

HARVIA PLC

INTERIM REPORT

JANUARY–SEPTEMBER 2023

HARVIA

Sauna & Spa

Healing with heat

HARVIA Q3 2023: STRONG PROFITABILITY AND CASH FLOW WHILE SALES DECLINED DUE TO A CHALLENGING MARKET IN EUROPE

HIGHLIGHTS OF THE REVIEW PERIOD

JULY–SEPTEMBER 2023:

- Revenue decreased by 9.2% to EUR 34.0 million (37.4). At comparable exchange rates, revenue decreased by 6.8% to EUR 34.9 million. Organic revenue growth was -4.9%.
- Operating profit was EUR 6.8 million (7.3), making up 20.0% (19.5) of the revenue.
- Adjusted operating profit reached EUR 6.9 million (7.6), making up 20.3% (20.4) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 7.2 million (20.6% of the revenue).
- Operating free cash flow amounted to EUR 8.3 million (9.8) and cash conversion was 98.7% (105.6).

JANUARY–SEPTEMBER 2023:

- Revenue decreased by 17.2% to EUR 111.1 million (134.3). At comparable exchange rates, revenue decreased by 16.5% to EUR 112.1 million. Organic revenue growth was -13.6%.
- Operating profit was EUR 23.8 million (28.1), making up 21.4% (20.9) of the revenue.
- Adjusted operating profit reached EUR 24.1 million (28.5), making up 21.7% (21.2) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 24.6 million (22.0% of the revenue).
- Operating free cash flow amounted to EUR 29.1 million (18.9) and cash conversion was 101.2% (56.4). The change in net working capital increased the operating free cash flow and cash conversion.
- Net debt amounted to EUR 40.6 million (60.1) and leverage, calculated as net debt divided by 12 months' adjusted EBITDA, was 1.1 (1.3).
- Equity ratio was 47.7% (44.9).
- Earnings per share were EUR 0.86 (1.23).
- On 28 March 2023, the Board of Directors of Harvia plc appointed Matias Järnefelt as Harvia's CEO. Järnefelt started in his position on 1 June 2023.

KEY FIGURES

EUR million	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	1-12/2022
Revenue	34.0	37.4	-9.2%	111.1	134.3	-17.2%	172.4
EBITDA	8.3	8.9	-6.8%	28.5	33.0	-13.8%	41.2
% of revenue	24.5%	23.9%		25.6%	24.6%		23.9%
Items affecting comparability *	0.1	0.3	-68.4%	0.3	0.4	-20.2%	1.8
Adjusted EBITDA **	8.4	9.3	-9.1%	28.8	33.4	-13.9%	42.9
% of revenue	24.8%	24.8%		25.9%	24.9%		24.9%
Operating profit	6.8	7.3	-7.1%	23.8	28.1	-15.3%	34.7
% of revenue	20.0%	19.5%		21.4%	20.9%		20.1%
Adjusted operating profit **	6.9	7.6	-9.8%	24.1	28.5	-15.3%	36.5
% of revenue	20.3%	20.4%		21.7%	21.2%		21.1%
Basic EPS (EUR)	0.24	0.34	-29.9%	0.86	1.23	-30.4%	1.45
Operating free cash flow	8.3	9.8	-14.9%	29.1	18.9	54.5%	34.0
Cash conversion	98.7%	105.6%		101.2%	56.4%		79.1%
Investments in tangible and intangible assets	-0.5	-0.8	-32.5%	-1.7	-2.9	-41.7%	-3.6
Net debt	40.6	60.1	-32.5%	40.6	60.1	-32.5%	54.5
Leverage	1.1	1.3		1.1	1.3		1.3
Net working capital	35.9	49.1	-26.9%	35.9	49.1	-26.9%	45.3
Adjusted return on capital employed (ROCE)	42.5%	61.5%		42.5%	61.5%		54.5%
Equity ratio	47.7%	44.9%		47.7%	44.9%		47.3%
Number of employees at end of period	600	731	-17.9%	600	731	-17.9%	633

* Consists of items outside the ordinary course of business, relating to the Group's strategic development projects, acquisitions, business divestments, restructuring 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.

Harvia does not publish a short-term outlook.

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

MATIAS JÄRNEFELT, CEO:

The third quarter of 2023 showed again Harvia's ability to maintain good profitability and cash flow in challenging market conditions.

In the third quarter, our revenue reached EUR 34.0 million, showing a decline of 9.2% from the previous year. Our sales, as well as our profitability, were still affected by our complete exit from Russia and we faced increased headwind from the exchange rates. Organic growth was -4.9%. Even if the revenue still declined, the rate of change was smaller than in the previous quarters of 2023.

The significant differences in sales development between European and non-European market areas continued in the third quarter. In North America, which has become our largest reported market area, the market and Harvia's sales continued on a very positive growth path. This was also reflected in our group-level sauna room sales, as sauna rooms form the majority of our business in North America. In Asia, our sales performance was also strong. This includes Japan, where our continuous work is visible in the improving sales performance.



