

Relaxing Moments



Natural Wellbeing

HARVIA PLC FINANCIAL STATEMENTS BULLETIN

JANUARY–DECEMBER 2021

STRONG GROWTH AND PROFITABILITY CONTINUED

Tapio Pajuharju, CEO

Ari Vesterinen, CFO

10 FEBRUARY 2022

#healingwithheat

HIGHLIGHTS

HARVIA

Sauna & Spa

Harvia Q4: Strong growth and profitability continued

- Strong revenue growth in all product groups and markets despite some availability issues. Harvia gained market share and became the largest sauna & spa company.
- Revenue and profitability continued to increase – finishing the year with a high order stock.
- Awareness of sauna and its health benefits on the rise – residential market advance demand is normalizing and the professional market gaining momentum.
- Harvia team has done an excellent effort and despite the pandemic, availability issues and cost inflation, we have been able to enjoy a very solid performance. Thank you!

Investments in increasing productivity and capacity amounting to EUR 11.8 million

- An extraordinary year with investments. All capex projects on time and budget.
- The new factory in USA starting well and is exceeding targeted capacity.
- At EOS facility, new machinery was installed and is fully functional.
- Muurame expansion is ready, as well the new warehouse of Kirami.
- Incremental phase 2 expansion in the Romania sauna factory is underway.

Kirami and Sauna-Eurox integration at par with plans, EOS performance very strong

- Kirami integration proceeding well and with good NPD pipeline.
- Sauna-Eurox onboarding well.
- EOS performance very strong, launch in Finland and Scandinavia taking place. US approvals delayed due to componentry challenges.



Q4: STRONG GROWTH CONTINUED DURING THE FOURTH QUARTER OF 2021



- **Revenue** grew by 31.9% to EUR 46.5 million (35.2). At comparable exchange rates, revenue grew 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** was EUR 11.1 million (8.8), making up 24.0% (24.9) of the revenue. At comparable exchange rates, the adjusted operating profit grew to EUR 11.0 million (24.0% of the revenue).
- **Operating profit** was EUR 11.1 (8.7) million, making up 23.9% (24.7) of the revenue.
- **Earnings per share** were EUR 0.44 (0.31).
- **Operating free cash flow** amounted to EUR 3.8 million (10.3). Capacity investments totaled EUR 3.8 million and net working capital increase was EUR 5.1 million.



1-12/2021: STRONG PERFORMANCE



- **The share of international business** was EUR 142.2 million (81.4) in 2021, making up 79.4% (74.6%) of the revenue.
- **Revenue** grew by 64.2% to EUR 179.1 million (109.1). At comparable exchange rates, revenue grew by 65.8% to EUR 180.9 million. The impact of acquisitions on growth was substantial, but organic revenue growth was also very strong at 43.3%.
- **Adjusted operating profit** was EUR 47.3 million (24.4), making up 26.4% (22.4) of the revenue. At comparable exchange rates, the adjusted operating profit grew to EUR 47.9 million (26.5% of the revenue).
- **Operating profit** was EUR 46.6 (22.4) million, making up 26.0% (20.5) of the revenue.
- **Earnings per share** were EUR 1.80 (0.83).
- **Operating free cash flow** amounted to EUR 20.4 million (28.7).
- **Net debt** amounted to EUR 43.8 million (31.9) and **leverage** was 0.8 (1.1).
- **Equity ratio** was 42.4% (42.0).

SYSTEMATIC EXECUTION OF STRATEGY



Increasing the value of the average purchase

- Premium models in heaters and equipment performing well.
- Professional channel sensitive to pandemic but gaining momentum.
- Sales of sauna rooms continued good performance. High order stock and long lead times.
- Kirami's "ready-made" sauna offering gaining interest.

Geographical expansion

- Share of international business grew clearly.
- All markets with solid growth, other markets very strong thanks to gradual reopening. Asia, Australia & Oceania as well as the Arabian markets gaining speed.
- Step change in Japan with our partner – from heaters to sauna and spa.
- Scandinavia: we are very close to the market leader.
- EOS launch in Finland and Scandinavia initiated but US approval delayed to H1.

Productivity improvement & capacity expansion

- New factory in USA in full speed and even somewhat ahead of target capacity.
- Kirami warehousing capacity doubled and Harvia Muurame expansion completed.
- New machinery installed and fully up and running at EOS Driedorf factory.
- Romania phase 2 expansion underway.
- Industrial building adjacent to Muurame factory acquired – complementing operations and logistics.



INVESTMENTS IN 2021



HARVIA - FINLAND



KIRAMI - FINLAND



HARVIA - CHINA



HARVIA - ROMANIA



ALMOST HEAVEN SAUNAS - USA



EOS - GERMANY

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 Lölyt 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.





