

A woman is lying on a wooden bench in a modern sauna. The walls and ceiling are made of horizontal wooden slats. The lighting is a mix of warm red and cool blue. A window on the right side shows a view of a lake and mountains. The overall atmosphere is relaxing and serene.

HARVIA PLC
**FINANCIAL
STATEMENTS BULLETIN
2022**

HARVIA

Sauna & Spa

#healingwithheat

HARVIA 2022: SOLID PERFORMANCE IN CHALLENGING MARKET ENVIRONMENT

HIGHLIGHTS OF THE REVIEW PERIOD

OCTOBER–DECEMBER 2022:

- Revenue decreased by 18.0% to EUR 38.1 million (46.5). At comparable exchange rates, revenue decreased by 20.6% to EUR 36.9 million. Organic revenue growth was -16.4% compared to October–December 2021.
- International business amounted to EUR 30.8 million (38.0), making up 80.7% (81.7) of the revenue.
- Operating profit was EUR 6.6 million (11.1), making up 17.2% (23.9) of the revenue.
- Adjusted operating profit reached EUR 7.9 million (11.1), making up 20.8% (24.0) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 7.8 million (21.0% of the revenue).
- Operating free cash flow amounted to EUR 15.1 million (3.8) and cash conversion was 158.9% (30.2). Harvia's net working capital decreased by EUR 6.3 million in Q4 2022. In Q4 2021, Harvia carried out a large-scale investment program which the company financed from its cash reserves.
- On 7 November, Harvia Plc signed an agreement to sell its 80.0% shareholding of EOS Russia to Mr. Vasilij Sosenskov. EOS Russia has not been consolidated in the Harvia Group figures as of November 2022.

JANUARY–DECEMBER 2022:

- Revenue decreased by 3.7% to EUR 172.4 million (179.1). At comparable exchange rates, revenue decreased by 7.0% to EUR 166.7 million. Organic revenue growth was -7.7%.
- International business amounted to EUR 136.0 million (142.2), making up 78.9% (79.4) of the revenue.
- Operating profit was EUR 34.7 million (46.6), making up 20.1% (26.0) of the revenue.
- Adjusted operating profit reached EUR 36.5 million (47.3), making up 21.1% (26.4) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 34.7 million (20.8% of the revenue).
- Operating free cash flow amounted to EUR 34.0 million (20.4) and cash conversion was 79.1% (38.5)
- Net debt amounted to EUR 54.5 million (43.8) and leverage was 1.3 (0.8).
- Equity ratio was 47.3% (42.4).
- Earnings per share was EUR 1.45 (1.80).
- The Board of Directors' dividend proposal is EUR 0.64 per share, to be paid in two instalments.

KEY FIGURES

EUR million	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Revenue	38.1	46.5	-18.0%	172.4	179.1	-3.7%
EBITDA	8.2	12.7	-35.6%	41.2	52.5	-21.6%
% of revenue	21.4%	27.3%		23.9%	29.3%	
Items affecting comparability *	1.4	0.0	4135.0%	1.8	0.6	182.5%
Adjusted EBITDA **	9.5	12.7	-25.0%	42.9	53.1	-19.1%
% of revenue	25.0%	27.3%		24.9%	29.7%	
Operating profit	6.6	11.1	-40.9%	34.7	46.6	-25.7%
% of revenue	17.2%	23.9%		20.1%	26.0%	
Adjusted operating profit **	7.9	11.1	-28.8%	36.5	47.3	-22.9%
% of revenue	20.8%	24.0%		21.1%	26.4%	
Basic EPS (EUR)	0.22	0.44	-50.3%	1.45	1.80	-19.6%
Operating free cash flow	15.1	3.8	294.3%	34.0	20.4	66.2%
Cash conversion	158.9%	30.2%		79.1%	38.5%	
Investments in tangible and intangible assets	-0.7	-3.8	-81.2%	-3.6	-11.8	-69.5%
Net debt	54.5	43.8	24.4%	54.5	43.8	24.4%
Leverage	1.3	0.8		1.3	0.8	
Net working capital	45.3	41.9	8.1%	45.3	41.9	8.1%
Adjusted return on capital employed (ROCE)	54.5%	112.6%		54.5%	112.6%	
Equity ratio	47.3%	42.4%		47.3%	42.4%	
Number of employees at end of period	633	824	-23.2%	633	824	-23.2%

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

** Adjusted by items affecting comparability.

FINANCIAL TARGETS AND OUTLOOK

The company has set long-term targets related to growth, profitability and leverage. 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's management estimates that due to the special circumstances caused by the COVID-19 pandemic, the sauna and spa market experienced exceptionally high demand. The ending of advance demand in the first half of 2022 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 financial targets.

Harvia does not publish a short-term outlook.

Harvia's dividend policy is to pay a regularly increasing dividend with a bi-annual payout.

TAPIO PAJUJARJU, CEO:

During the last quarter of the year, the impact of the Russian invasion of Ukraine, inflation and low consumer confidence continued to affect Harvia's performance. The markets remained polarized as Central Europe, especially Germany and many of the nearby countries, was impacted the most, whereas North America as well as some of the newer sauna markets continued to enjoy solid interest and growth.

In the fourth quarter, our revenue landed at EUR 38.1 million, showing a decline of 18.0% compared to the corresponding period in 2021. On a full year basis, our revenue amounted to EUR 172.4 million with a decline of 3.7%.