In Europe, low consumer confidence, higher interest rates and difficulties in the construction sector continued to impact the sales performance. Sales decline continued in the DACH area. The challenging market environment was visible also in the weakened demand in Finland and Scandinavia. The tough market conditions were reflected in the sales of most product groups.

The third quarter's adjusted operating profit was EUR 6.9 million, decreasing 9.8% from the comparison period and amounting to 20.3% of revenue. Our systematic and diligent efforts to manage pricing, capacity, and supply chain according to the market environment again supported Harvia's profitability which was in line with our long-term financial target level. Operating free cash flow was also strong, reaching EUR 8.3 million. Moreover, we succeeded to decrease our inventories without compromising on our service level. In September, we strengthened our supply chain resilience through the acquisition of Italian electromechanical timer manufacturer Phoenix El-Mec. I want to express my sincere thanks to the entire team Harvia and our partners for the great work done in the third quarter.

Harvia will continue to drive profitable growth especially outside Europe in attractive and large markets, for example in North America and Asia-Pacific. Additionally, we aim to strengthen our position, increase efficiency, and seek avenues for growth also in Europe, even if the challenging market environment largely seems to prevail for the time being. All this is fully in line with Harvia's strategic cornerstones of geographical expansion, increasing the value of average purchase, and systematic improvement of productivity.

To strengthen the execution of strategy, Harvia will adjust its organizational structure and make changes to its Group Management Team as announced on 17 October. The new structure consists of four sales regions and five group functions as well as a dedicated management team position for our high-end brand EOS. With these changes that will be effective as of 1 January 2024, we will increase customer and market orientation and drive our organic growth. Moreover, we want to strengthen our innovation and differentiation capabilities and better leverage our synergies across the Group.

While we are making some changes to our organization and ways of working, Harvia continues to drive its strategic cornerstones. Our long-term financial targets remain unchanged. We continue to seek opportunities to grow also through M&A, for which the new organization structure offers a good platform. Even if the market conditions look mixed in the short-term, the long-term potential and opportunities of the sauna and spa industry look attractive. I feel confident that Harvia has a bright future as the leader of the sauna and spa industry.

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 has been true especially for the more mature sauna markets. In general, sauna and spa market tends to witness some seasonality with slightly stronger demand in the early and late part of the year and lower during the summer months.

During the COVID-19 induced lockdowns prior to 2022, 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 pandemic, which resulted in the increased demand for especially new saunas and equipment. After the pandemic, the increasing awareness of sauna and its health benefits have continued, but there are signs that the seasonality in demand, which was poorly visible during the pandemic, has returned closer to the historical patterns.

Especially in Europe, the sauna and spa market has been heavily impacted by the Russian invasion of Ukraine in February 2022 and the wider economic development after it. The direct impacts of the invasion are clearly visible in Russia, Ukraine, and adjacent markets. Towards the end of 2022 and during 2023, high economic uncertainty, elevated inflation and interest rates, as well as eroded consumer confidence have widely affected the European sauna and spa market. During this time, the impacts have spread from lower segment heaters also to the professional and premium segment. In the third quarter of 2023, the low consumer confidence, challenges especially in the construction sector and the resulting weaker demand affected the sauna and spa market most heavily in the DACH region. The negative impacts were not equally strong in all European countries, but they were seen also in Finland and Scandinavia, where demand has traditionally been very resilient in economic downturns.

Outside Europe, especially in North America and Asia, the sauna and spa market has continued to grow also after the pandemic. The strong growth in North America has been heavily supported by the growing awareness of sauna and its health benefits as well as strong consumer confidence and economic conditions. 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 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. In 2022, Harvia's share of the sauna and spa market was estimated to be 5%. The company's share of the sauna heater and sauna component market is estimated to be over 20%. The company's management estimates that Harvia has the leading position in the global sauna and spa market.

REVENUE

Starting from the first quarter of 2023, Harvia has reported its revenue by market area and by product group in accordance with the tables below.

REVENUE BY MARKET AREA

EUR thousand	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	2022
Finland	6,527	6,971	-6.4%	23,985	29,050	-17.4%	36,414
Scandinavia	2,119	2,312	-8.3%	5,948	7,013	-15.2%	9,530
Germany	3,450	5,717	-39.6%	11,779	20,708	-43.1%	26,109
Other European countries	8,876	10,710	-17.1%	29,962	36,059	-16.9%	46,405
North America	9,652	7,894	22.3%	31,051	26,430	17.5%	36,112
Other countries*	3,353	3,837	-12.6%	8,415	15,029	-44.0%	17,838
Total	33,978	37,441	-9.2%	111,141	134,289	-17.2%	172,408

* The largest of which: Asia and Middle East and Africa. Other countries also include Russia. There was no revenue in Russia in the reporting period, but the revenue was EUR 1,655 thousand in 7-9/2022, EUR 6,597 thousand in 1-9/2022 and EUR 7,454 thousand in 1-12/2022.