IMPACT OF THE PANDEMIC ON HARVIA'S BUSINESS

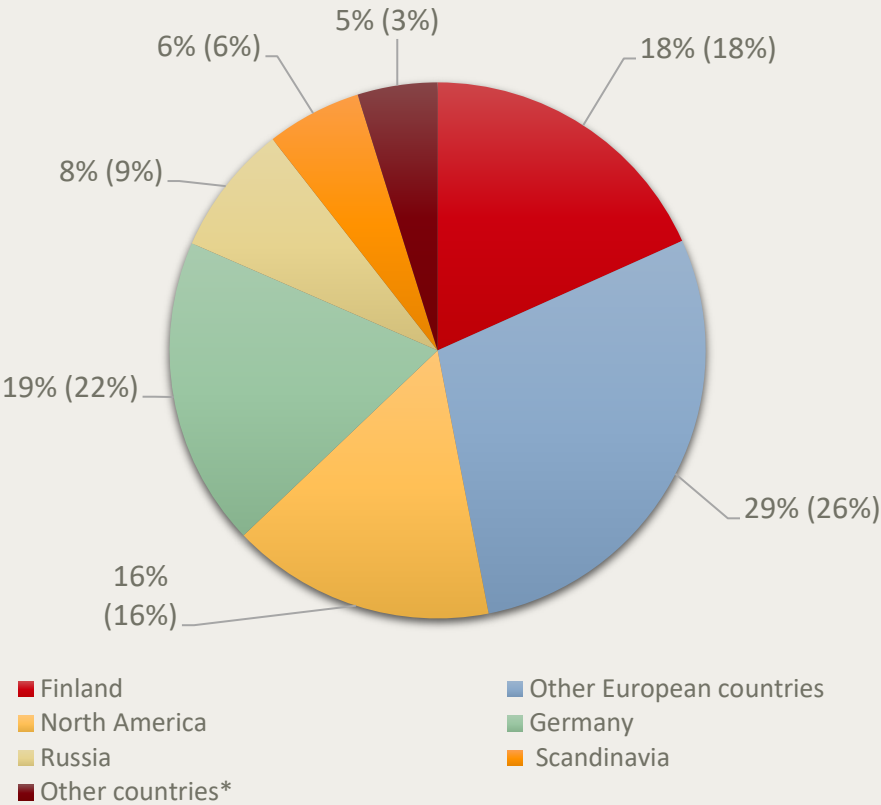


- **Awareness and popularity of the sauna have increased**, further boosting the underlying solid demand in the sauna and spa market.
- Harvia's management estimates that **that part of the growth is so-called advance demand**, which is normalizing for the residential market while the professional market is gaining momentum. This is not expected to affect the long-term expectations of the sauna and spa market.
- **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.

Q4: STRONG GROWTH CONTINUED IN ALL MARKET AREAS AND PRODUCT GROUPS

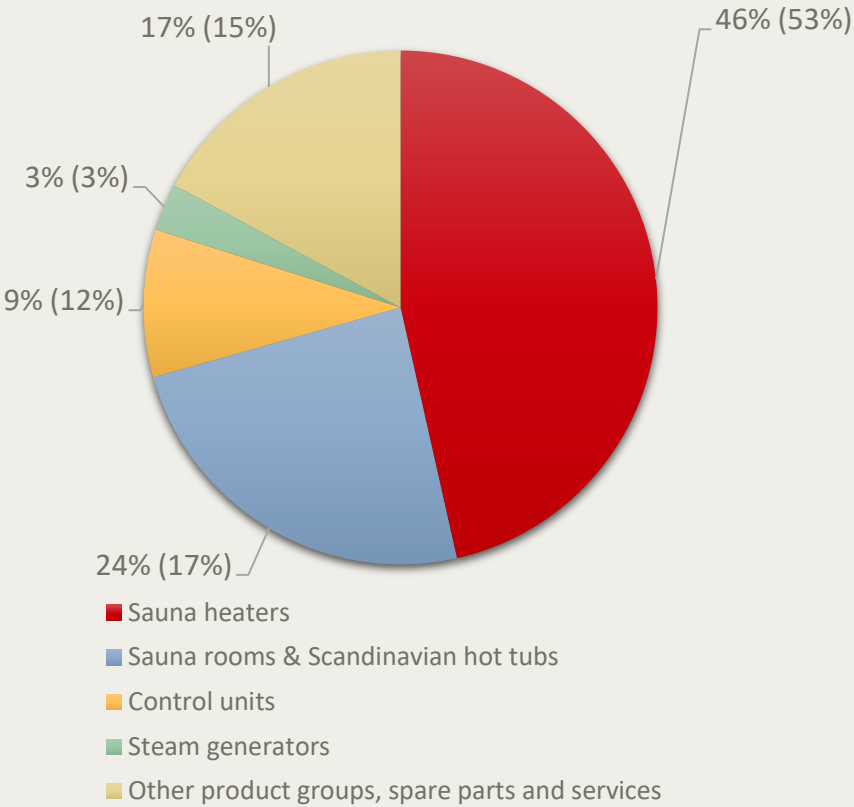


Revenue by market area, %



- Revenue grew by 31.9% to EUR 46.5 million (35.2).
- Significant growth in all of Harvia’s key markets, especially in Europe and other countries.

Revenue by product group, %



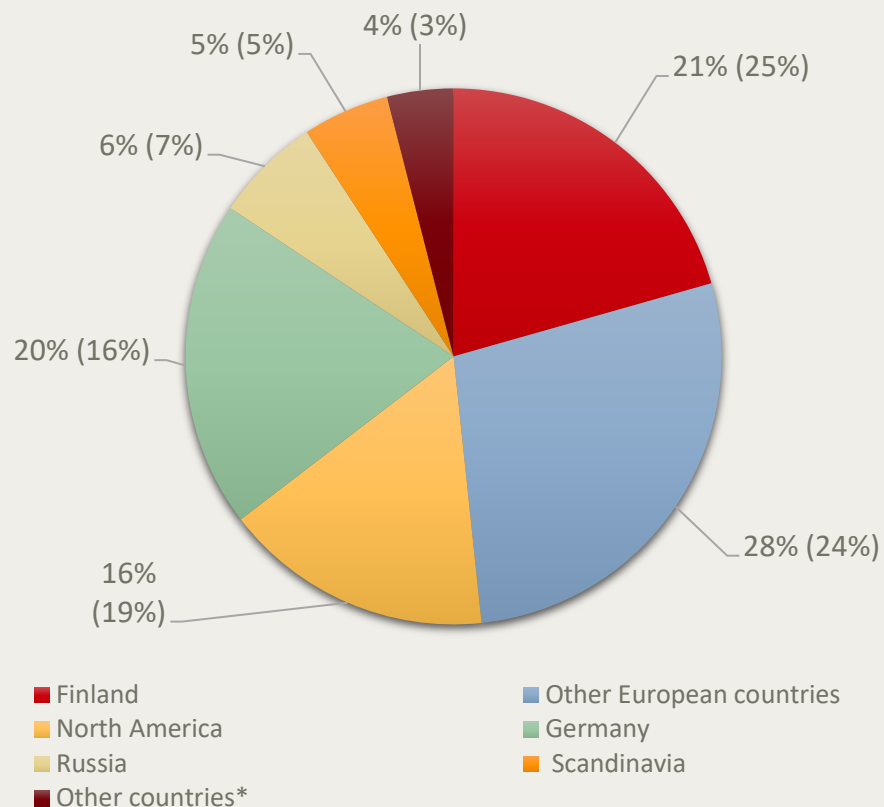
- Revenue growth in all product groups.
- Sauna heater sales improved particularly in electric heaters, especially in other European countries and Finland.
- Sauna room sales growth continued, driven by strong demand in the US and Germany.

* The largest of which: Arab countries and Asia.

