

CEO's review

Tapio Pajuharju, CEO

OUR PURPOSE

We are healing with heat! Our purpose is to contribute to a long and good life through healing with heat.

Healing with heat – both the body and mind



HEART HEALTH

- Sauna's heat is good for the heart
- Sauna lowers blood pressure and maintains flexibility of blood vessels
- Sauna bathing 2–3 times per week is enough to lower the risk of cardiovascular disease – taking a sauna more often can reduce the risk by up to 65%

STRESS RELIEF

- Sauna bathing is good for both body and mind – enjoying the heat is a good way to relieve stress and anxiety
- Heat can have a positive impact on the balance of the autonomic nervous system, relieving stress

EXERCISE

- Heat affects the body like exercise: it makes the heart pump more blood
- The heat of the sauna is also beneficial to people for whom exercise is difficult or impossible

BETTER QUALITY OF SLEEP

- Sauna warms the body and affects hormonal action in such a way that the time spent awake after sauna bathing can be significantly reduced
- A study saw an over 70% increase in deep sleep within the first two hours and 45% increase within six hours

GOOD MEMORY

- Sauna bathing twice a week is enough to decrease risk of dementia by one fifth compared to those sauna bathing only once a week
- Taking a sauna 4–7 times a week in about 80 degrees Celsius for approx. 20 minutes produces the best health benefits

SKINCARE

- The heat of the sauna multiplies the amount of blood passing through the surface blood vessels, boosting the skin's metabolism
- Frequent sauna bathing is beneficial for people who suffer from psoriasis or other skin diseases

Our sustainability commitment for the people and the planet



We create a positive impact on people's health and longevity with our offering. We actively share science-based information about the health benefits of heat and encourage people to maintain their health by sauna bathing regularly.



We actively instruct our end-users to use our products responsibly. We invest in research and development of products that reduce emissions and optimize energy consumption. We use sustainable and responsibly sourced materials.



We strive to reduce the greenhouse gas emissions of our operations to limit global warming and contribute to global efforts in safeguarding the environment.



We believe that by collaborating and supporting each other, we create well-being and long relationships with our employees, customers and partners. We look after the safety, equality, and competence development of our personnel.

People are the key to our success





Highlights of 2021

HIGHLIGHTS OF 2021

HARVIA

Sauna & Spa

Strong growth and profitability continued

- Revenue and profitability continued to increase.
- Revenue increased significantly in all product groups and markets.
- Harvia's market share increased.
- Awareness and popularity of the sauna continued to grow.
- Advance demand in the residential market is normalizing, while the professional market is 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 improving 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 was launched according to plans – already ahead of target capacity.
- At EOS facility in Germany, new machinery was installed and is fully functional.
- Muurame expansion is ready, as well the new warehouse of Kirami.
- Expansion of the production capacity in Romania is underway.

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

- Kirami's integration progressed as planned, several product development projects underway.
- Sauna-Eurox is onboarding well.
- EOS performance very strong, launch in Finland and Scandinavia taking place. U.S. approvals delayed due to componentry challenges.

Investments in 2021



HARVIA - MUURAME



KIRAMI - SASTAMALA



HARVIA - CHINA



HARVIA - ROMANIA



ALMOST HEAVEN SAUNAS - USA



EOS - GERMANY

Acquisitions in 2021



KIRAMI

- The leading still-water hot tub manufacturer in the Nordic countries and a pioneer in wood-heated hot tubs globally – established 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, sustainable and durable 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.



Strong growth and profitability continued in 2021



Revenue

179.1

(109.1)
EUR million

Revenue growth

64.2%

(47.3)

Adjusted operating profit

47.3

(24.4)
EUR million (+93.4%)

Dividend per share*

0.60

(0.51)
EUR

(*the Board's proposal to the Annual General Meeting)

Earnings per share

1.80

(0.83)
EUR

Operating free
cash flow

20.4

(28.7)
EUR million

Equity ratio

42.4%

(42.0)

Adjusted return on
capital employed

112.6%

(73.3)