REVENUE BY PRODUCT GROUP

EUR thousand	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	2022
Heating equipment *	17,938	20,023	-10.4%	60,463	72,839	-17.0%	93,719
Saunas and Scandinavian hot tubs	10,285	10,289	0.0%	31,937	37,190	-14.1%	47,950
Steam generators	1,096	1,375	-20.3%	3,384	4,131	-18.1%	4,989
Accessories and heater stones	2,145	2,051	4.6%	6,115	6,516	-6.2%	8,187
Spare parts and services	2,515	3,704	-32.1%	9,243	13,614	-32.1%	17,564
Total	33,978	37,441	-9.2%	111,141	134,289	-17.2%	172,408

* Sauna heaters, control units, IR components

JULY-SEPTEMBER 2023

The Group's revenue decreased in July-September by 9.2% to EUR 34.0 million (37.4). At comparable exchange rates, revenue decreased by 6.8% to EUR 34.9 million. Organic revenue growth was -4.9%. Revenue increased in North America but decreased compared to the previous year in all other market areas, especially in Germany. Revenue in Other countries fell, driven mainly by the exit from Russia in 2022. However, sales in Asia and Pacific countries grew.

Revenue decreased in all product groups in July-September, excluding accessories and heater stones, where sales increased, driven by heater stone sales. Decline in the sales of spare parts and services was driven by the exit from Russia. The growth in North America supported especially the group-level sauna room sales, as sauna rooms form the majority of the sales in North America.

JANUARY-SEPTEMBER 2023

The Group's revenue decreased in January-September by 17.2% to EUR 111.1 million (134.3). At comparable exchange rates, revenue decreased by 16.5% to EUR 112.1 million. Organic revenue growth was -13.6%. Revenue increased in North America but decreased compared to the previous year in all other market areas, especially in Germany. Revenue in Other countries fell, driven mainly by the exit from Russia in 2022. However, sales in Asia and Pacific countries increased.

Revenue decreased in all product groups in January-September. The decline in the sales of spare parts and services was

driven by the general market development as well as by the exit from Russia in 2022.

RESULT

JULY–SEPTEMBER 2023

Operating profit for July–September decreased to EUR 6.8 million (7.3), while the operating profit margin increased to 20.0% (19.5). The operating profit included EUR 0.1 million (0.3) of items affecting comparability, mainly related to business transactions and restructuring. Changes in exchange rates weakened the operating profit by approximately EUR 0.3 million, which was caused mainly by the weakening of the U.S. dollar.

Adjusted operating profit decreased to EUR 6.9 million (7.6) and the adjusted operating profit margin was 20.3% (20.4). The net financial items for July–September were EUR -0.7 million (1.1). In the comparison period, the net financial items were positive due to the change in the fair value of the interest rate swap. The value of the swap contract increases when interest rates are expected to rise.

Profit before taxes was EUR 6.1 million (8.4). The Group's taxes amounted to EUR -1.6 million (-1.9).

The result for July–September was EUR 4.5 million (6.5) and undiluted earnings per share were EUR 0.24 (0.34).

JANUARY–SEPTEMBER 2023

Operating profit for January–September decreased to EUR 23.8 million (28.1), while the operating profit margin increased to 21.4% (20.9). The operating profit included EUR 0.3 million (0.4) of items affecting comparability, mainly related to acquisitions and restructuring. Changes in exchange rates weakened the operating profit by approximately EUR 0.5 million, which was caused mainly by the value changes of the U.S. dollar.

Adjusted operating profit decreased to EUR 24.1 million (28.5) and the adjusted operating profit margin was 21.7% (21.2). The net finance costs for the review period were EUR -2.5 million (2.9). In the comparison period, the net financial items were positive due to the change in the fair value of the interest rate swap.

Profit before taxes was EUR 21.3 million (31.0). The Group's taxes amounted to EUR -5.3 million (-7.0).

The result for January–September was EUR 16.1 million (24.0) and undiluted earnings per share were EUR 0.86 (1.23).

FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of September 2023 was EUR 214.8 million (30 September 2022: 215.9), of which equity accounted for EUR 102.0 million (95.5).

At the end of September 2023, the company's net debt amounted to EUR 40.6 million (60.1). Loans from credit institutions were EUR 75.4 million (75.4) and lease liabilities were EUR 2.6 million (2.6). Cash and cash equivalents at the end of the review period amounted to EUR 37.4 million (17.9). Leverage was 1.1 (1.3) at the end of the review period.

Equity ratio was 47.7% (44.9) at the end of the review period. The adjusted return on capital employed (ROCE) was 42.5% (61.5).

In January–September, Harvia's operating free cash flow was EUR 29.1 million (18.9) and cash conversion was 101.2% (56.4).

INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

Harvia Group's investments in tangible and intangible assets in January–September amounted to EUR 1.7 million (2.9). During the review period, Harvia made only minor investments to maintain and improve its factories. Harvia continued to improve its energy efficiency in several factories and increased automation in its factories in the United States and Germany. In addition, Harvia optimized its production processes with layout changes at the Muurame factory and continued to upgrade air conditioning and lighting to improve working conditions at the factories in Muurame and the United States.

The Group's research and development expenditure recognized as expenses amounted to EUR 1.4 million (1.7). In 2023, Harvia is focusing on its strategic priorities: increasing the average purchase value by launching new products especially in the sauna category, expanding geographically by developing, getting approvals and launching new products to markets especially outside Europe, and improving productivity by focusing on quality, increasing automation and improving the efficiency of production processes.