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

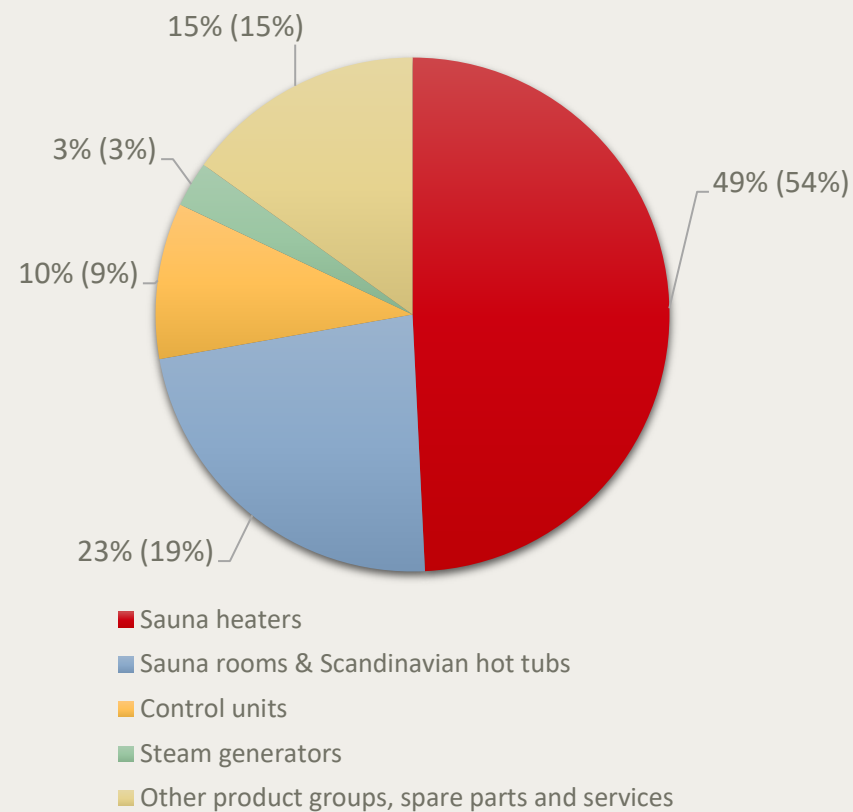


Revenue by market area, %



- Revenue grew by 64.2% to EUR 179.1 million (109.1).
- Significant growth in all of Harvia's key markets, especially in Germany and in other European countries.

Revenue by product group, %



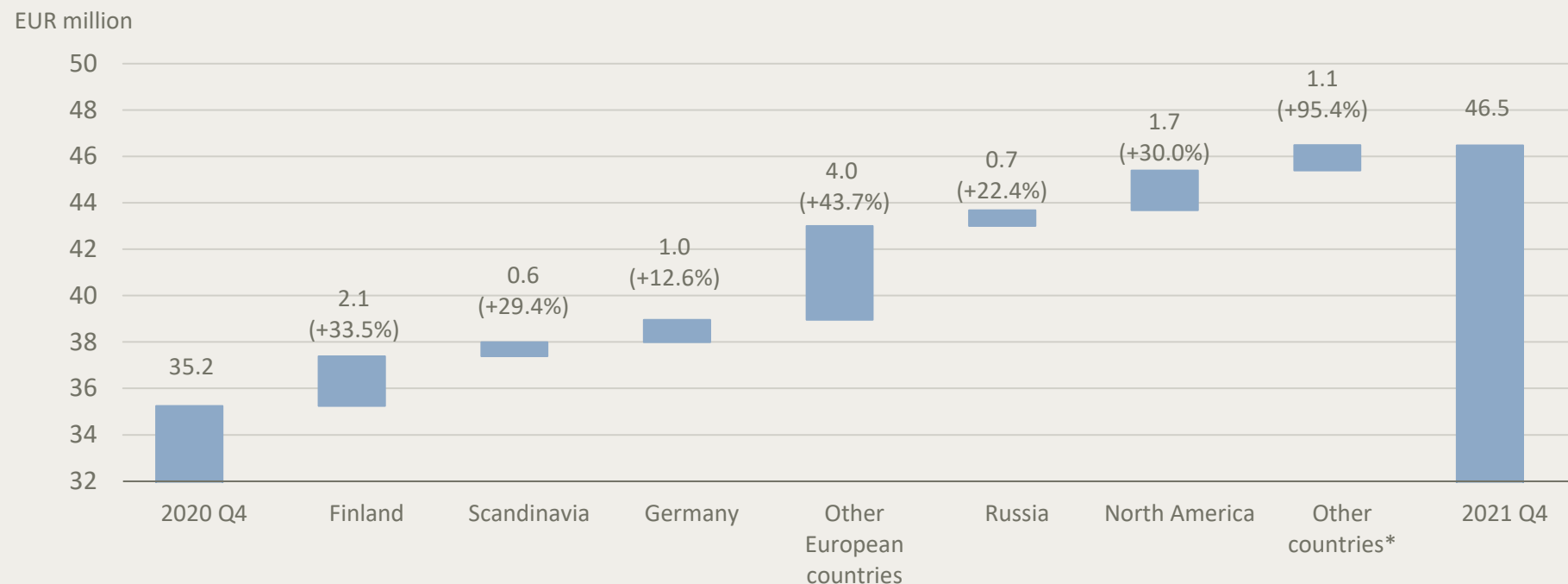
- Revenue growth in all product groups.
- Sauna heater sales improved in both electric and wood burning heaters, especially in Germany and other European countries.
- Sauna room sales growth continued, driven by strong demand in the US and Central Europe.

* The largest of which: Arab countries and Asia.