The performance of market areas was closely connected to the sales mix development during the last quarter. Electric heaters felt the heaviest impact of the European energy crisis and high electricity prices. Sauna sales were extremely strong in the United States but were affected by the low consumer confidence in Central Europe. At the same time, wood burning heaters experienced an exceptional hike in sales for the time period, which supported the overall sales especially in Finland and Scandinavia. This indicates that even in demanding economic conditions, consumers greatly appreciate sauna experiences and remain agile in selecting alternative energy sources.



The fourth quarter's adjusted operating profit amounted to EUR 7.9 million, decreasing 28.8% from EUR 11.1 million the year before and making up 20.8% of revenue. For the full year 2022, we achieved adjusted operating profit of EUR 36.5 million, or 21.1% of revenue. The market conditions have been exceptionally stormy and challenging, and team Harvia has done its utmost with excellent commitment in maintaining solid profitability. I would like to express my sincerest thanks to the whole team at Harvia and all our partners.

We have remained agile in adapting our resources and cost structure to the market sentiment. This has resulted in optimizing our cost base and rightsizing our operations in multiple operating countries and units. Our ambition continues to be to deliver above 20% operating profit margin even in the challenging business environment.

Inventory levels in our distribution channels have been gradually normalized and in general returned to normal, healthy levels. A handful of Central European e-commerce platforms still have a higher-than-normal inventory of entry level sauna heaters and equipment. Our proactive initiatives to normalize Harvia's net working capital and especially inventories have been successful and at par with targets. Harvia's ability to generate healthy cash flow has traditionally been strong, but in the fourth quarter, the results of our efforts are directly visible in an exceptionally high free operating cash flow of EUR 15.1 million, a major improvement from EUR 3.8 million the year before. Because of this and the normalized investments, our cash conversion landed at exceptionally high 158.9%, also a major improvement from 30.2% in the previous year.

We have been evaluating tangible and sustainable options for complete exit from Russia since the beginning of the war, also for EOS Russia. We suspended our Harvia branded operations at the beginning of March, and at the beginning of November we completed the exit by successfully divesting our remaining 80% share in EOS Russia. Closing of the transaction is subject to official approvals in Russia.

Going forward, on top of all current activities, we will continue to direct our efforts and offering to match even better the demand in the more premium and professional market, as it currently has more new opportunities for Harvia than the somewhat challenged entry-level market. While Central Europe will likely remain challenging for some time, we have and will focus our efforts more to support our solid growth in North America and in other new and strongly developing sauna markets. Additionally, we are working on addressing opportunities in enhancing the energy efficiency of sauna. Our levers to ensure solid profitability have been successfully applied, and we remain alert to address them further if needed.

While the market environment is challenging, it does not affect Harvia's strategic cornerstones or long-term financial targets. We continue to have full focus on our strategic cornerstones of geographical expansion, increasing the value of

average purchase, and improving our productivity. On top of the organic business growth path, we remain active in seeking strategic opportunities on the M&A front. Our innovation pipeline continues to deliver excellent products to the market.

The sauna and spa market has traditionally been very resilient also during economically challenging times, and the positive long-term growth outlook for sauna awareness and the sauna and spa market as a whole is intact.

MARKET REVIEW

According to Harvia's estimate, there are approximately 18 million saunas in the world. This large sauna base provides significant business arising from the replacement of saunas and sauna heaters. Historically, the sauna and spa market has grown annually by an average of 5%. Due to the stable demand that arises from the need to replace sauna heaters regularly, the sauna and spa market has been traditionally resilient to economic downturns. This is true especially for the more mature sauna markets.

During the past few years, the sauna and spa market enjoyed growth significantly above its historical average. The growth was fueled by increasing awareness of the health benefits of sauna and the home improvement boom boosted by the COVID-19 pandemic. This so-called advance demand was driven by the increased demand for new saunas and equipment, and to lesser extent by the replacement demand.

In 2022, the sauna and spa market witnessed two key developments. Firstly, the pandemic-driven advance demand faded away in the second quarter as pandemic restrictions in key markets were lifted and consumer behavior shifted away from the pandemic patterns. Secondly, the economic uncertainty increased, and mainly in Europe, consumer confidence eroded significantly throughout 2022 after the Russian invasion of Ukraine.

The direct impact of the invasion is focused on Russia, Ukraine and adjacent markets, but the indirect impacts have been felt throughout Europe and to a smaller extent globally. Increased economic uncertainty, reduced consumer confidence and enhanced energy saving measures have weakened demand especially in Central Europe and for electric heaters. The impact was felt first and heaviest in the more price-sensitive lower segment. The professional and premium market have traditionally remained more stable in weakening market conditions, but towards the end of 2022, the more cautious consumer behavior and energy saving measures spread more widely throughout the entire sauna and spa market. At the same time, consumer demand shifted more towards wood-burning heaters, which experienced historically high year-end market demand. While this increased demand did not fully compensate the lower demand of electric heaters, it reflects the importance of sauna to consumers and the robustness of demand.

Outside Europe, especially in North America and Asia, the sauna and spa market has continued growing, even if the growth pace has settled from the pandemic-fueled pace. In general, these markets have not seen similar negative economic and energy price development as witnessed in Europe, even though they are not immune to the global economic uncertainty. The demand in emerging market areas continues to be skewed towards more high-end products, especially compared to Finland. The increase in the popularity of sauna, low but increasing sauna penetration and resilient high-end demand continue to support market growth in the more emerging sauna and spa markets.

According to the management's estimate, Harvia's share of the sauna and spa market has increased during the last few years and the development has continued also in 2022. In 2022, Harvia's share of the sauna and spa market was estimated to be 5%, and the company's share of the sauna heater and sauna component market was estimated to be 21%. The company's management estimates that Harvia has the leading position in the global sauna and spa market.

