



Healing with heat

WELCOME TO HARVIA'S CAPITAL MARKETS DAY!

29 May 2024





Our targets for today

HARVIA

Sauna & Spa

- 1 Share our view on the market, key trends and opportunities
- 2 Present our updated strategy and long-term financial targets
- 3 Provide a deeper view on selected high-priority business topics
- > **We want to support investors in assessing Harvia as an investment case**

Our program today

10:30 **Welcome!**

HARVIA'S STRATEGY UPDATE

Matias Järnefelt, CEO

FINANCIAL OVERVIEW AND UPDATED TARGETS

Ari Vesterinen, CFO

Q&A

11:45 **Break**

12:00 **FUELING GROWTH IN NORTH AMERICA**

Jennifer Thayer, Head of Region North America

INSPIRING THE MARKET WITH FULL SAUNA EXPERIENCE

Markus Wörmanseder, Head of Products and Solutions

EXCITING CONSUMERS AND LEADING THE SAUNA MOVEMENT

Päivi Juolahti, Head of Marketing & Brands

**EFFICIENT OPERATIONS SUPPORT HARVIA'S
PROFITABILITY AND GROWTH**

Mika Suoja, Head of Operations

Q&A

CLOSING REMARKS

Matias Järnefelt, CEO

13:30 **Event ends**

Lunch

14:15 **Factory tour**

Harvia's Management Team



Matias Järnefelt
CEO



Ari Vesterinen
CFO



Jennifer Thayer
Head of Region
North America



Markus Wörmanseder
Head of Products and Solutions,
Head of Region Continental Europe



Mika Suoja
Head of Operations



Päivi Juolahti
Head of Marketing
and Brands



Timo Harvia
Head of Innovation
and Technology



Anssi Pelkonen
Head of Region Northern
Europe



David Ahonen
Head of Region
Asia-Pacific-MEA



Rainer Kunz
Managing Director
of EOS Group

Disclaimer



This material contains, or may be deemed to contain, “forward-looking statements”. These statements relate to future events or Harvia Plc’s future financial performance, for example, market growth and developments, Harvia Plc’s strategic plans, potential growth, planned operational developments, expected financial developments that involve known and unknown risks, uncertainties and other factors that may cause Harvia Plc’s or its business’ actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. All forward-looking statements made in this material are based on information presently available to the management of Harvia Plc. Harvia Plc assumes no obligation to update or revise any forward-looking statements except to the extent legally required.

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HARVIA

Sauna & Spa

Harvia's strategy update

Matias Järnefelt, CEO

HARVIA

Sauna & Spa


Harvia today

Harvia is the leading global player in the sauna market



Embracing local sauna cultures in ~90 countries with several production facilities across the world.



 Harvia factories



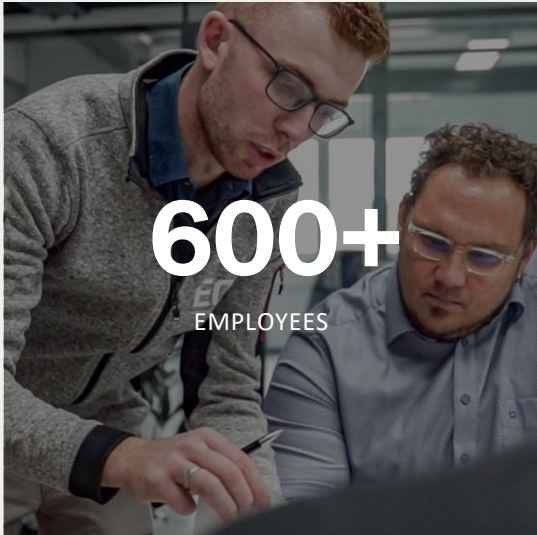
€150.5M
REVENUE 2023



22.4%
ADJ. OPERATING PROFIT MARGIN
2023



2 GLOBAL MASTER BRANDS



600+
EMPLOYEES

Today, we improve health, wellbeing and appearance with the full sauna experience



SAUNA ROOMS (traditional, infrared, steam)



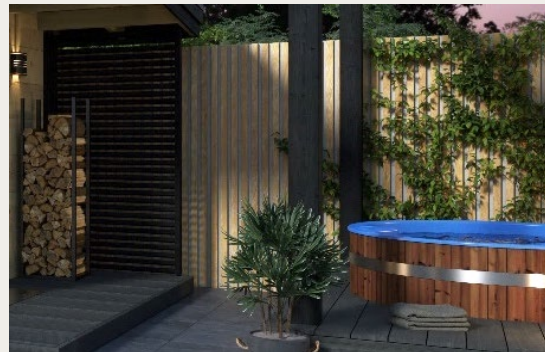
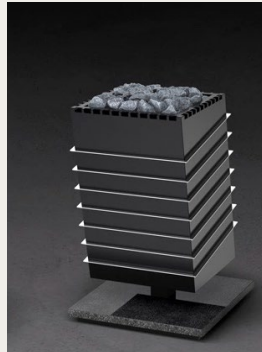
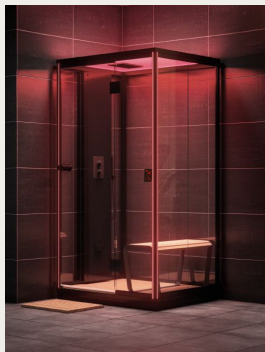
SAUNA EQUIPMENT & TECHNOLOGY (e.g., heaters, control units and digital)



HOT TUBS & COLD PLUNGES



ACCESSORIES & SERVICES



The sauna experience ambassadors since 1950

HARVIA

Sauna & Spa

1950

Harvia's story began in 1950 when a Finnish sauna enthusiast, Tapani Harvia, sought healing and warmth after a plane accident from the most natural source Finns can imagine – sauna.