Q4 2021: REVENUE INCREASED BY 31.9%



Revenue by market area 10–12/2020 vs 10–12/2021



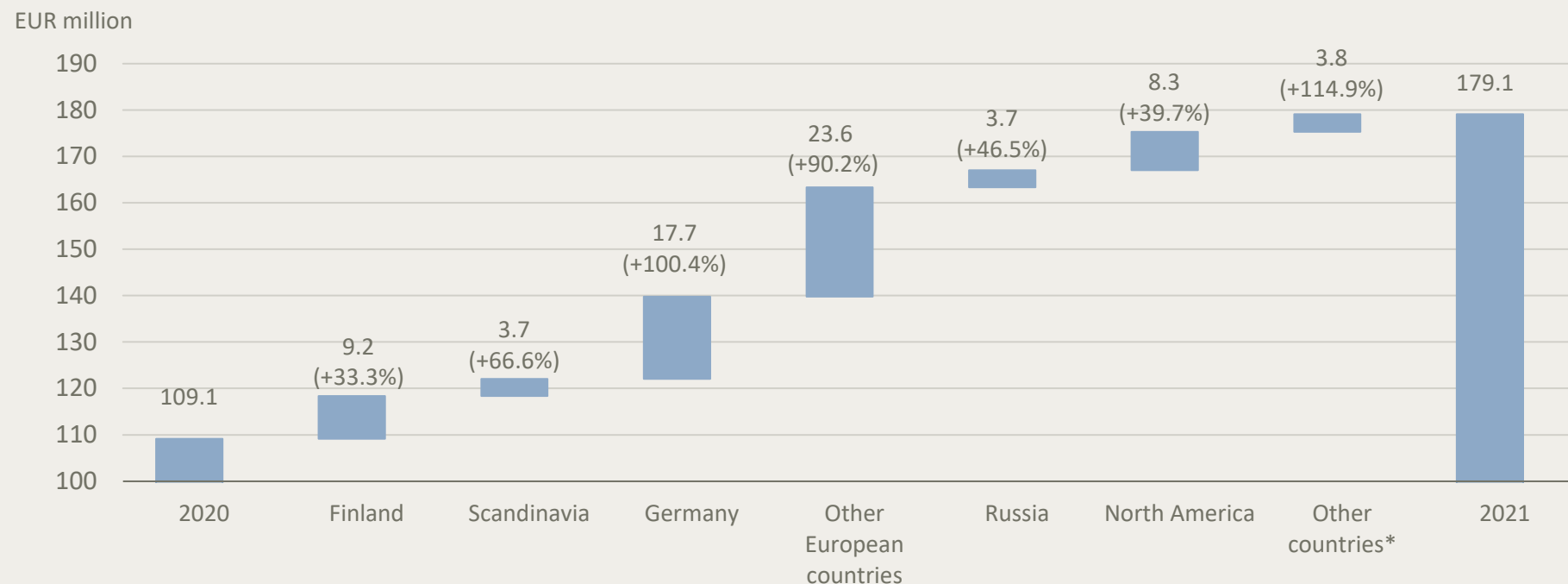
- Significant growth in all of Harvia's key markets, strong organic growth especially in other European countries.
- Organic revenue growth was 21.0%.
- At comparable exchange rates, revenue grew by 29.8% to EUR 45.7 million.
- The growth in other countries was driven mainly by Asian and Arab countries.

* The largest of which: Arab countries and Asia.

JANUARY–DECEMBER 2021: REVENUE INCREASED BY 64.2%



Revenue by market area 1–12/2020 vs 1–12/2021



- Significant growth in all of Harvia's key markets. Strong organic revenue growth especially in North America, in Germany and Central Europe.
- Organic revenue growth was 43.3%.
- At comparable exchange rates, revenue grew by 65.8% to EUR 180.9 million.
- The growth in other countries was driven mainly by Arab and Asian countries.

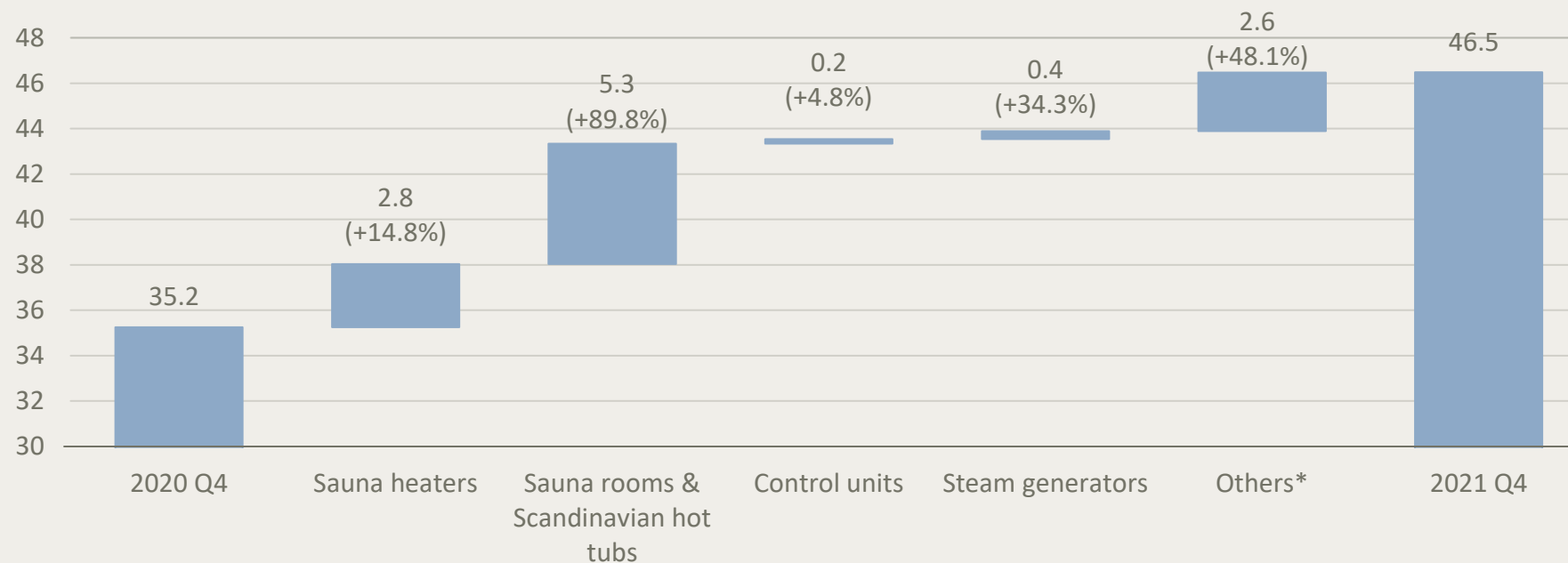
* The largest of which: Arab countries and Asia.

Q4 2021: STRONG GROWTH CONTINUED



Revenue by product group 10–12/2020 vs 10–12/2021

EUR million



- Revenue growth was especially strong in the sauna heater product group, sauna rooms & Scandinavian hot tubs, and other product groups.
- Sauna heater sales improved in electric heaters, especially in other European countries and Finland.
- Solid growth of sauna rooms especially in North America and Central Europe.
- Scandinavian hot tub sales was driven by Central Europe.