Investments

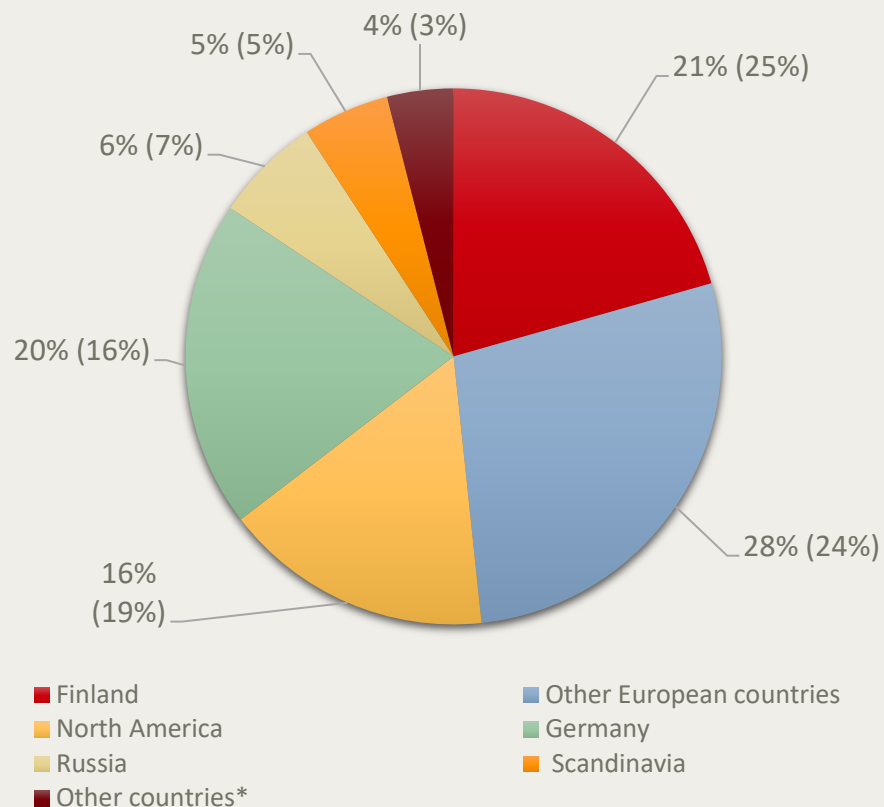
11.8

(2.6)
EUR million

Strong performance in all markets and product groups

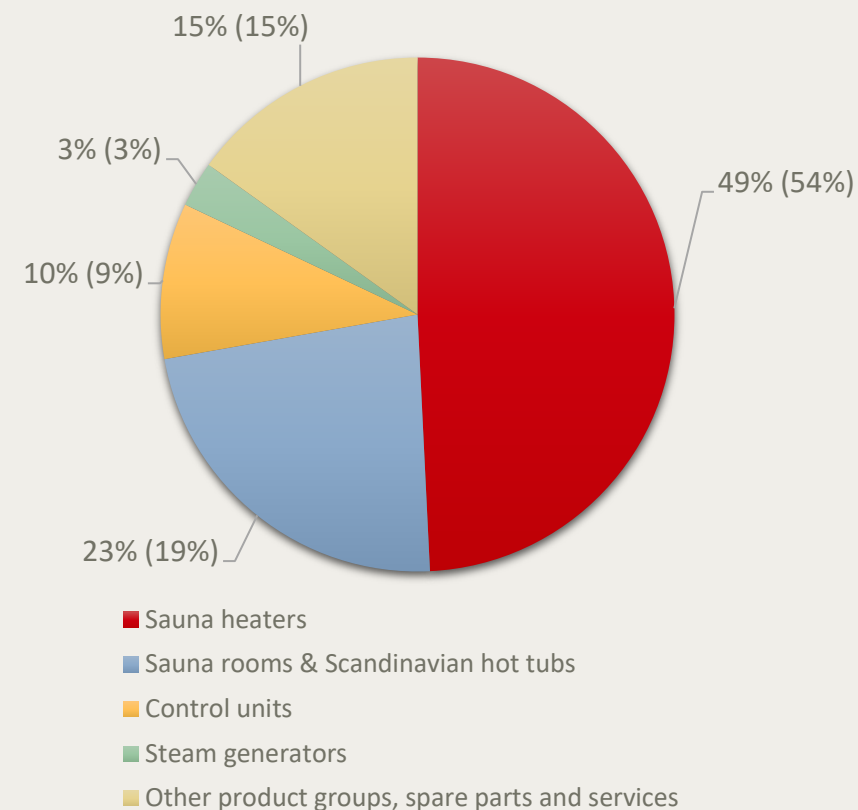


Revenue by market area, %



- 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, %



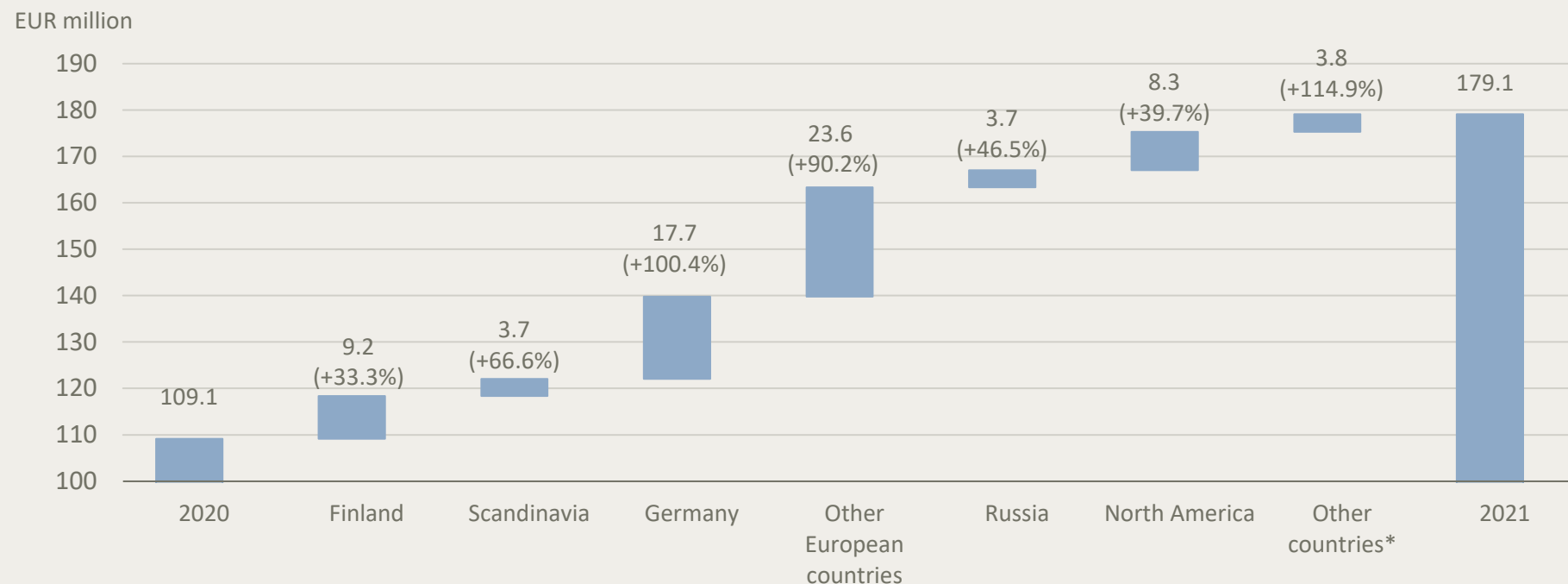
- Revenue growth in all product groups.
- Sauna heater sales improved in both electric and wood burning heaters, especially in Germany and other European countries.
- Sauna room sales growth continued, driven by strong demand in the US and Central Europe.

* The largest of which: Arab countries and Asia.

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.