REVENUE

REVENUE BY MARKET AREA

EUR thousand	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Finland	7,364	8,505	-13.4%	36,414	36,900	-1.3%
Scandinavia	2,517	2,664	-5.5%	9,530	9,357	1.9%
Germany	5,401	8,674	-37.7%	26,109	35,351	-26.1%
Other European countries	10,345	13,316	-22.3%	46,405	49,674	-6.6%
Russia	857	3,675	-76.7%	7,454	11,549	-35.5%
North America	9,683	7,406	30.7%	36,112	29,132	24.0%
Other countries*	1,952	2,241	-12.9%	10,384	7,160	45.0%
Total	38,119	46,481	-18.0%	172,408	179,123	-3.7%

* The largest of which: Arab countries and Asia.

REVENUE BY PRODUCT GROUP

EUR thousand	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Sauna heaters	17,130	21,604	-20.7%	76,043	88,177	-13.8%
Sauna rooms & Scandinavian hot tubs	10,211	11,220	-9.0%	46,152	41,185	12.1%
Control units	3,210	4,317	-25.6%	15,403	17,578	-12.4%
Steam generators	1,174	1,386	-15.3%	4,989	5,129	-2.7%
Other product groups, spare parts and services	6,394	7,953	-19.6%	29,822	27,053	10.2%
Total	38,119	46,481	-18.0%	172,408	179,123	-3.7%

OCTOBER–DECEMBER 2022

The Group's revenue decreased in October–December by 18.0% to EUR 38.1 million (46.5). At comparable exchange rates, revenue decreased by 20.6 % to EUR 36.9 million. Organic revenue growth was -16.4%. Revenue decreased in Finland, Scandinavia, Germany, other European countries, Russia and other countries compared to Q4 2021. Ongoing high inflation decreased consumer confidence and the ending of the so-called advance demand caused by the pandemic affected the revenue in the afore-mentioned markets negatively. Revenue increased in North America by 30.7%. In Q4, the revenue in Russia decreased by 76.7% following the decision to suspend operations in March 2022. The revenue booked in Q4 in Russia included the revenue of EOS Russia, which has not been consolidated in the Harvia Group figures as of November 2022.

Revenue decreased in all product groups in October–December. Sauna room sales continued strong development in North America, but the revenue from Scandinavian hot tubs stayed on low level in all market areas. In addition to growing economic uncertainty, the Scandinavian hot tub market was especially hit by the post-pandemic trend of private consumption shifting away from home improvement to other areas, for example traveling. Sauna heater sales was below the comparison level especially in Germany and other European countries, even though wood burning sauna heater sales had a record high fourth quarter sales. The decline in sales of control units followed the weak demand of electric heaters, especially in Germany and other European countries. Sales of other product groups, spare parts, and services decreased along with the other product groups.

JANUARY–DECEMBER 2022

The Group's revenue decreased in January–December by 3.7% to EUR 172.4 million (179.1). At comparable exchange rates, revenue decreased by 7.0% to EUR 166.7 million. Organic revenue growth was -7.7%. Revenue increased in North America, Scandinavia and in other countries. The growth in other countries was driven mainly by Asian and Arab countries.

Revenue increased especially in saunas and other product groups in January–December. The growth of sauna room sales continued especially in North America, but also in Central Europe. The revenue from Scandinavian hot tubs decreased significantly especially in Finland, Germany and other European countries. Sauna heater sales declined especially in Germany, other European countries and in entry-level heaters. Sales of control units reached the 2021 level in all other markets except Germany and Russia. The revenue development of steam generators was affected especially by the exit from Russia. Sales of other product groups, spare parts and services developed well especially in heater stones due the acquisition of Sauna Eurox in August 2021.

RESULT

OCTOBER–DECEMBER 2022

Operating profit for October–December decreased to EUR 6.6 million (11.1) and the operating profit margin was 17.2% (23.9). The operating profit included EUR 1.4 million (0.0) of items affecting comparability, mainly related to business transactions and restructuring. Changes in exchange rates strengthened the operating profit by approximately EUR 0.2 million compared to the previous year. The favorable effect from exchange rates mainly resulted from the strong U.S. dollar.

Adjusted operating profit decreased to EUR 7.9 million (11.1) and the adjusted operating profit margin was 20.8% (24.0). The net financial items for the review period were EUR -0.8 million (-0.4). The net financial items turned negative in the fourth quarter mainly because the value change of the interest swap did not cause as large a positive effect than in the previous quarters.

Profit before taxes was EUR 5.8 million (10.8). The Group's taxes amounted to EUR -1.7 million (-2.3).

The result for October–December was EUR 4.1 million (8.4) and undiluted earnings per share were EUR 0.22 (0.44).

JANUARY–DECEMBER 2022

Operating profit for January–December decreased to EUR 34.7 million (46.6) and the operating profit margin was 20.1% (26.0). The operating profit included EUR 1.8 million (0.6) of items affecting comparability, mainly related to business transactions and restructuring. Changes in exchange rates strengthened the operating profit by approximately EUR 1.7 million, which was caused mainly by the strong U.S. dollar.

Adjusted operating profit decreased to EUR 36.5 million (47.3) and the adjusted operating profit margin was 21.1% (26.4). The net financial items for the review period were EUR 2.1 million (-1.4). The net financial items were positive mainly due to change of fair value of the interest rate swap.