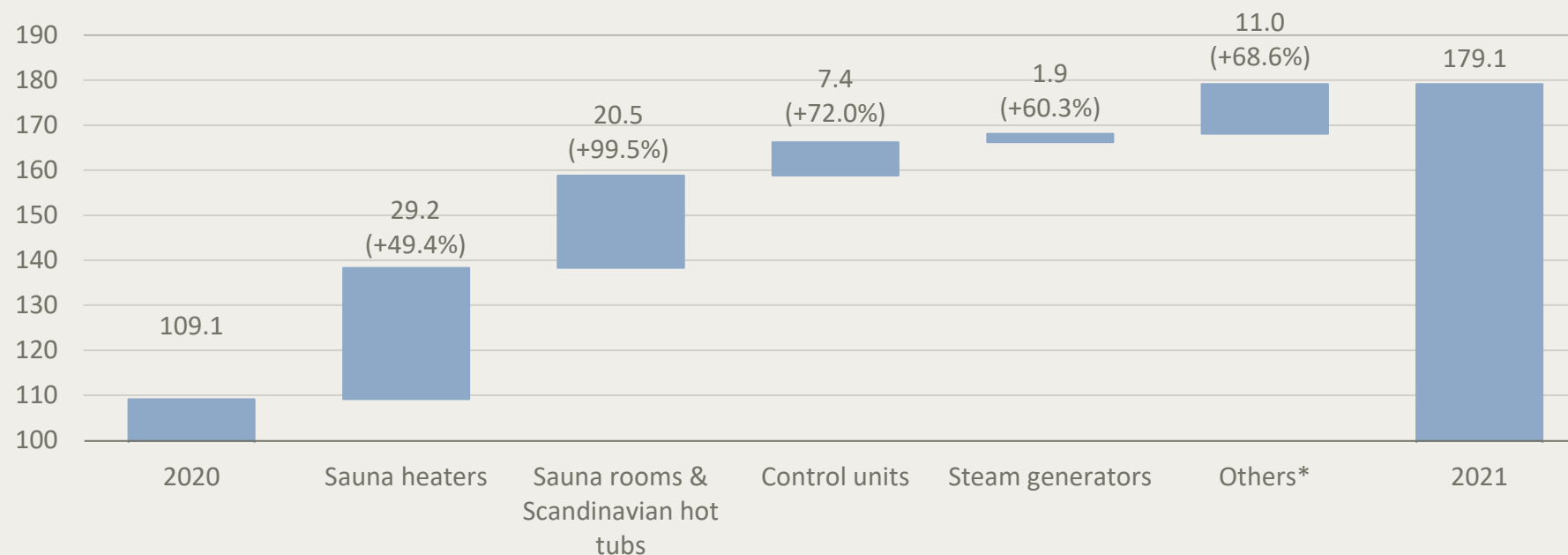
* Includes among others, spa components, infrared radiators, services and sauna equipment.

JANUARY–DECEMBER 2021: GROWTH IN ALL PRODUCT GROUPS



Revenue by product group 1–12/2020 vs 1–12/2021

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 and other European countries.
- Solid growth of sauna rooms especially in North America and Central Europe.
- Sales of other product groups, spare parts and services also developed very well.

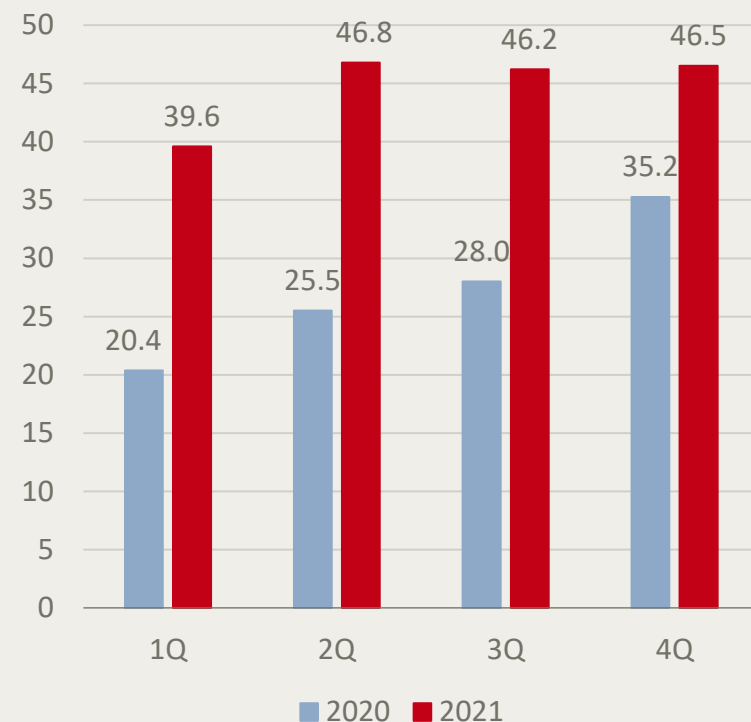
* Includes among others, spa components, infrared radiators, services and sauna equipment.

REVENUE AND ADJUSTED OPERATING PROFIT



Revenue

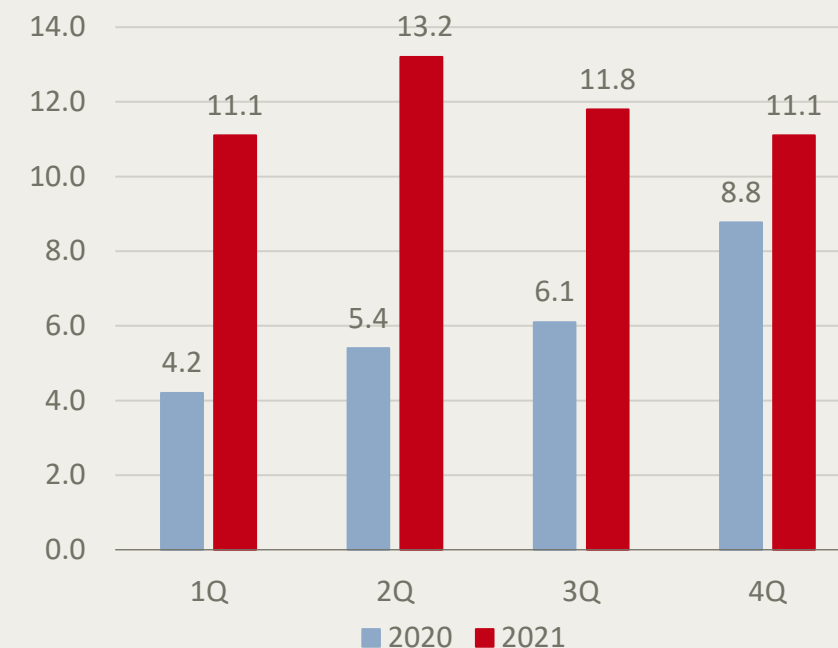
EUR million



- In Q4, strong growth especially in Europe and other countries.
- At comparable exchange rates, revenue grew by 29.8% and was EUR 45.7 million.