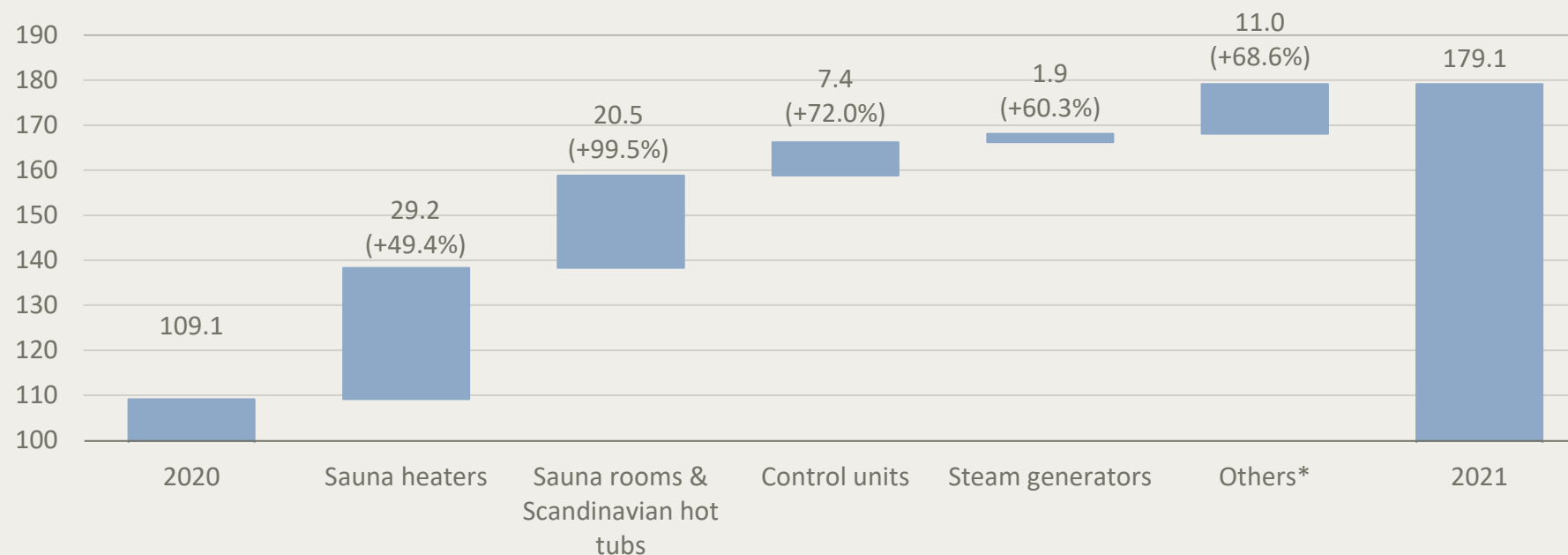
* The largest of which: Arab countries and Asia.

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.

Product launches in 2021



MyHarvia app is a mobile application designed for remote use of the sauna. It can be used to control the sauna anytime and from anywhere.



Harvia Legend is a compact-sized electric heater featuring a new type of construction for the heating elements increasing the product service life.



Harvia Linear 22 GreenFlame heater has a fire chamber optimized for clean burning of wood, and the heater has a large glass door.



Kirami FinVision sauna is a ready, on-site module with all needed accessories. The sauna can be equipped with an electric or a wood-burning heater.



The EOS Spa Control app enables remote control of various sauna cabins and management of several cabins at the same time.

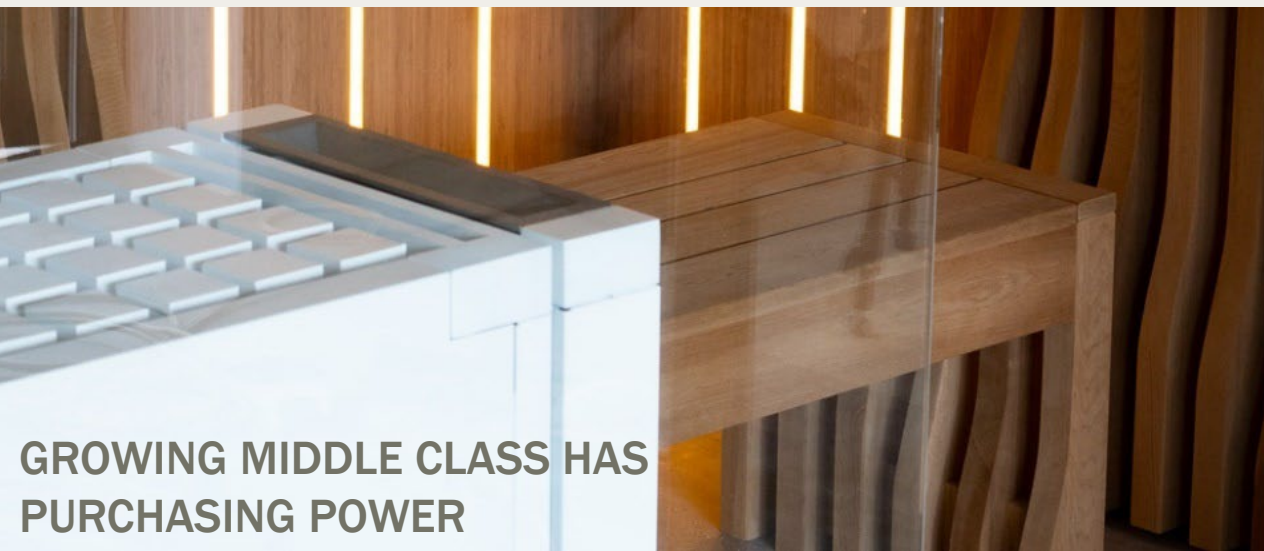
Megatrends supporting the sauna and spa business