Profit before taxes was EUR 36.8 million (45.2). The Group's taxes amounted to EUR -8.7 million (-10.4).

The result for January–December was EUR 28.1 million (34.8) and undiluted earnings per share were EUR 1.45 (1.80).

FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of December 2022 was EUR 208.8 million (31 December 2021: 201.5), of which equity accounted for EUR 98.3 million (84.1).

At the end of December 2022, the company's net debt amounted to EUR 54.5 million (43.8). The net debt increased in the third quarter mainly due to the financing of Harvia acquiring a 21.4% minority shareholding of EOS Group's German operations in July. Loans from credit institutions were EUR 77.4 million (56.4) and lease liabilities were EUR 2.4 million (2.9). Cash and cash equivalents at the end of the review period amounted to EUR 25.3 million (15.5). Leverage was 1.3 (0.8) at the end of the review period.

Equity ratio was 47.3% (42.4) at the end of the review period. The adjusted return on capital employed (ROCE) was 54.5% (112.6).

In January–December, Harvia's operating free cash flow was EUR 34.0 million (20.4) and cash conversion was 79.1% (38.5). In the fourth quarter, operating free cash flow increased to EUR 15.1 million (3.8) and cash conversion improved to 158.9% (30.2). In Q4, Harvia decreased its net working capital by EUR 6.3 million. In the comparison period, Harvia's operating free cash flow and cash conversion were reduced by a large investment program, increased net working capital and financing the acquisitions of Kirami and Sauna-Eurox from company cash reserves.

INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

Harvia Group's investments to tangible and intangible assets in January–December amounted to EUR 3.6 million (11.8). During 2022, Harvia renewed its layout in the Muurame factory to improve its productivity by optimizing material flows, improving safety and making the working environment more organized. Harvia also launched its new factory in the United States at the beginning of the year and invested in machinery upgrades and maintenance in other factories as well.

The Group's research and development expenditure recognized as expenses amounted to EUR 2.2 million (2.3). In 2022, Harvia's product development supported the company's geographical expansion by the development and certification of products for the North American and Japanese markets. Supporting the strategic cornerstone of increasing the average purchase, Harvia developed products such as the modular Kirami Annex solution for active backyard living, the Harvia Nova steam shower cabinet and the new Harvia Spirit design heater. In 2022, Harvia studied especially cleaner burning of wood-burning heaters and factors affecting energy consumption in saunas. In addition, Harvia's quality function was strengthened in 2022, with a focus on aligning local quality activities with global continuous improvement approach.

ACQUISITIONS AND DIVESTMENTS

On 27 July 2022, Harvia Plc acquired a 21.4% minority shareholding of EOS Group's German operations from Mr. Rainer Kunz, Managing Director of EOS Group. After the transaction, EOS Group's German operations are fully owned by Harvia.

The purchase price was EUR 19.0 million. The purchase price of the minority shareholding was based on the same adjusted EBITDA multiple as in the original transaction in 2020, when Harvia acquired the majority of EOS shares. Harvia financed the acquisition of the minority shareholding with long-term interest-bearing debt. Mr. Kunz continues as Managing Director of EOS Group and a member of Harvia's management team.

On 7 November 2022, Harvia Plc signed an agreement to sell its 80.0% shareholding of EOS Russia to Mr. Vasilij Sosonkov. Before the agreement, Mr. Sosonkov, Managing Director of EOS Russia, held 20.0% of the shares in OOO EOS Premium SPA Technologies, the company operating EOS Group's Russian operations. After the transaction has been completed, Mr. Sosonkov will own 100.0% of EOS Russia. Closing of the transaction is subject to official approvals in Russia.

The transaction price is at maximum EUR 600,000, of which EUR 400,000 was paid during 2022. According to the agreement, all references to EOS or Harvia will be removed from the Russian company's name, brand names or similar. EOS-related intellectual property rights stay in Harvia's ownership.

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.

In 2022, Harvia implemented the sustainability program from the previous year, based on four commitments. Related to the first commitment, Good and Healthy Living, Harvia supported research by the University of Jyväskylä on the health benefits of infrared saunas and shared information on a recent study by the University of Jyväskylä that showed that taking a sauna after exercise enhances the health benefits of exercise.

In line with its second commitment, Responsible Experience and Enjoyment, Harvia focused in particular on research to promote cleaner burning of wood-burning heaters and energy efficiency in electric saunas. In the area of sustainability communication, the focus was on guiding customers towards more energy-efficient saunas and sauna usage.

Minimizing the ecological footprint is Harvia's third sustainability commitment. In 2022, Harvia investigated, among other things, ways to reduce the carbon footprint of transport and conducted a study on the energy consumption of each unit and ways to reduce consumption.

Harvia is also committed to maintaining a Safe and Warm Community, which includes employees, partners, customers and other stakeholders. In 2022, the definitions of the Group-wide safety indicators were refined and in Harvia Finland, the Group's largest company, a one-year well-being coaching program was launched for all white-collar employees. In addition, Harvia introduced a public whistleblowing system in case of possible allegations of misconduct.

In 2022, Harvia also developed its sustainability metrics and reporting. Harvia's corporate responsibility will be presented in more detail in the Annual Report 2022.

PERSONNEL

The number of personnel employed by the Group at the end of December was 633 (824) and averaged 768 (767) in January–December. Of the personnel at the end of December, 240 (308) worked in Finland, 136 (143) in Germany, 89 (133) in Romania, 66 (60) in the United States, 58 (95) in China and Hong Kong, 32 (43) in Austria, 9 (13) in Estonia, 2 (2) in Sweden and 1 (27) in Russia.