Adjusted operating profit

EUR million



- Adjusted operating profit grew to EUR 11.1 million (8.8), making up 24.0% (24.9) of the revenue in the fourth quarter.

PRODUCTS FOR ALL THREE SAUNA TYPES AND ALL CULTURES



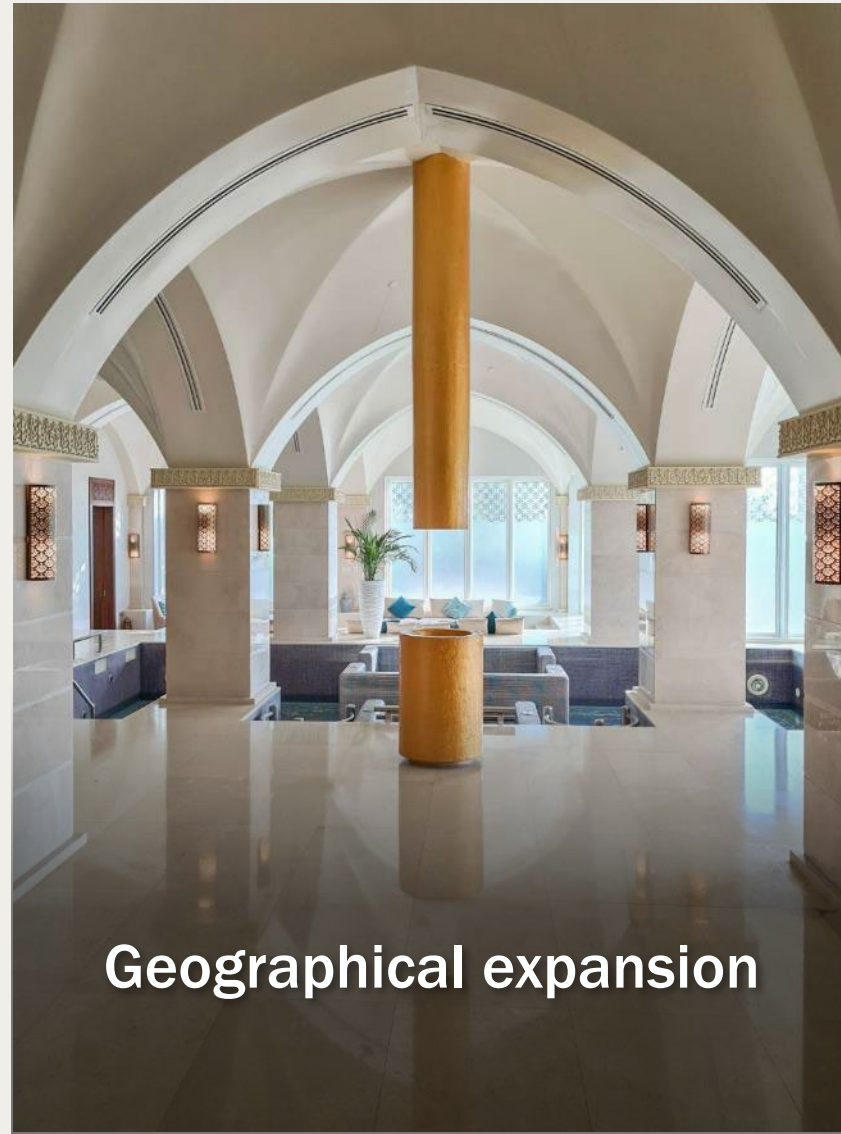
Harvia's diverse product offering covers all three sauna types and meets the needs of both private and professional customers.



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



Increasing the value of the average purchase



Geographical expansion



Productivity improvement

FINANCIALS

ARI VESTERINEN, CFO

HARVIA'S KEY FIGURES IN THE REPORTING PERIOD



Million EUR	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%
Adjusted EBITDA*	12.7	9.9	27.8%	53.1	28.8	84.6%
% of revenue	27.3%	28.2%		29.7%	26.4%	
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%
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%

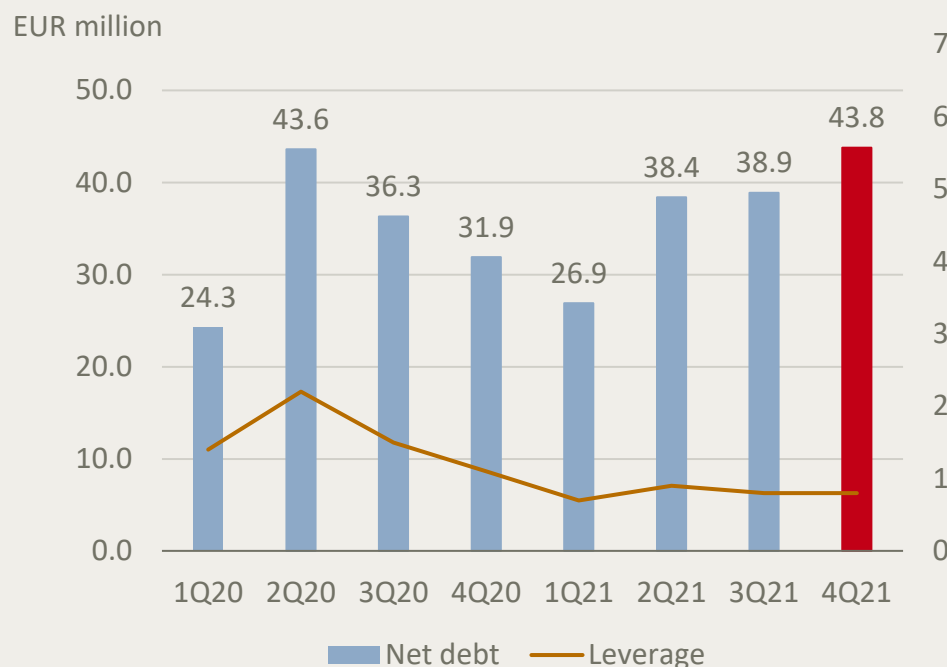
* Adjusted by items affecting comparability.