LONGER LIVES – LONGER
ENJOYMENT



ENVIRONMENTAL CONSCIOUSNESS
GUIDES CONSUMER CHOICES



GROWING MIDDLE CLASS HAS
PURCHASING POWER

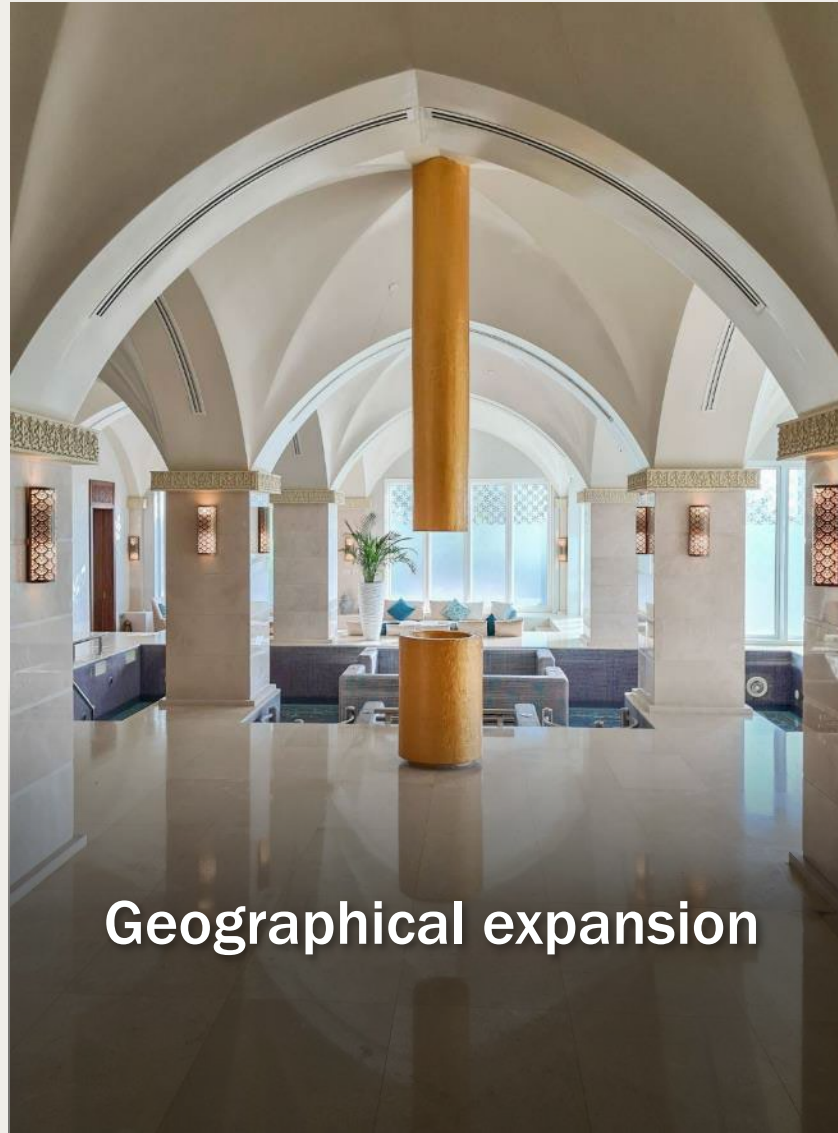


DIGITALIZATION AFFECTS
ALSO SAUNAS

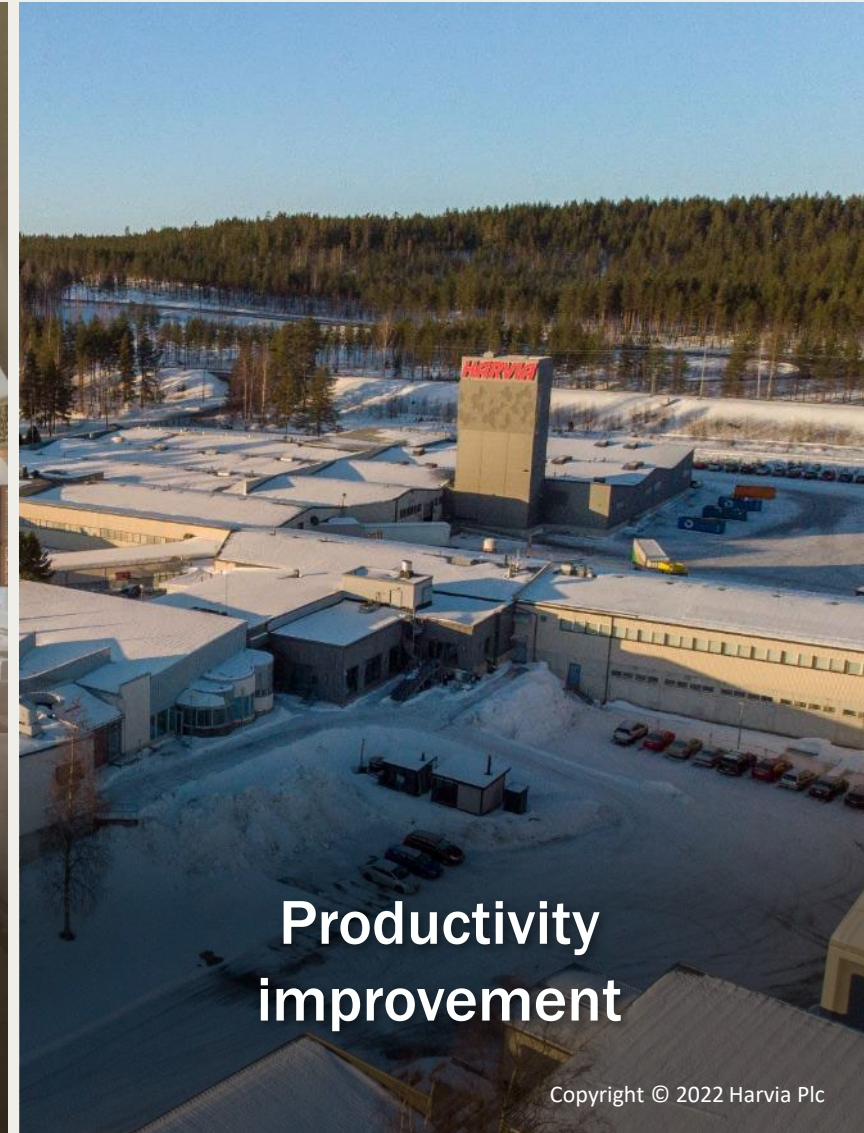
Harvia aims to be the leading player in the sauna and spa market



Increasing the value of the average purchase



Geographical expansion



Productivity improvement

Systematic execution of strategy



Increasing the value of the average purchase

- Premium models in heaters and equipment performing well.
- Professional channel is still volatile.
- Sales of sauna rooms continued good performance. High order stock and long lead times.
- Kirami's ready-made sauna offering gaining interest.

Geographical expansion

- Solid growth in all markets, very strong growth in other countries thanks to gradual reopening. Sales in Asia, Australia and Oceania as well as the Arabian markets gaining speed.
- Step change in Japan with our partner – from heaters to sauna and spa experiences.
- EOS launch in Finland and Scandinavia initiated, product approvals in the U.S. delayed to H1.

Productivity improvement & capacity expansion

- New factory in the U.S. is in full speed and even ahead of target capacity.
- Kirami's warehousing capacity doubled, Muurame factory expansion completed.
- New machinery installed and in operation at EOS Driedorf factory.
- Romania phase 2 expansion is underway.
- Industrial building adjacent to the Muurame factory acquired – complements operations and logistics.



Harvia's long-term targets and outlook



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.

After the reporting period: press release 7 March 2022



- Harvia confirmed having suspended its operations in Russia in the beginning of March due to the war in Ukraine and the rapidly changed situation. The company condemns Russia's invasion of Ukraine.
- Sales in Russia accounted for 6.4 percent of Harvia Group's revenue in 2021 (EUR 11.5 million). The Group employs 27 people in Russia.
- Harvia does not have a production facility in Russia.
- The company is monitoring the developing situation and the potential effects on Harvia closely.

OUR VISION

We are the leading provider of comprehensive and sustainable wellbeing experiences in all sauna categories for consumers and professionals all over the world. Our success is based on our profound insights of different sauna cultures and health benefits as well as sustainable development.

Relaxing Moments



Natural Wellbeing

#healingwithheat