ACQUISITIONS AND DIVESTMENTS

On 10 March 2023, Harvia announced that it had received the necessary approvals from Russian authorities to close the divestment of its ownership in EOS Group's Russian operations. On 7 November 2022, Harvia had signed an agreement to sell its 80.0% shareholding of EOS Russia to Mr. Vasilij Sosnkov. The company has not been consolidated in the Harvia Group figures as of November 2022.

On 7 March 2023, Harvia Plc and Bergman Ltd signed a letter of intent to create a joint venture in Japan with the mission to become a substantial local player in the attractive and growing Japanese sauna and spa market. The cooperation to establish the joint venture progressed according to plans during the third quarter of 2023. As a result, the joint venture Harvia Japan Ltd. was registered on 21 August 2023. The operations of the joint venture will be gradually ramped-up, but the established company was not yet operational in Q3. Harvia owns 51% and Bergman 49% of the established company.

On 29 September 2023, Harvia signed and closed an agreement to acquire Phoenix El-Mec srl, a manufacturer of electromechanical timers for sauna heaters. The acquisition will help Harvia to further strengthen the supply chain and ensure the availability of key components in sauna heater production. Phoenix El-Mec's revenue totaled approximately EUR 1.4 million in 2022. The company has been consolidated with Harvia's figures starting from 1 October 2023.

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 has a sustainability program based on four commitments: Good and Healthy Living, Responsible Experience and Enjoyment, Minimizing the Ecological Footprint and maintaining a Safe and Warm Community, which includes employees, partners, customers and other stakeholders. Harvia's corporate responsibility and the commitments were presented in more detail in the Annual Report 2022.

For 2023, Harvia has made a sustainability plan according to its commitments. The company follows its sustainability targets with various KPIs, and management remuneration is tied to the company's sustainability targets. In 2023, Harvia has improved group-wide work safety reporting, launched new wellbeing at work projects, taken actions to reduce energy consumption at its factories, and decreased its transportation carbon footprint by paying for more sustainable marine fuels.

PERSONNEL

The number of personnel employed by the Group at the end of September 2023 was 600 (731) and averaged 616 (806) in January–September. Of the personnel at the end of September, 240 (266) worked in Finland, 119 (147) in Germany, 67 (131) in Romania, 70 (57) in the United States, 56 (57) in China and Hong Kong, 27 (36) in Austria, 13 (0) in Italy, 6 (9) in Estonia and 2 (2) in Sweden.

The decrease in the number of personnel at the end of September compared to the previous year was mainly due to restructuring outside Finland during 2022 and 2023, but also due to change negotiations carried out in Finland. In addition, the exit from Russia in 2022 and the acquisition of Italian Phoenix El-Mec in 2023 impacted the personnel figures.

SHARES AND SHAREHOLDERS

Harvia's registered share capital is EUR 80,000 and at the end of September 2023, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume in January–September was EUR 145.9 million (623.9) and 6,564,610 shares (19,828,285). The share's volume weighted average price during the review period was EUR 22.23 (31.58), the highest price was EUR 25.96 (60.70) and the lowest EUR 17.41 (13.39). The closing price of the share at the end of September 2023 was EUR 25.58 (14.02). The market value of the share capital on 30 September 2023 was EUR 478.2 million (262.1) including treasury shares. At the end of September 2023, Harvia Plc held a total of 6,213 own shares, corresponding to 0.03% of the total number of shares.

At the end of September, the number of registered shareholders was 42,882 (45,755), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 42.8% (39.9) of the company's shares. The ten largest shareholders held a total of 20.9% (20.4) of Harvia's shares and votes at the end of September 2023.

GOVERNANCE

On 28 March 2023, the Board of Directors of Harvia appointed Matias Järnefelt as Harvia's new CEO. On 17 November 2022, Harvia had announced that Tapio Pajuharju, CEO of Harvia Plc, had resigned from his position. Pajuharju continued in his role until 31 May 2023, and Järnefelt started in his position on 1 June 2023.

The Annual General Meeting of Harvia, held on 20 April 2023, approved the financial statements and discharged the members of the Board of Directors and the company's CEO from liability for the financial year 2022. The Annual General Meeting approved in an advisory decision the remuneration report for the governing bodies.

The Annual General Meeting approved the Board of Directors' proposal that EUR 0.64 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 installments. The first installment, EUR 0.32 per share, was paid on 2 May 2023. The second installment, EUR 0.32 per share, was paid on 30 October 2023. The record date of the dividend date was 23 October 2023.

The Annual General Meeting resolved that the Board of Directors consists of six members. Olli Liitola, Anders Holmén, Hille Korhonen and Heiner Olbrich were re-elected to the Board of Directors and Markus Lengauer and Catharina Stackelberg-Hammarén were elected as new members of the Board of Directors. Authorized Public Accounting firm PricewaterhouseCoopers Oy was elected as the Auditor of the company and Markku Katajisto, Authorized Public Accountant, acts 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. The authorization may be used for the purposes of the company's share-based incentive systems and other matters decided by the Board of Directors. The authorization is valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2024.