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

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

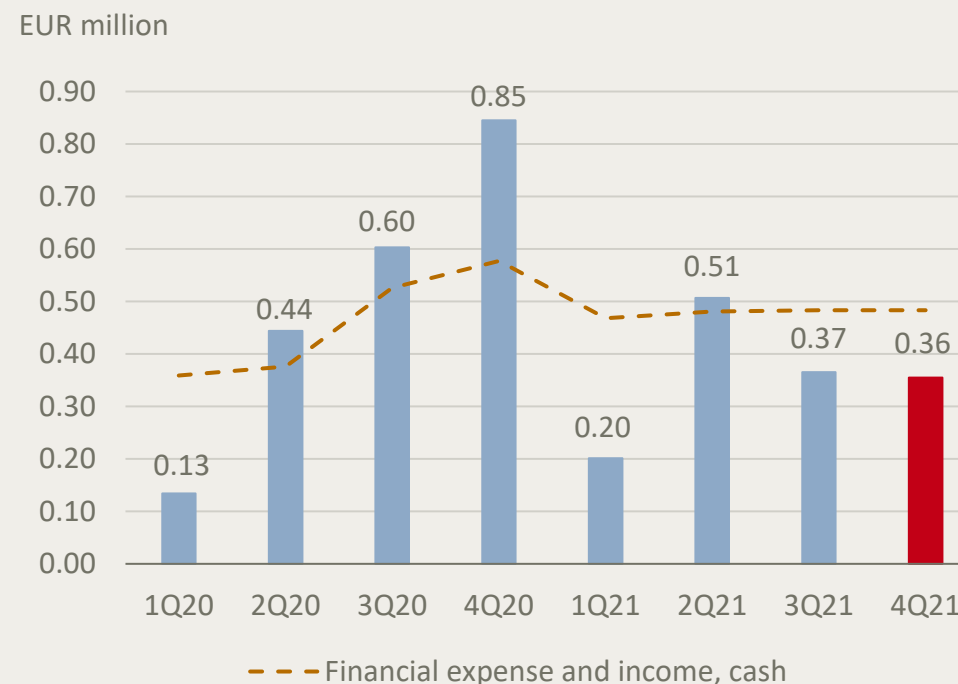


Net debt (EUR million) and leverage



- At the end of December 2021, the company's net debt amounted to EUR 43.8 million (31.9). Interest-bearing bank liabilities were EUR 56.4 million (56.4) and lease liabilities EUR 2.9 million (2.8). Cash and cash equivalents were EUR 15.5 million (27.3).
- Leverage was 0.8 (1.1).
- Net debt does not include minority redemption liabilities or purchase price liabilities resulting from acquisitions.

Net finance costs, EUR million

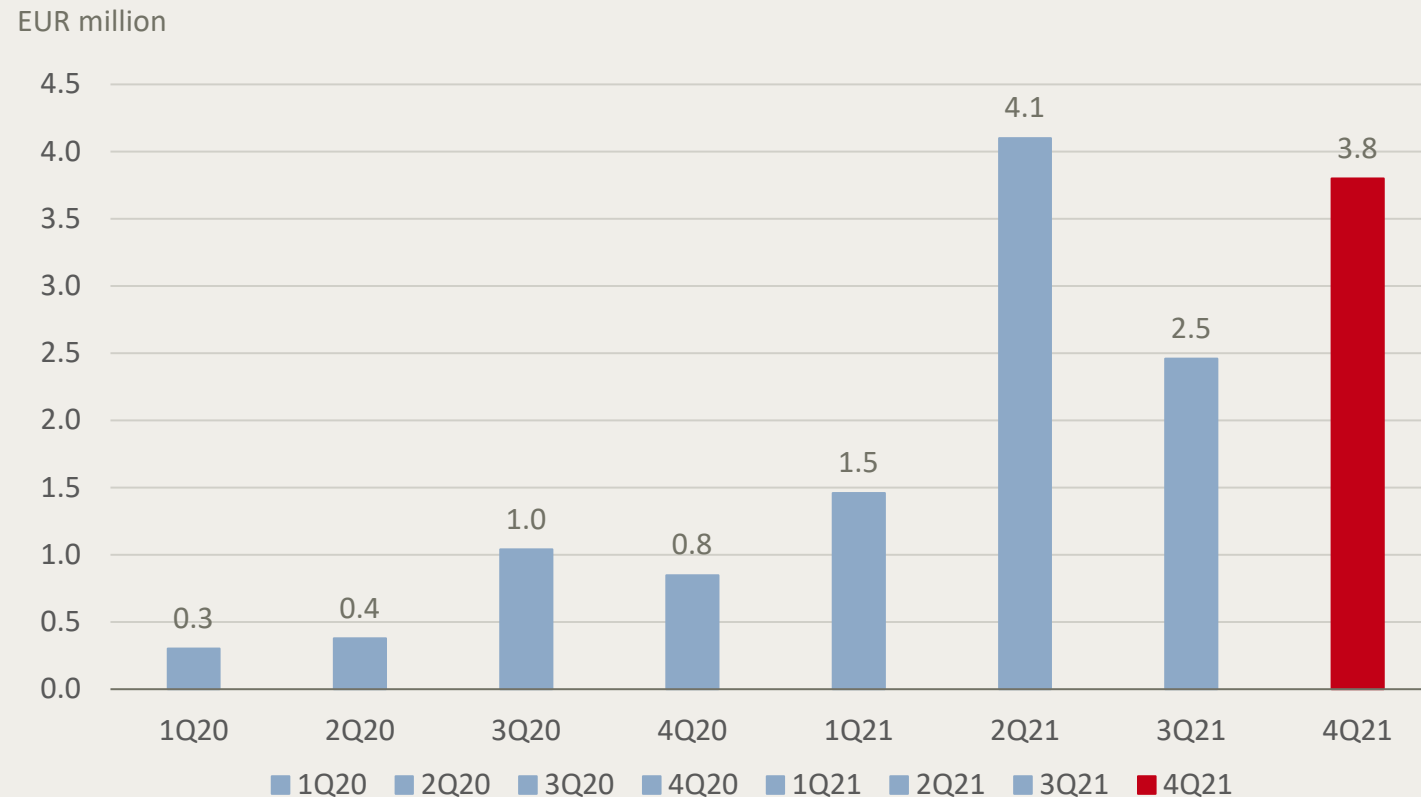


- Net financial expenses paid in cash were on normal level.