The decrease in the number of personnel at the end of December compared to the previous year was mainly due to personnel reductions after change negotiations in Finland and restructuring in other countries as well. In addition, the exit from Russia impacted the personnel figures.

In June 2022, Harvia concluded its change negotiations and confirmed the reduction of nine full-time equivalents. Additional adjustments were carried out through temporary layoffs of up to 90 days and annual leave arrangements at Harvia Finland Oy, Velha Oy, and Harvia Group Oy. The reason for the change negotiations was the suspension of Harvia's operations in Russia due to the war in Ukraine combined with the growing general uncertainty. Kirami Oy finalized its change negotiations in July 2022 and confirmed the reduction of three full-time equivalents. Additional adjustments were carried out through temporary layoffs of over 90 days and annual leave arrangements in Kirami Oy.

In November 2022, Harvia concluded change negotiations and confirmed a reduction of thirteen persons. Additional adjustments can be carried out through temporary layoffs of potentially over 90 days in Harvia Finland Oy, Velha Oy and Harvia Group Oy. In the fourth quarter, no new temporary layoff programs were initiated in Muurame, but Kirami Oy announced temporarily layoffs of its personnel from mid-December 2022 to mid-January 2023.

SHARES AND SHAREHOLDERS

Harvia's registered share capital is EUR 80,000 and at the end of December, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume in January–December was EUR 749.5 million (882.0) and 27,500,497 shares (18,798,719). The share's volume weighted average price during the review period was EUR 27.36 (46.96), the highest price was EUR 60.70 (64.10) and the lowest EUR 12.69 (22.00). The closing price of the share at the end of December was EUR 17.68 (58.70). The market value of the share capital on 31 December 2022 was EUR 330.5 million (1,097) including treasury shares. At the end of December, Harvia Plc held a total of 21,074 own shares, corresponding to 0.11% of the total number of shares.

The number of registered shareholders at the end of December was 46,011 (33,879), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 39.5% (48.7) of the company's shares. The ten largest shareholders held a total of 21.3% (19.0) of Harvia's shares and votes at the end of December.

GOVERNANCE

Annual General Meeting

Harvia Plc's Annual General Meeting, held on 7 April 2022, approved the financial statements and discharged the members of the Board of Directors and the company's CEO from liability for the financial year 2021. 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 EUR 0.60 per share be paid as dividend and that the remainder of the distributable funds be transferred to shareholders' equity. The dividend is paid in two instalments. The first instalment, EUR 0.30 per share, was paid on 20 April 2022. The second instalment, EUR 0.30 per share, was paid on 25 October 2022 to the shareholders who were registered in the shareholders' register on the record date for the dividend 18 October 2022.

The Annual General Meeting resolved that the Board of Directors consists of five members. Anders Holmén, Hille Korhonen, Olli Liitola and Sanna Suvanto-Harsaae were re-elected to the Board of Directors and Heiner Olbrich was elected as a new member of the Board of Directors. Authorized Public Accountants PricewaterhouseCoopers Oy was elected as the Auditor of the company and Markku Katajisto, 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 authorization is valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2023.

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 the 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 2023.

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 Anders Holmén 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 2022, 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 2019–2021 of the company's share-based incentive program launched in 2019. In the share issue, 45,983 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, the company held a total of 5,074 own shares.

Long-term Performance Share Plan

The Board of Directors of Harvia Plc decided on 2 December 2022 to continue the Long-term Performance Share Plan for the management team and other key employees for the performance period 2022–2024.

The plan will form a part of Harvia Plc's remuneration program for its key employees, and the aim of the plan is to support the implementation of the company's strategy, to align the objectives of key employees with the shareholders to increase the value of the company, to improve the performance of the company, and to retain key employees.

In the performance period 2022–2024, the plan has 16 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 number of shares to be paid based on the performance period 2022–2024 is maximum of 73,600 Harvia Plc's shares. 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 2022–2024 will be paid out during spring 2025.

Composition of the Shareholders' Nomination Board

Harvia Plc announced the composition of the Shareholders' Nomination Board on 28 September 2022. The shareholders' nomination board will 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

Jarno Käyhkö, WestStar Oy, COO

Timo Harvia, Tiipeti Oy, Shareholder

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.

On 13 December 2022, the Nomination Board gave its proposal to the Company's Board of Directors for the 2023 Annual General Meeting.

CEO change in 2023

On 17 November 2022 Harvia announced that Tapio Pajuharju, CEO of Harvia Plc, had resigned from his position. Pajuharju will continue as CEO of Harvia Plc until the end of May 2023. He has served as CEO and member of Harvia Plc's Management Team since 2016 and as a member of Harvia Plc's Board of Directors from 2014 to 2016. Harvia's Board of Directors has initiated the recruitment process for a new CEO.

RISKS AND UNCERTAINTIES

General economic, social and political conditions impact Harvia's operating environment. Economic uncertainty in Finland, Europe, 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. Harvia is familiar with operating successfully in an environment shaped by changing market conditions, but the full impact of all changes in different markets is difficult to foresee, as the situation is in constant change.

Changes in consumer confidence and the resulting demand implications impact directly Harvia's business. Especially in the direct-to-consumer market, deteriorating consumer confidence can result in individual consumers postponing investments in new saunas and components, and to lesser extent in postponing replacement demand. In addition, the availability of energy and energy prices may impact consumer confidence and the frequency of sauna usage.