Olli Liitola was elected Chair and Heiner Olbrich Vice Chair of the Board of Directors at the Board of Directors' organizing

meeting on 20 April 2023. The Board of Directors elected from among its members Hille Korhonen (Chair), Anders Holmén and Heiner Olbrich as members of the Audit Committee.

The full resolutions by the Annual General Meeting as well as the decisions by the organizational meeting of the Board of Directors were published in stock exchange releases on 20 April 2023.

On 3 May 2023, 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 concerned the performance period 2020–2022 of the company's share-based incentive program launched in 2020. In the share issue conducted on 30 May 2023, 9,109 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. On same day, based on the decision of the General Meeting, Harvia Oyj transferred a total of 2,328 own shares possessed by the company to members of the Board of Directors of Harvia Oyj as part of the Board's remuneration. On 21 September 2023, relating to the same decision, Harvia transferred 3,424 own shares held by the company without consideration to the key employees participating in the share-based incentive program. After the transfer of shares as part of the board remuneration and the shares transferred under the incentive program, the company held a total of 6,213 own shares.

The Board of Directors of Harvia Plc decided on 26 June 2023 to continue the Long-term Performance Share Plan for the management team and other key employees for the performance period 2023-2025. In the performance period 2023–2025, the plan has 16 participants at most and the targets for the performance period relate to the company's total shareholder return, revenue growth, CO₂ emissions and EBIT margin. The maximum number of Harvia Plc shares to be paid based on the performance period 2023–2025 is 61,600. 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 2023–2025 will be paid out during spring 2026.

On 18 September 2023, Harvia Plc announced the composition of the Shareholders' Nomination Board, which is comprised of representatives appointed by the company's four largest shareholders. Juho Lipsanen, Jarno Käyhkö, Timo Harvia and Annika Ekman were appointed to Harvia Plc's Shareholders' Nomination Board. In addition, Olli Liitola, the Chair of the Board of Directors of Harvia, serves as an expert in the Nomination Board without being a member. The Nomination Board will forward its proposals for the 2024 Annual General Meeting to the Board of Directors by 31 January 2024.

On 28 September 2023, Harvia Plc announced that Rainer Kunz, Managing Director of EOS Group and a member of Harvia's Management Team, had decided to leave his position in Harvia Group. Kunz will continue to work in Harvia until the end of March 2024.

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 directly impact 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 a 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 in the market has been visible in the higher raw material prices, increased inflation, reduced consumer confidence and increased energy prices. Related energy saving measures were notable especially in Europe between fall 2022 and spring 2023. Harvia suspended its operations in Russia at the beginning of March 2022 due to the war in Ukraine and completed its exit from Russia by selling its 80% share in EOS Russia in November 2022. The transaction was closed in March 2023 after receiving relevant approvals from Russian authorities. Developments related to the war and its impacts as well as other geopolitical events can further affect Harvia either directly or indirectly.

The increase in cyber threats worldwide alongside the growing dependency on digital infrastructure cause risks to Harvia's business and its critical data. While the Group continuously takes actions to prepare for these risks and protect its digital infrastructure, operations and people against them, cyber threats in many forms can potentially affect Harvia. This could occur either directly by disrupting or endangering Harvia's daily operations or compromising data or indirectly through attacking Harvia's suppliers or customers, and thus can potentially result in financial, operational or reputational damage to the company.

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 together 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. 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 were 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

On 17 October 2023, Harvia announced that it is changing its organizational structure and making changes to its Group Management Team. The new organization consists of four geographical sales regions: North America, Northern Europe, Continental Europe, and Asia-Pacific-MEA (Middle East & Africa). It will also encompass five Group functions: Marketing & Brand, Products & Solutions, Innovation & Technology, Operations, as well as Support functions. Additionally, there will be a Management Team position for the Head of EOS Brand and Products. The new organizational structure will be effective as of 1 January 2024. It will also be reflected in Harvia's financial reporting of revenue by market area as of 1 January 2024.

The new sales regions' aim is to maximize Harvia Group's total business in each geography and grow profitably in line with the Group's strategy and set targets. The new organizational structure will strengthen the innovation and differentiation capabilities and better leverage synergies across the Group and create a solid platform for potential future acquisitions.

FINANCIAL RELEASES IN 2024

Harvia will publish its financial statements for 2023 and interim reports in 2024 as follows:

8 February 2024, Financial statements bulletin for 2023

3 May 2024, January–March 2024 interim report

8 August 2024, Half-year (January–June) 2024 financial report

7 November 2024, January–September 2024 interim report

MUURAME, 1 NOVEMBER 2023

HARVIA PLC
Board of Directors

For more information, please contact:

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Ari Vesterinen, CFO, tel. +358 40 5050 440

PRESS CONFERENCE ON FINANCIAL RESULTS

Harvia will hold a webcast for analysts, investors and media on 2 November 2023 at 11:00 a.m. EET. The conference will be held in English. Harvia's CEO Matias Järnefelt and CFO Ari Vesterinen will host the event. The webcast can be followed at <https://harvia.videosync.fi/q3-2023>

