities		117,342	96,765
Total equity and liabilities		201,492	165,625

*Other non-current liabilities include minority redemption liabilities and purchase price liabilities resulting from acquisitions

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Invested unrestricted equity reserve	Translation differences	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
Equity at 1 January 2020	80	53,257	142	15,358	68,837		68,837
Share-based incentive plan		563			563		563
Dividend distribution				-7,104	-7,104		-7,104
Repurchase of own shares		-1,026			-1,026		-1,026
Total transactions with shareholders		-463		-7,104	-7,567		-7,567
Profit for the period				15,475	15,475	476	15,951
Acquisitions		-9,508			-9,508	1,947	-7,561
Other comprehensive income			-801		-801		-801
Total comprehensive income		-9,508	-801	15,475	5,166	2,423	7,589
Equity at 31 December 2020	80	43,286	-658	23,729	66,437	2,423	68,859
Equity at 1 January 2021	80	43,286	-658	23,729	66,437	2,423	68,859
Share-based incentive plan		806			806		806
Dividend distribution				-9,517	-9,517	-16	-9,532
Revaluation of minority redemption liability		-7,641			-7,641		-7,641
Repurchase of own shares		-2,518			-2,518		-2,518
Share-based payments		-1,886			-1,886		-1,886
Total transactions with shareholders		-11,239		-9,517	-20,756	-16	-20,772
Profit for the period				33,674	33,674	1,115	34,789
Acquisitions						76	76
Other comprehensive income			1,197		1,197		1,197
Total comprehensive income			1,197	33,674	34,871	1,191	36,062
Equity at 31 December 2021	80	32,047	539	47,886	80,552	3,598	84,149

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Cash flows from operating activities					
Profit before taxes		10,755	7,865	45,216	20,350
Adjustments					
Depreciation and amortisation		1,568	1,174	5,844	4,329
Finance income and finance costs		355	845	1,428	2,026
Other adjustments		59	650	-1,278	1,496
Cash flows before changes in working capital		12,736	10,534	51,210	28,201
Change in working capital					
Increase (-) / decrease (+) in trade and other receivables	3	3,826	-933	-2,051	750
Increase (-) / decrease (+) in inventories	3	-7,064	-260	-22,574	-2,449
Increase (+) / decrease (-) in trade and other payables	3	-1,862	2,447	3,718	4,178
Cash flows from operating activities before financial items and taxes		7,635	11,788	30,303	30,681
Interest and other finance costs paid		-15	-156	-192	-339
Interest and other finance income received		28	5	232	114
Income taxes paid/received		-2,349	-904	-8,527	-2,376
Net cash from operating activities		5,299	10,734	21,816	28,080
Cash flows from investing activities					
Purchases of tangible and intangible assets		-3,770	-848	-11,762	-2,567
Sale of tangible and intangible assets			25	98	25
Acquisition of subsidiaries, net of cash acquired				-7,559	-18,059
Net cash from investing activities		-3,770	-823	-19,223	-20,602
Cash flows from financing activities					
Acquisition of treasury shares		-2,518	-1,026	-2,518	-1,026
Proceeds from non-current loans	4.1	56,500		56,500	20,000
Repayment of non-current loans	4.1	-56,761	-52	-56,761	-63
Change in current interest-bearing liabilities	4.1	-108	-7	-142	-61
Repayment of lease liabilities		-72	-142	-373	-647
Interest and other finance costs paid	4.1	-452	-769	-1,885	-2,186
Dividends paid		-3,566	-3,552	-9,532	-7,104
Net cash from financing activities		-6,977	-5,547	-14,711	8,914
Net change in cash and cash equivalents		-5,449	4,364	-12,118	16,391
Cash and cash equivalents at beginning of period		20,869	22,943	27,321	10,879
Exchange gains/losses on cash and cash equivalents		68	15	285	51
Cash and cash equivalents at end of period		15,488	27,321	15,488	27,321

NOTES TO THE GROUP'S FINANCIAL STATEMENT BULLETIN INFORMATION

1. BASIS OF PREPARATION

Basis of preparation

Harvia's interim information has been prepared in compliance with the IAS 34 Interim Financial Reporting standard. Interim information does not contain all the notes presented in the Consolidated Financial Statements for 2020 and should therefore be read in conjunction with the Consolidated Financial Statements for 2020 prepared in accordance with IFRS. The same accounting principles have been applied to the interim information as to the consolidated financial statements.