The Russian invasion of Ukraine has impacted Harvia directly and indirectly. The direct impact relates to Russia, Ukraine and the adjacent markets. The indirect impact of the war is visible in the higher raw material prices, increased inflation, reduced consumer confidence as well as increased energy prices and energy savings measures, especially in Europe.

Harvia suspended its operations in Russia at the beginning of March due to the war in Ukraine. Sales in Russia accounted for 6.4 percent of Harvia Group's revenue in 2021 (EUR 11.5 million). In November 2022, Harvia completed its exit from Russia by selling its 80% share in EOS Russia. Closing of the transaction is subject to official approvals in Russia.

The impacts of the pandemic on Harvia have largely ended, but at the end of 2022, they were still somewhat evident especially in Asia. If the need to restrict operations arise, this may have a negative impact on the company's business volume, result or financial performance. The company continues to assess the COVID-19 situation constantly in terms of its business.

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 36.5 million.

Harvia has business operations in several countries. Harvia is exposed to transaction and translation risks mainly relating to the U.S. 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. Harvia's exit from Russia limits the currency exposure for Russian ruble going forward.

The principles of Harvia's financing risk management will be described in the Consolidated Financial Statements 2022 and the general principles of risk management on the company's website at www.harviagroup.com.

EVENTS AFTER THE REVIEW PERIOD

Harvia had no significant events after the review period.

FINANCIAL RELEASES IN 2023

Harvia will publish its interim reports in 2023 as follows:

4 May 2023, January–March 2023 interim report

10 August 2023, Half-year (January–June) 2023 financial report

2 November 2023, January–September 2023 interim report

Harvia's electronic annual report which contains the complete Financial Statements 2022 will be published during the week starting 13 March 2023 (week 11/2023).

Harvia's Annual General Meeting will be held on 20 April 2023 at 10.00 a.m. in Helsinki. The exact location will be announced later.

MUURAME, 8 FEBRUARY 2023

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 9 February 2023 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/q4-2022-result/>.

You can also participate in the conference by calling. Please register to the teleconference by using the following link: <http://palvelu.flik.fi/teleconference/?id=1009973>. After the registration, you will be provided phone numbers and a conference ID to access the teleconference.

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

HARVIA PLC FINANCIAL STATEMENTS BULLETIN 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Revenue	2.1	38,119	46,481	172,408	179,123
Other operating income		306	284	734	539
Materials and services		-14,632	-18,026	-70,150	-70,114
Employee benefit expenses		-7,335	-8,160	-30,832	-30,591
Other operating expenses	2.2	-7,345	-7,902	-30,036	-26,469
Depreciation and amortisation		-1,595	-1,568	-6,494	-5,844
Impairment of assets of the sold subsidiary*	5.1	-952		-952	
Operating profit		6,564	11,110	34,678	46,644
Share in profits and losses of associated companies		-42	24	26	57
Finance income		112	190	1,909	698
Finance costs		-1,089	-679	-3,553	-2,601
Changes in fair values		250	109	3,727	418
Financial items		-769	-355	2,110	-1,428
Profit before income taxes		5,795	10,755	36,788	45,216
Income taxes		-1,685	-2,334	-8,719	-10,427
Profit for the period		4,110	8,420	28,068	34,789
Attributable to:					
Owners of the parent		4,051	8,153	27,080	33,674
Non-controlling interests**		58	268	988	1,115
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences		-3,648	334	326	1,197
Items that will not be reclassified to profit or loss:					
Actuarial gains and losses		598		598	
Other comprehensive income, net of tax		-3,049	334	925	1,197
Total comprehensive income		1,061	8,754	28,993	35,986
Attributable to:					
Owners of the parent		1,002	8,487	28,005	34,871
Non-controlling interests**		58	268	988	1,115
Earnings per share for profit attributable to the owners of the parent:					
Basic EPS (EUR)	2.3	0.22	0.44	1.45	1.80
Diluted EPS (EUR)	2.3	0.21	0.43	1.44	1.79

*Includes the fair value consideration of sold assets and translation differences related to EOS Russia disposal

**EOS Group and Kirami AB non-controlling interests

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	31-Dec-2022	31-Dec-2021
ASSETS			
Non-current assets			
Intangible assets		10,463	12,732
Goodwill		73,438	73,730
Property, plant and equipment		27,098	27,994
Right-of-use assets*		2,144	2,644
Investments in associated companies		727	726
Derivative financial instruments		3,243	
Deferred tax assets		1,367	1,488
Total non-current assets		118,481	119,313
Current assets			
Inventories	3	45,324	46,130
Trade and other receivables	3	18,674	20,447
Income tax receivables		1,010	113
Cash and cash equivalents	4	25,310	15,488
Total current asset		90,318	82,178
Total assets		208,799	201,492

EUR thousand	Note	31-Dec-2022	31-Dec-2021
EQUITY AND LIABILITIES			
Share capital		80	80
Other reserves		33,426	32,585
Retained earnings		36,687	14,212
Profit for the period		27,080	33,674
Equity attributable to owners of the parent		97,273	80,551
Non-controlling interests		1,072	3,598
Total equity		98,345	84,149
Liabilities			
Non-current liabilities			
Loans from credit institutions	4	75,389	56,380
Lease liabilities	4	1,848	2,315
Derivative financial instruments			484
Deferred tax liabilities		1,673	2,260
Employee benefit obligations		1,897	2,595
Other non-current liabilities**		3,609	20,553
Provisions		331	345
Total non-current liabilities		84,747	84,932
Current liabilities			
Loans from credit institutions	4	2,028	48
Lease liabilities	4	574	562
Employee benefit obligations		174	188
Income tax liabilities		3,960	6,661
Trade and other payables	3	18,679	24,646
Provisions		292	305
Total current liabilities		25,707	32,411
Total liabilities		110,454	117,342
Total equity and liabilities		208,799	201,492

* Previously "leased assets"

**Other non-current liabilities include minority redemption liabilities and purchase price liabilities resulting from acquisitions. The minority share of German EOS Group was acquired at the end of July 2022.