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

HARVIA PLC INTERIM REPORT JANUARY–SEPTEMBER 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Revenue	2.1	33,978	37,441	111,141	134,289	172,408
Other operating income		70	167	305	428	734
Materials and services		-13,255	-15,272	-41,710	-55,517	-70,150
Employee benefit expenses		-6,767	-6,861	-21,624	-23,497	-30,832
Other operating expenses	2.2	-5,698	-6,536	-19,650	-22,690	-30,036
Depreciation and amortisation		-1,549	-1,641	-4,643	-4,899	-6,494
Impairment of assets of the sold subsidiary*						-952
Operating profit		6,780	7,299	23,819	28,114	34,678
Share in profits and losses of associated companies		-21	-17	-253	68	26
Finance income**		257	555	542	1,798	1,909
Finance costs**		-1,015	-853	-2,813	-2,464	-3,553
Changes in fair values		75	1,415	33	3,477	3,727
Financial items		-704	1,099	-2,491	2,879	2,110
Profit before income taxes		6,076	8,398	21,328	30,992	36,788
Income taxes		-1,601	-1,870	-5,275	-7,034	-8,719
Profit for the period		4,475	6,528	16,054	23,958	28,068
Attributable to:						
Owners of the parent		4,471	6,368	16,044	23,028	27,080
Non-controlling interests***		3	160	10	930	988
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Translation differences		670	1,568	-912	3,974	326
Items that will not be reclassified to profit or loss:						
Actuarial gains and losses						598
Other comprehensive income, net of tax		670	1,568	-912	3,974	925
Total comprehensive income		5,145	8,097	15,142	27,932	28,993
Attributable to:						
Owners of the parent		5,141	7,936	15,132	27,002	28,005
Non-controlling interests***		3	160	10	930	988
Earnings per share for profit attributable to the owners of the parent:						
Basic EPS (EUR)	2.3	0.24	0.34	0.86	1.23	1.45
Diluted EPS (EUR)	2.3	0.24	0.34	0.86	1.22	1.44

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

** Amended allocation of financial income and expense derived from swap contract. No impact on net financial items.

*** Kirami AB non-controlling interests

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	30-Sep-2023	30-Sep-2022	31-Dec-2022
ASSETS				
Non-current assets				
Intangible assets		9,338	11,431	10,463
Goodwill		73,445	73,886	73,438
Property, plant and equipment		26,238	28,235	27,098
Right-of-use assets*		2,346	2,351	2,144
Investments in associated companies		474	794	727
Derivative financial instruments	4.1	3,276	2,993	3,243
Deferred tax assets		1,304	1,494	1,367
Total non-current assets		116,422	121,184	118,481
Current assets				
Inventories	3	39,694	52,734	45,324
Trade and other receivables	3	19,532	23,724	18,674
Income tax receivables		1,751	312	1,010
Cash and cash equivalents	4	37,428	17,929	25,310
Total current asset		98,405	94,699	90,318
Total assets		214,827	215,883	208,799
EQUITY AND LIABILITIES				
Equity				
Share capital		80	80	80
Other reserves		33,006	34,483	33,426
Retained earnings		51,816	36,700	36,687
Profit for the period		16,044	23,028	27,080
Equity attributable to owners of the parent		100,945	94,291	97,273
Non-controlling interests		1,082	1,219	1,072
Total equity		102,027	95,510	98,345
Liabilities				
Non-current liabilities				
Loans from credit institutions	4	75,419	75,377	75,389
Lease liabilities	4	1,902	2,063	1,848
Deferred tax liabilities		1,302	1,915	1,673
Employee benefit obligations		1,897	2,595	1,897
Other non-current liabilities		3,869	5,708	3,609
Provisions		279	346	331
Total non-current liabilities		84,669	88,004	84,747
Current liabilities				
Loans from credit institutions	4	12	39	2,028
Lease liabilities	4	689	572	574
Employee benefit obligations		174	188	174
Income tax liabilities		3,659	3,906	3,960
Trade and other payables	3	23,356	27,357	18,679
Provisions		241	307	292
Total current liabilities		28,131	32,368	25,707
Total liabilities		112,800	120,372	110,454
Total equity and liabilities		214,827	215,883	208,799

* Previously "leased assets"

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 2022	80	32,047	539	47,886	80,552	3,598	84,149
Share-based incentive plan		437			437		437
Dividend distribution				-11,186	-11,186	-83	-11,269
Revaluation of minority redemption liability		-670			-670		-670
Share-based payments		-1,844			-1,844		-1,844
Total transactions with shareholders		-2,077		-11,186	-13,262	-3,309	-16,571
Profit for the period				23,028	23,028	930	23,958
Other comprehensive income			3,974		3,974		3,974
Total comprehensive income			3,974	23,028	27,002	930	27,932
Equity at 30 September 2022	80	29,970	4,513	59,729	94,292	1,219	95,510
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
Equity at 1 January 2023	80	32,562	865	63,766	97,273	1,072	98,345
Share-based incentive plan		762			762		762
Dividend distribution				-11,951	-11,951		-11,951
Share-based payments		-272			-272		-272
Total transactions with shareholders		491		-11,951	-11,460		-11,460
Profit for the period				16,044	16,044	10	16,054
Other comprehensive income			-912		-912		-912
Total comprehensive income			-912	16,044	15,132	10	15,142
Equity at 30 September 2023	80	33,053	-47	67,859	100,945	1,082	102,027