Harvia's Board of Directors has approved this financial statements bulletin information in its meeting on 9 February 2022. The figures in this bulletin as well as the actual financial statements have been audited. The figures have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

Accounting estimates and management judgements made in preparation of the interim information

The preparation of interim information requires management to make accounting estimates and judgements as well as assumptions that affect the application of the preparation principles and the accounting estimates on assets, liabilities, income and expenses. Actual results may differ from previously made estimates and judgements. Estimates and judgements are reviewed regularly. Changes in estimates are presented in the period during which the change occurs, if the change only affects one period. If it affects both the period under review and following periods, the changes are presented in the period under review and following periods.

The significant management judgements and accounting estimates concerning key uncertainty factors in connection with the preparation of this interim information are identical to those applied in the Consolidated Financial Statements for 2020.

2. GROUP PERFORMANCE

2.1 GROUP REVENUE

Harvia follows its revenue at the product group level. The Group's product and service offerings have been divided into five groups: sauna heaters, sauna rooms and Scandinavian hot tubs, control units, steam generators and spare parts, services and other products. Each product group includes products suitable for different customer categories to meet different customer needs. The largest customer category of the Group consists of retailers and wholesale customers who sell products to builders or end customers.

Revenue by market area

EUR thousand	10-12/2021	10-12/2020	Change	1-12/2021	1-12/2020	Change
Finland	8,505	6,373	33.5%	36,900	27,679	33.3%
Scandinavia	2,664	2,058	29.4%	9,357	5,615	66.6%
Germany	8,674	7,704	12.6%	35,351	17,644	100.4%
Other European countries	13,316	9,267	43.7%	49,674	26,118	90.2%
Russia	3,675	3,002	22.4%	11,549	7,881	46.5%
North America	7,406	5,696	30.0%	29,132	20,847	39.7%
Other countries*	2,241	1,147	95.4%	7,160	3,331	114.9%
Total	46,481	35,249	31.9%	179,123	109,115	64.2%

* The largest of which: Arab countries and Asia.

Revenue by product groups

EUR thousand	10-12/2021	10-12/2020	Change	1-12/2021	1-12/2020	Change
Sauna heaters	21,604	18,817	14.8%	88,177	59,003	49.4%
Sauna rooms & Scandinavian hot tubs	11,220	5,913	89.8%	41,185	20,646	99.5%
Control units	4,317	4,118	4.8%	17,578	10,217	72.0%
Steam generators	1,386	1,032	34.3%	5,129	3,199	60.3%
Other product groups, spare parts and services	7,953	5,369	48.1%	27,053	16,049	68.6%
Total	46,481	35,249	31.9%	179,123	109,115	64.2%

2.2 OPERATING EXPENSES

Other operating expenses for the period 1 January – 31 December 2021 include items affecting comparability of EUR 628 thousand (2,070) that are related to the group's strategic development projects, acquisitions or loss on sales of fixed assets, and affect the comparability between the different periods. Further information on these items is given in Appendix 2 Key figures.

2.3 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the owners of the parent company by the weighted average number of shares outstanding during the financial period. Diluted earnings per share is calculated on the same basis as basic earnings per share, but it takes into consideration the effects associated with any obligations of the parent company arising from a possible share issue in the future.