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 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

Equity at 1 January 2022	80	32,047	539	47,886	80,552	3,598	84,149
Share-based incentive plan		557			557		557
Dividend distribution				-11,200	-11,200	-127	-11,327
Revaluation of minority redemption liabilities		1,516			1,516		1,516
Redemption of the share of non-controlling interest						-3,387	-3,387
Repurchase of own shares		-313			-313		-313
Share-based payments		-1,844			-1,844		-1,844
Total transactions with shareholders		-83		-11,200	-11,283	-3,514	-14,798
Profit for the period				27,080	27,080	988	28,068
Actuarial gains and losses		598			598		598
Other comprehensive income			326		326		326
Total comprehensive income		598	326	27,080	28,005	988	28,993
Equity at 31 December 2022	80	32,562	865	63,766	97,273	1,072	98,345

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Cash flows from operating activities					
Profit before taxes		5,795	10,755	36,788	45,216
Adjustments					
Depreciation and amortisation		2,547	1,568	7,446	5,844
Finance income and finance costs		769	355	-2,110	1,428
Other adjustments		847	59	311	-1,278
Cash flows before changes in working capital		9,958	12,736	42,436	51,210
Change in working capital					
Increase (-) / decrease (+) in trade and other receivables	3	1,967	3,826	495	-2,051
Increase (-) / decrease (+) in inventories	3	4,027	-7,064	-852	-22,574
Increase (+) / decrease (-) in trade and other payables	3	327	-1,862	-5,014	3,718
Cash flows from operating activities before financial items and taxes		16,278	7,635	37,065	30,303
Interest and other finance costs paid		8	-15	-39	-192
Interest and other finance income received		-61	28	6	232
Income taxes paid/received		-2,358	-2,349	-12,697	-8,527
Net cash from operating activities		13,867	5,299	24,335	21,816
Cash flows from investing activities					
Purchases of tangible and intangible assets		-708	-3,770	-3,587	-11,762
Sale of tangible and intangible assets		6		48	98
Acquisition of subsidiaries, net of cash acquired					-7,559
Proceeds from sale of subsidiaries, net of cash		104		104	
Net cash from investing activities		-598	-3,770	-3,435	-19,223
Cash flows from financing activities					
Acquisition of treasury shares		-312	-2,518	-312	-2,518
Transactions with non-controlling interests				-19,000	
Proceeds from non-current loans	4.1		56,500	19,000	56,500
Repayment of non-current liabilities	4.1	-88	-56,761	-101	-56,761
Change in current interest-bearing liabilities	4.1	1,993	-108	1,983	-142
Repayment of lease liabilities		-213	-72	-518	-373
Interest and other finance costs paid	4.1	-897	-452	-1,022	-1,885
Dividends paid		-5,651	-3,566	-11,327	-9,532
Net cash from financing activities		-5,168	-6,977	-11,297	-14,711
Net change in cash and cash equivalents		8,101	-5,449	9,604	-12,118
Cash and cash equivalents at beginning of period		17,929	20,869	15,488	27,321
Exchange gains/losses on cash and cash equivalents		-721	68	218	285
Cash and cash equivalents at end of period		25,310	15,488	25,310	15,488

NOTES TO THE GROUP'S FINANCIAL STATEMENTS BULLETIN 2022

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 that were presented in the Consolidated Financial Statements for 2021 and should therefore be read in conjunction with the Consolidated Financial Statements for 2021 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 in its meeting on 8 February 2023. 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 that will be applied in the Consolidated Financial Statements for 2022. The consolidated financial statements 2022 will be published together with the Annual Report in week 11/2023.

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	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Finland	7,364	8,505	-13.4%	36,414	36,900	-1.3%
Scandinavia	2,517	2,664	-5.5%	9,530	9,357	1.9%
Germany	5,401	8,674	-37.7%	26,109	35,351	-26.1%
Other European countries	10,345	13,316	-22.3%	46,405	49,674	-6.6%
Russia	857	3,675	-76.7%	7,454	11,549	-35.5%
North America	9,683	7,406	30.7%	36,112	29,132	24.0%
Other countries*	1,952	2,241	-12.9%	10,384	7,160	45.0%
Total	38,119	46,481	-18.0%	172,408	179,123	-3.7%

* The largest of which: Arab countries and Asia.