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Cash flows from operating activities						
Profit before taxes		6,076	8,398	21,328	30,992	36,788
Adjustments						
Depreciation and amortisation		1,549	1,641	4,643	4,899	7,446
Finance income and finance costs		704	-1,099	2,491	-2,879	-2,110
Other adjustments		350	931	617	-536	311
Cash flows before changes in working capital		8,678	9,871	29,079	32,477	42,436
Change in working capital						
Increase (-) / decrease (+) in trade and other receivables	3	509	1,805	-1,985	-1,471	495
Increase (-) / decrease (+) in inventories	3	1,207	2,668	5,909	-4,878	-852
Increase (+) / decrease (-) in trade and other payables	3	-1,311	-3,190	-1,911	-5,341	-5,014
Cash flows from operating activities before financial items and taxes		9,083	11,153	31,092	20,787	37,065
Interest and other finance costs paid		-30	-7	-125	-47	-39
Interest and other finance income received		46	16	126	67	6
Income taxes paid/received		-2,056	-4,415	-6,625	-10,338	-12,697
Net cash from operating activities		7,043	6,747	24,468	10,468	24,335
Cash flows from investing activities						
Purchases of tangible and intangible assets		-515	-764	-1,678	-2,878	-3,587
Sale of tangible and intangible assets				89	42	48
Acquisition of subsidiaries, net of cash acquired		-444		-444		
Proceeds from sale of subsidiaries, net of cash						104
Net cash from investing activities		-959	-764	-2,033	-2,836	-3,435
Cash flows from financing activities						
Acquisition of treasury shares						-312
Transactions with non-controlling interests			-19,000		-19,000	-19,000
Proceeds from non-current loans	4		19,000		19,000	19,000
Repayment of non-current liabilities	4	-14		-11		-101
Proceeds from current loans	4		-4		-13	2,000
Repayment of current liabilities	4	11	-4,006	-2,004	-10	-17
Repayment of lease liabilities	4	-33	-129	-494	-305	-518
Interest and other finance costs paid	4	-397	-38	-1,493	-125	-1,022
Dividends paid				-5,975	-5,676	-11,327
Net cash from financing activities		-433	-4,177	-9,979	-6,129	-11,297
Net change in cash and cash equivalents		5,651	1,806	12,456	1,503	9,604
Cash and cash equivalents at beginning of period		31,726	16,009	25,310	15,488	15,488
Exchange gains/losses on cash and cash equivalents		51	115	-339	939	218
Cash and cash equivalents at end of period		37,428	17,929	37,428	17,929	25,310

NOTES TO THE GROUP'S INTERIM REPORT JANUARY–SEPTEMBER 2023

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 2022 and should therefore be read in conjunction with the Consolidated Financial Statements 2022 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 Interim Report in its meeting on 1 November 2023. The interim figures are not 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 were applied in the Consolidated Financial Statements for 2022.

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: heating equipment, saunas and Scandinavian hot tubs, steam generators, accessories and heater stones, and spare parts and services. 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	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	2022
Finland	6,527	6,971	-6.4%	23,985	29,050	-17.4%	36,414
Scandinavia	2,119	2,312	-8.3%	5,948	7,013	-15.2%	9,530
Germany	3,450	5,717	-39.6%	11,779	20,708	-43.1%	26,109
Other European countries	8,876	10,710	-17.1%	29,962	36,059	-16.9%	46,405
North America	9,652	7,894	22.3%	31,051	26,430	17.5%	36,112
Other countries*	3,353	3,837	-12.6%	8,415	15,029	-44.0%	17,838
Total	33,978	37,441	-9.2%	111,141	134,289	-17.2%	172,408

* The largest of which: Asia and Middle East and Africa. Other countries also include Russia. There was no revenue in Russia in the reporting period, but the revenue was EUR 1,655 thousand in 7-9/2022, EUR 6,597 thousand in 1-9/2022 and EUR 7,454 thousand in 1-12/2022.

Revenue by product groups

EUR thousand	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	2022
Heating equipment * Saunas and Scandinavian hot tubs	17,938	20,023	-10.4%	60,463	72,839	-17.0%	93,719
Steam generators	1,096	1,375	-20.3%	3,384	4,131	-18.1%	4,989
Accessories and heater stones	2,145	2,051	4.6%	6,115	6,516	-6.2%	8,187
Spare parts and services	2,515	3,704	-32.1%	9,243	13,614	-32.1%	17,564
Total	33,978	37,441	-9.2%	111,141	134,289	-17.2%	172,408

* Sauna heaters, control units, IR components

2.2 OPERATING EXPENSES

Other operating expenses for the period 1 January – 30 September 2023 include items affecting comparability of EUR 325 thousand (596) that are related to the Group's strategic development projects, acquisitions, divestments or loss on sales of fixed assets, restructuring and affect the comparability between the different periods. Further information on these items is given in Appendix 1 Key figures and calculation of key figures.