EUR thousand	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Profit for the period attributable to the owners of the parent company, EUR thousand	8,153	5,842	33,674	15,475
Weighted average number of shares outstanding during the financial period, '000	18,675	18,681	18,668	18,691
Basic earnings per share, EUR	0.44	0.31	1.80	0.83
Share-based long-term incentive plan	153	198	150	184
Weighted average number of shares outstanding during the year, diluted, '000	18,828	18,879	18,818	18,875
Diluted earnings per share, EUR	0.43	0.31	1.79	0.82

3. NET WORKING CAPITAL

EUR thousand	31-Dec-2021	31-Dec-2020
Net working capital		
Inventories	46,130	20,696
Trade receivables	16,222	11,826
Other receivables	4,225	2,585
Trade payables	-11,703	-8,476
Other payables	-12,943	-8,679
Total	41,931	17,952
Change in net working capital in the statement of financial position	23,979	1,112
Items not taken into account in change in net working capital in the statement of cash flows and the effect of which is included elsewhere in the statement of cash flows*	-3,073	-3,592
Change in net working capital in the statement of cash flows	20,906	-2,480

* The most significant items are related to finance costs, unrealized exchange rate gains and losses, acquisitions and investments.

4. NET DEBT

Interest-bearing net debt

EUR thousand	31-Dec-2021	31-Dec-2020
Interest-bearing debt	56,428	56,383
Lease liabilities	2,877	2,829
Less cash and cash equivalents	-15,488	-27,321
Net debt	43,817	31,891

At the end of 2021, Harvia renegotiated the terms of EUR 56,000 thousand term loans and EUR 8,000 thousand revolving credit limit, resulting in more favorable conditions. The term loan matures in two instalments. The term loan amounting to EUR 20,000 thousand and the revolving credit limit of EUR 8,000 thousand mature in December 2024, and the term loan amounting to EUR 36,500 thousand matures in December 2026. The nominal interest of the loans is tied to Euribor and its margin is tied to the Group's net debt / adjusted EBITDA ratio.

5. OTHER NOTES

5.1 ACQUISITION OF KIRAMI

More information on the Kirami acquisition has been presented in the section Acquisitions. Preliminary purchase price allocation of the acquisition is presented in the table below:

EUR thousand	
Purchase price	9,917
Net identifiable assets acquired	
Non-current assets	
Intangible assets	3 539
Property, plant and equipment	1 346
Leased assets	92
Investments in associated companies	669
Current assets	
Inventories	2 290
Trade and other receivables	2 855
Cash and cash equivalents	1 783
Total assets	12 574
Non-current liabilities	
Loans from credit institutions	300
Lease liabilities	61
Deferred tax liabilities	701
Provisions	17
Current liabilities	
Loans from credit institutions	91
Lease liabilities	31
Trade and other payables	3 063
Total liabilities	4 264
Total net assets acquired	8 310
Group's share of net assets	8 234
Goodwill	1 683
Cash flow impact	
EUR thousand	
Cash consideration of the acquisition	7 000
Cash balance acquired	-1 783
Impact on cash flows – investing activities	5 217

Expenses related to the acquisition EUR 0.3 million are presented under Other operating expenses and in operating cash flows in the consolidated statement of cash flows.

5.2 RELATED PARTY TRANSACTIONS

Transactions with related parties have been made on an arm's length basis.

EUR thousand	2021	2020
Sales	2	2
Purchases	26	

APPENDIX 1: KEY FIGURES AND CALCULATION OF KEY FIGURES

EUR thousand	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Key statement of comprehensive income indicators				
Revenue	46,481	35,249	179,123	109,115
EBITDA	12,677	9,884	52,488	26,705
% of revenue	27.3	28.0	29.3	24.5
Adjusted EBITDA	12,709	9,943	53,116	28,775
% of revenue	27.3	28.2	29.7	26.4
Operating profit	11,110	8,710	46,644	22,376
% of revenue	23.9	24.7	26.0	20.5
Adjusted operating profit	11,142	8,769	47,272	24,445
% of revenue	24.0	24.9	26.4	22.4
Adjusted profit before income taxes	10,787	7,924	45,844	22,419
Basic EPS (EUR)	0.44	0.31	1.80	0.83
Diluted EPS (EUR)	0.43	0.31	1.79	0.82
Key cash flow indicators				
Cash flow from operating activities	5,299	10,734	21,816	28,080
Operating free cash flow	3,839	10,350	20,447	28,688
Cash conversion	30.2%	104.1%	38.5%	99.7%
Investments in tangible and intangible assets	-3,770	-848	-11,762	-2,567
Key balance sheet indicators				
Net debt	43,817	31,891	43,817	31,891
Leverage	0.8	1.1	0.8	1.1
Net working capital	41,931	17,952	41,931	17,952
Capital employed excluding goodwill	41,984	33,337	41,984	33,337
Adjusted return on capital employed (ROCE)	112.6%	73.3%	112.6%	73.3%
Equity ratio	42.4%	42.0%	42.4%	42.0%
Number of employees at end of period	824	617	824	617
Average number of employees during the period	821	612	767	534