Revenue by product groups

EUR thousand	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Sauna heaters	17,130	21,604	-20.7%	76,043	88,177	-13.8%
Sauna rooms & Scandinavian hot tubs	10,211	11,220	-9.0%	46,152	41,185	12.1%
Control units	3,210	4,317	-25.6%	15,403	17,578	-12.4%
Steam generators	1,174	1,386	-15.3%	4,989	5,129	-2.7%
Other product groups, spare parts and services	6,394	7,953	-19.6%	29,822	27,053	10.2%
Total	38,119	46,481	-18.0%	172,408	179,123	-3.7%

2.2 OPERATING EXPENSES

Other operating expenses for the period 1 January – 31 December 2022 include items affecting comparability of EUR 1,774 thousand (628) that are related to the Group's strategic development projects, acquisitions, divestments 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	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Profit for the period attributable to the owners of the parent company, EUR thousand	4,049	8,153	27,078	33,674
Weighted average number of shares outstanding during the financial period, '000	18,686	18,675	18,672	18,668
Basic earnings per share, EUR	0.22	0.44	1.45	1.80
Share-based long-term incentive plan	138	153	167	150
Weighted average number of shares outstanding during the year, diluted, '000	18,824	18,828	18,839	18,818
Diluted earnings per share, EUR	0.22	0.43	1.44	1.79

3. NET WORKING CAPITAL

EUR thousand	31-Dec-2022	31-Dec-2021
Net working capital		
Inventories	45,324	46,130
Trade receivables	16,408	16,222
Other receivables	2,266	4,225
Trade payables	-8,737	-11,703
Other payables	-9,942	-12,943
Total	45,319	41,931
Change in net working capital in the statement of financial position	3,388	23,979
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*	1,983	-3,073
Change in net working capital in the statement of cash flows	5,371	20,906

* 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-2022	31-Dec-2021
Interest-bearing debt	77,417	56,428
Lease liabilities	2,421	2,877
Less cash and cash equivalents	-25,310	-15,488
Net debt	54,529	43,817

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.

In Q3, Harvia financed its acquisition of the minority of EOS Group's German operations with a new term loan amounting to EUR 19,000 thousand. The term loan matures in December 2024.

The nominal interest of the loans is tied to Euribor, and its margin is tied to the Group's net debt / adjusted EBITDA ratio.

4.1 DERIVATIVES

In January 2022, Harvia signed an interest swap contract with nominal value of EUR 36,500 thousand, replacing the previous interest rate swap with nominal value of EUR 25,000 thousand. The interest rate swap contract matures on 15 December 2026.

5. OTHER NOTES

5.1 EOS RUSSIA DIVESTMENT

On 7 November 2022, Harvia Plc made an agreement to sell its 80.0% shareholding of EOS Russia. The transaction price is at maximum EUR 600 thousand, of which EUR 400 thousand was paid during 2022. EOS Russia was separated from Harvia's consolidated figures from November 2022.

The fair values of net assets of the sold subsidiary were considered to be EUR 1,280 thousand less than the carrying value in the Group's balance sheet at 31 October 2022. The consideration included EUR 748 thousand intangible assets consisting of goodwill and customer relationships. There was also EUR 328 thousand translation differences in the Harvia's balance sheet relating to EOS Russia which were reclassified to profit due the divestment. All the items impacting profit are presented in the Impairment of assets of the sold subsidiary in operating profit.

Altogether, the impact to Harvia's income statement was EUR -952 thousand. According to Harvia's accounting principles, the impact was classified as item that affects comparability of the adjusted figures. In the cash flow of Harvia Group, the proceed from selling the subsidiary was EUR 104 thousand after deducting cash of the divested subsidiary.

5.2 RELATED PARTY TRANSACTIONS

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

EUR thousand	1-12/2022	1-12/2021
Sales	7	2
Purchases	1	26

APPENDIX 1: KEY FIGURES AND CALCULATION OF KEY FIGURES

EUR thousand	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Key statement of comprehensive income indicators				
Revenue	38,119	46,481	172,408	179,123
EBITDA	8,160	12,677	41,173	52,488
% of revenue	21.4	27.3	23.9	29.3
Adjusted EBITDA	9,526	12,709	42,947	53,116
% of revenue	25.0	27.3	24.9	29.7
Operating profit	6,564	11,110	34,678	46,644
% of revenue	17.2	23.9	20.1	26.0
Adjusted operating profit	7,931	11,142	36,452	47,272
% of revenue	20.8	24.0	21.1	26.4
Adjusted profit before income taxes	7,162	10,787	38,562	45,844
Basic EPS (EUR)	0.22	0.44	1.45	1.80
Diluted EPS (EUR)	0.22	0.43	1.44	1.79
Key cash flow indicators				
Cash flow from operating activities	13,867	5,299	24,335	21,816
Operating free cash flow	15,138	3,839	33,989	20,447
Cash conversion	158.9%	30.2%	79.1%	38.5%
Investments in tangible and intangible assets	-708	-3,770	-3,587	-11,762
Key balance sheet indicators				
Net debt	54,529	43,817	54,529	43,817
Leverage	1.3	0.8	1.3	0.8
Net working capital	45,319	41,931	45,319	41,931
Capital employed excluding goodwill	66,836	41,984	66,836	41,984
Adjusted return on capital employed (ROCE)	54.5%	112.6%	54.5%	112.6%
Equity ratio	47.3%	42.4%	47.3%	42.4%
Number of employees at end of period	633	824	633	824
Average number of employees during the period	655	821	768	767

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 in 2021 and 2022.

EUR thousand	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Operating profit	6,564	11,110	34,678	46,644
Depreciation and amortisation	1,595	1,568	6,494	5,844
EBITDA	8,160	12,677	41,173	52,488
Items affecting comparability				
Business transactions related expenses	952	22	1,105	587
Restructuring expenses	368	11	622	41
Total items affecting comparability	1,367	32	1,774	628
Adjusted EBITDA	9,526	12,709	42,947	53,116
Depreciation and amortisation	-1,595	-1,568	-6,494	-5,844
Adjusted operating profit	7,931	11,142	36,452	47,272
Finance costs, net	-769	-355	2,110	-1,428
Adjusted profit before income taxes	7,162	10,787	38,562	45,844

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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