2.3 EARNINGS PER SHARE

Basic earnings per share are 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 are calculated on the same basis as basic earnings per share, but they take into consideration the effects associated with any obligations of the parent company arising from a possible share issue in the future.

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Profit for the period attributable to the owners of the parent company, EUR thousand	4,471	6,368	16,044	23,028	27,080
Weighted average number of shares outstanding during the financial period, '000	18,692	18,668	18,684	18,656	18,672
Basic earnings per share, EUR	0.24	0.34	0.86	1.23	1.45
Share-based long-term incentive plan	70	142	66	153	167
Weighted average number of shares outstanding during the year, diluted, '000	18,763	18,810	18,750	18,809	18,839
Diluted earnings per share, EUR	0.24	0.34	0.86	1.22	1.44

3. NET WORKING CAPITAL

EUR thousand	30-Sep-2023	30-Sep-2022	31-Dec-2022
Net working capital			
Inventories	39,694	52,734	45,324
Trade receivables	17,134	18,438	16,408
Other receivables	2,399	5,286	2,266
Trade payables	-7,604	-7,173	-8,737
Other payables	-15,752	-20,184	-9,942
Total	35,870	49,101	45,319
Change in net working capital in the statement of financial position	-9,449	7,170	3,388
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*	7,435	4,521	1,983
Change in net working capital in the statement of cash flows	-2,014	11,691	5,371

* 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	30-Sep-2023	30-Sep-2022	31-Dec-2022
Interest-bearing debt	75,432	75,415	77,417
Lease liabilities	2,591	2,634	2,421
Less cash and cash equivalents	-37,428	-17,929	-25,310
Net debt	40,595	60,120	54,529

Harvia has term loans totaling EUR 75,500 thousand and a revolving credit limit of EUR 8,000 thousand. The term loans mature in two installments. The term loan amounting to EUR 39,000 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.

4.1 DERIVATIVES

Harvia has an interest swap contract with a nominal value of EUR 36,500 thousand. The interest rate swap contract matures on 15 December 2026. In 2023, Harvia has started to benefit from the contract due to the risen interest rates.

5. OTHER NOTES

5.1 RELATED PARTY TRANSACTIONS

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

EUR thousand	1-9/2023	1-9/2022	2022
Sales	55	5	7
Purchases	11	1	1

APPENDIX 1: KEY FIGURES AND CALCULATION OF KEY FIGURES

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Key statement of comprehensive income indicators					
Revenue	33,978	37,441	111,141	134,289	172,408
EBITDA	8,328	8,940	28,462	33,013	41,173
% of revenue	24.5	23.9	25.6	24.6	23.9
Adjusted EBITDA	8,435	9,278	28,787	33,420	42,947
% of revenue	24.8	24.8	25.9	24.9	24.9
Operating profit	6,780	7,299	23,819	28,114	34,678
% of revenue	20.0	19.5	21.4	20.9	20.1
Adjusted operating profit	6,887	7,637	24,144	28,521	36,452
% of revenue	20.3	20.4	21.7	21.2	21.1
Adjusted profit before income taxes	6,183	8,737	21,653	31,400	38,562
Basic EPS (EUR)	0.24	0.34	0.86	1.23	1.45
Diluted EPS (EUR)	0.24	0.34	0.86	1.22	1.44
Key cash flow indicators					
Cash flow from operating activities	7,043	6,747	24,468	10,468	24,335
Operating free cash flow	8,325	9,797	29,123	18,851	33,989
Cash conversion	98.7%	105.6 %	101.2%	56.4 %	79.1 %
Investments in tangible and intangible assets	-515	-764	-1,678	-2,878	-3,587
Key balance sheet indicators					
Net debt	40,595	60,120	40,595	60,120	54,529
Leverage	1.1	1.3	1.1	1.3	1.3
Net working capital	35,870	49,101	35,870	49,101	45,319
Capital employed excluding goodwill	75,461	64,475	75,461	64,475	66,836
Adjusted return on capital employed (ROCE)	42.5%	61.5%	42.5%	61.5%	54.5%
Equity ratio	47.7%	44.9%	47.7%	44.9%	47.3%
Number of employees at end of period	600	731	600	731	633
Average number of employees during the period	607	760	616	806	768

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 2022.

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Operating profit	6,780	7,299	23,819	28,114	34,678
Depreciation and amortization	1,549	1,641	4,643	4,899	6,494
EBITDA	8,328	8,940	28,462	33,013	41,173
Items affecting comparability					
Business transactions related expenses	71	103	157	153	1,105
Restructuring expenses	36	236	168	254	622
Total items affecting comparability	107	338	325	407	1,774
Adjusted EBITDA	8,435	9,278	28,787	33,420	42,947
Depreciation and amortization	-1,549	-1,641	-4,643	-4,899	-6,494
Adjusted operating profit	6,887	7,637	24,144	28,521	36,452
Finance costs, net	-704	1,099	-2,491	2,879	2,110
Adjusted profit before income taxes	6,183	8,737	21,653	31,400	38,562

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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