INVESTMENTS



Investments in tangible and intangible assets, EUR million

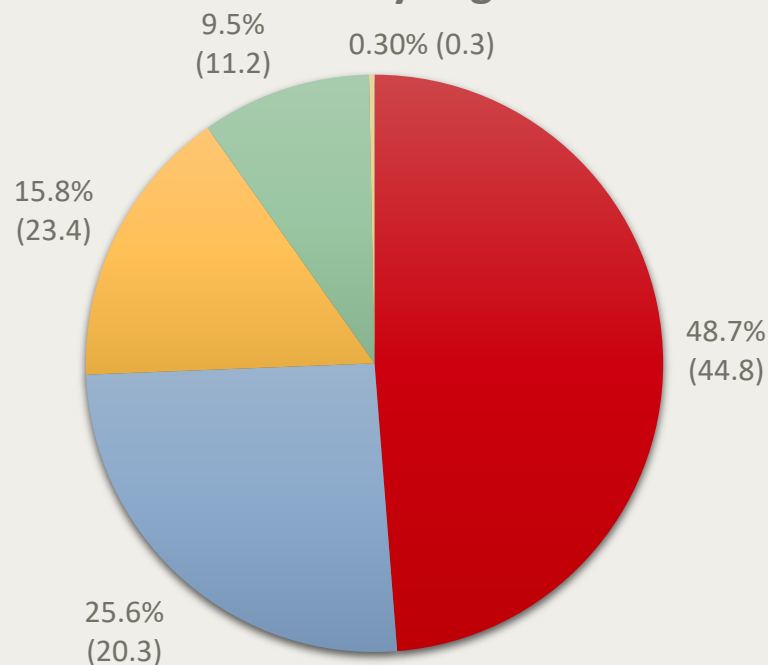


- To boost capacity and improve productivity, Harvia carried out an all-time high investment program of EUR 11.8 million during 2021.
- Harvia opened a new sauna factory in Lewisburg, West Virginia, USA, expanded and upgraded capabilities at the Muurame factory, expanded capacity at the Romanian sauna factory and the capabilities in the China factory, expanded the warehousing and logistics capacity at Kirami, upgraded the EOS Driedorf machinery and capacity, and laid the ground for improving internal logistics at the Muurame facility.

HARVIA'S SHAREHOLDERS (31 DECEMBER 2021)

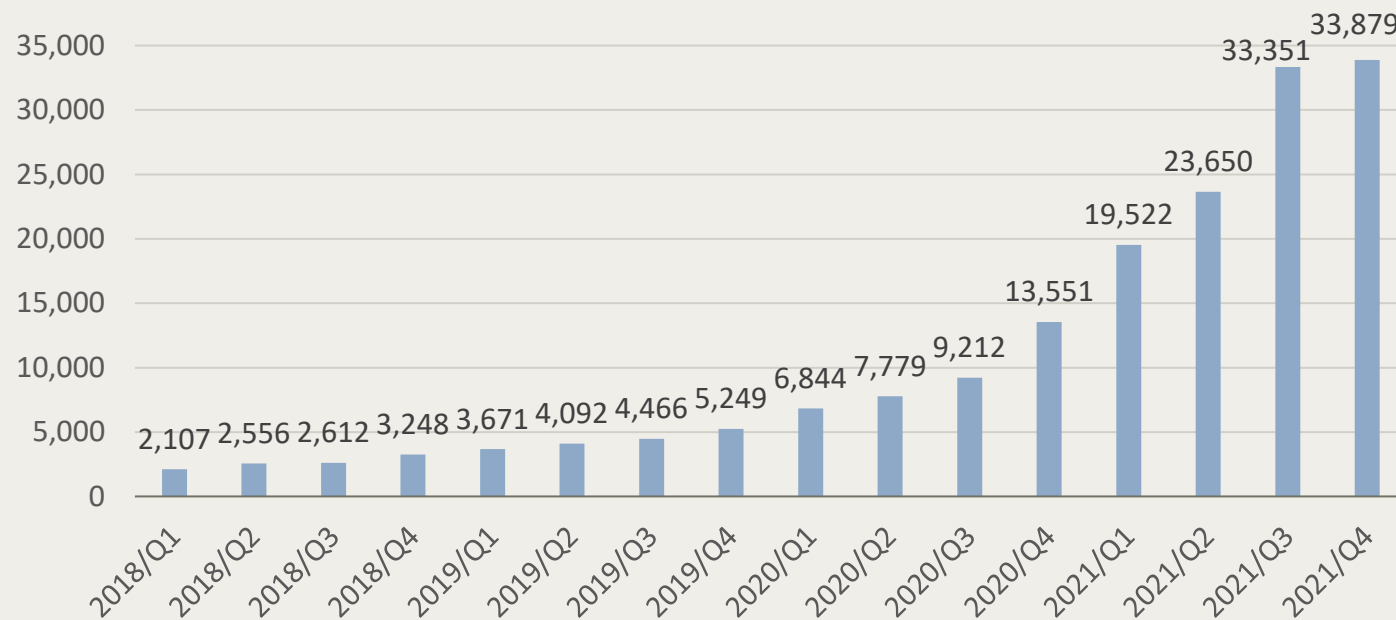


Distribution by Segment



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

Number of Shareholders



- At the end of December 2021, the number of shareholders totaled 33,879 (including nominee registers).
- Harvia holds a total of 51,057 own shares related to the share-based incentive program. The shares correspond to 0.3% of the total number of shares.
- The shareholding of the Board of Directors, management and personnel was 5.8%.
- The market value of Harvia's share capital on 31 December 2021 was EUR 1,097.4 million (458.0).

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

1) Adjusted operating profit is operating profit before items affecting comparability.

2) Excluding the future impacts of changes in IFRS reporting standards.

DIVIDEND PROPOSAL

Harvia's Board of Directors proposes to the Annual General Meeting that the company distributes a dividend of **EUR 0.60 per share**, a maximum of EUR 11,216,542 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.



HARVIA

Sauna & Spa

Q & A

Relaxing Moments



Natural Wellbeing

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