RECONCILIATION OF CERTAIN KEY FIGURES AND CALCULATION OF KEY FIGURES

Harvia presents alternative performance measures as additional information to measures presented in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In Harvia's view, alternative performance measures provide the management, investors, securities market analysts and other parties with significant additional information related to the Company's results from operations, financial position and cash flows and are widely used by analysts, investors and other parties.

The company presents its adjusted operating profit, adjusted EBITDA, adjusted return on capital employed (ROCE), operating free cash flow and cash conversion, which have been adjusted for material items outside the ordinary course of business, to improve comparability between periods.

Alternative performance measures should not be viewed in isolation or as a substitute to the measures under IFRS. All companies do not calculate alternative performance measures in a uniform way, and therefore the alternative performance measures presented in this report may not be comparable with similarly named measures presented by other companies.

Alternative performance measures are unaudited except for operating profit, net cash from operating activities, investments in tangible and intangible assets, net working capital and net debt.

EUR thousand	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Operating profit	11,110	8,710	46,644	22,376
Depreciation and amortisation	1,568	1,174	5,844	4,329
EBITDA	12,677	9,884	52,488	26,705
Items affecting comparability				
Strategic development projects				
Acquisition related expenses	22	32	587	1,934
Restructuring expenses	11	27	41	135
Total items affecting comparability	32	59	628	2,070
Adjusted EBITDA	12,709	9,943	53,116	28,775
Depreciation and amortisation	-1,568	-1,174	-5,844	-4,329
Adjusted operating profit	11,142	8,769	47,272	24,445
Finance costs, net	-355	-845	-1,428	-2,026
Adjusted profit before income taxes	10,787	7,924	45,844	22,419

CALCULATION OF KEY FIGURES

Key figure	Definition
Operating profit	Profit before income taxes, finance income and finance costs.
EBITDA	Operating profit before depreciation and amortization
Items affecting comparability	Material items outside the ordinary course of business, which relate to i) costs related to the listing ii) strategic development projects, iii) acquisition and integration related expenses, iv) restructuring expenses and v) net gains or losses on sale of assets and grants received.
Adjusted operating profit	Operating profit before items affecting comparability.
Adjusted EBITDA	EBITDA before items affecting comparability.
Adjusted profit before income taxes	Profit before income taxes excluding items affecting comparability.
Earnings per share, undiluted	Profit for the period attributable to the owners of the parent divided by weighted average number of shares outstanding.
Earnings per share, diluted	Profit for the period attributable to the owners of the parent divided by weighted average number of shares outstanding, taking into consideration the effects associated with any parent company's obligations regarding the possible share issue in the future.
Net debt	Lease liabilities and current and non-current loans from credit institutions less cash and cash equivalents.
Leverage	Net debt divided by adjusted EBITDA (12 months).
Net working capital	Inventories, trade and other receivables less trade and other payables.
Capital employed excluding goodwill	Total equity and net debt less goodwill.
Adjusted return on capital employed (ROCE)	Adjusted operating profit (12 months) divided by average capital employed excluding goodwill.
Operating free cash flow	Adjusted EBITDA added/subtracted by the change in net working capital in consolidated statement of cash flows less investments in tangible and intangible assets.
Cash conversion	Operating free cash flow divided by adjusted EBITDA.
Equity ratio	Total equity divided by total assets less advances received.



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