The company was led by
Harvia family

for over six decades, forming a unique culture driven by an entrepreneurial mindset, passion, and long-term commitment.

2014 CapMan

CapMan acquired 80% of Harvia shares and became partner of the Harvia family to develop the business.

2018  Nasdaq

After four years of development under private equity ownership, Harvia Plc was ready to take the next step in its growth journey and it was listed on Nasdaq Helsinki in 2018.

Over the years, with a strong international market focus since the beginning, the company has

**grown
successfully**

organically and through M&A, introducing new members to the Harvia Group.

Today

we are proud to say that we have transformed from a heater company into the world's leading sauna solutions company, spreading the greatness of sauna to the world.

With our deep expertise, we inspire people to enjoy life and feel better, naturally, making

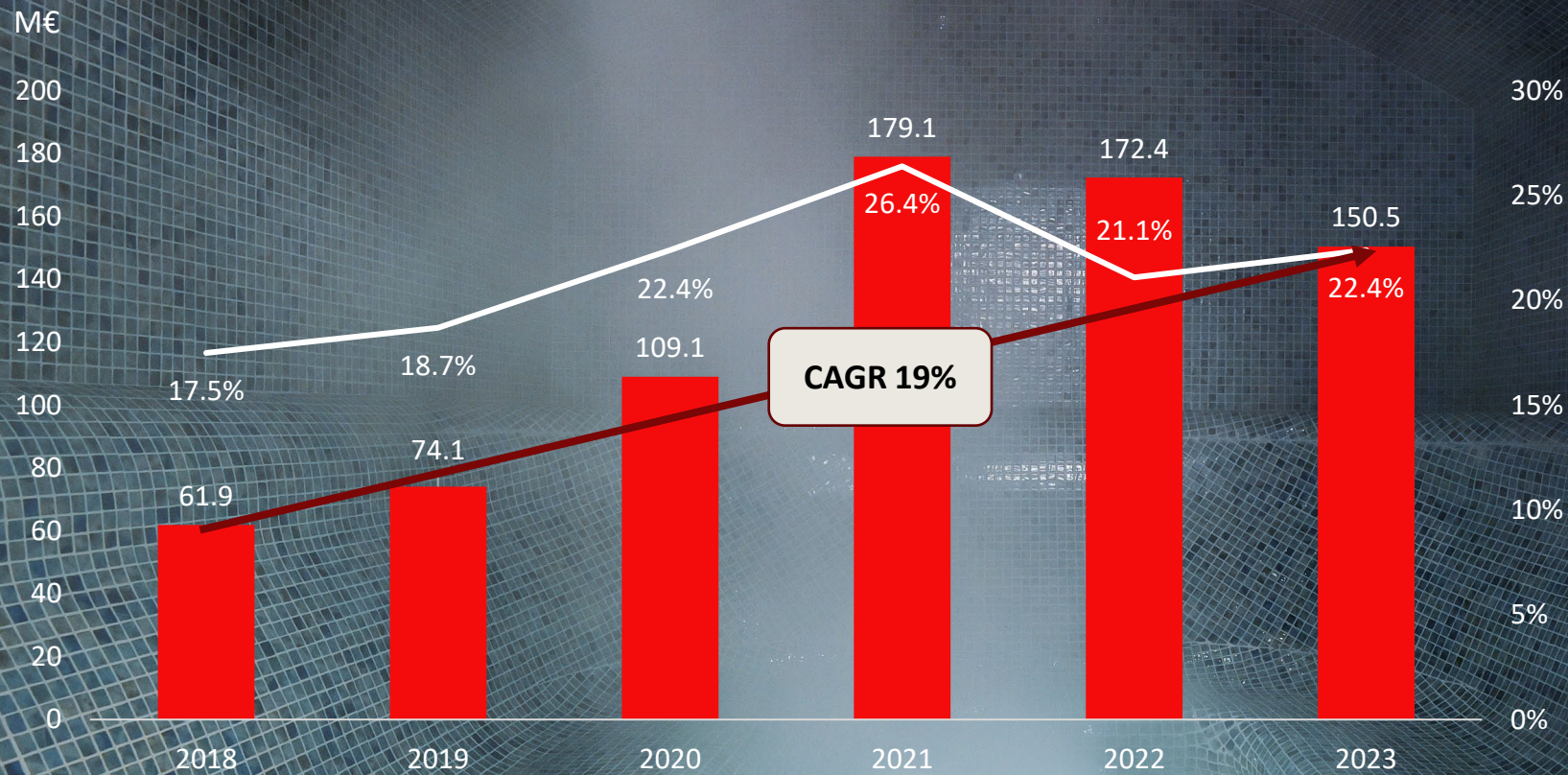
**everyday sauna
enjoyment**

a part of popular culture globally.

Since the IPO in 2018, Harvia has over doubled its size while delivering consistently strong profitability

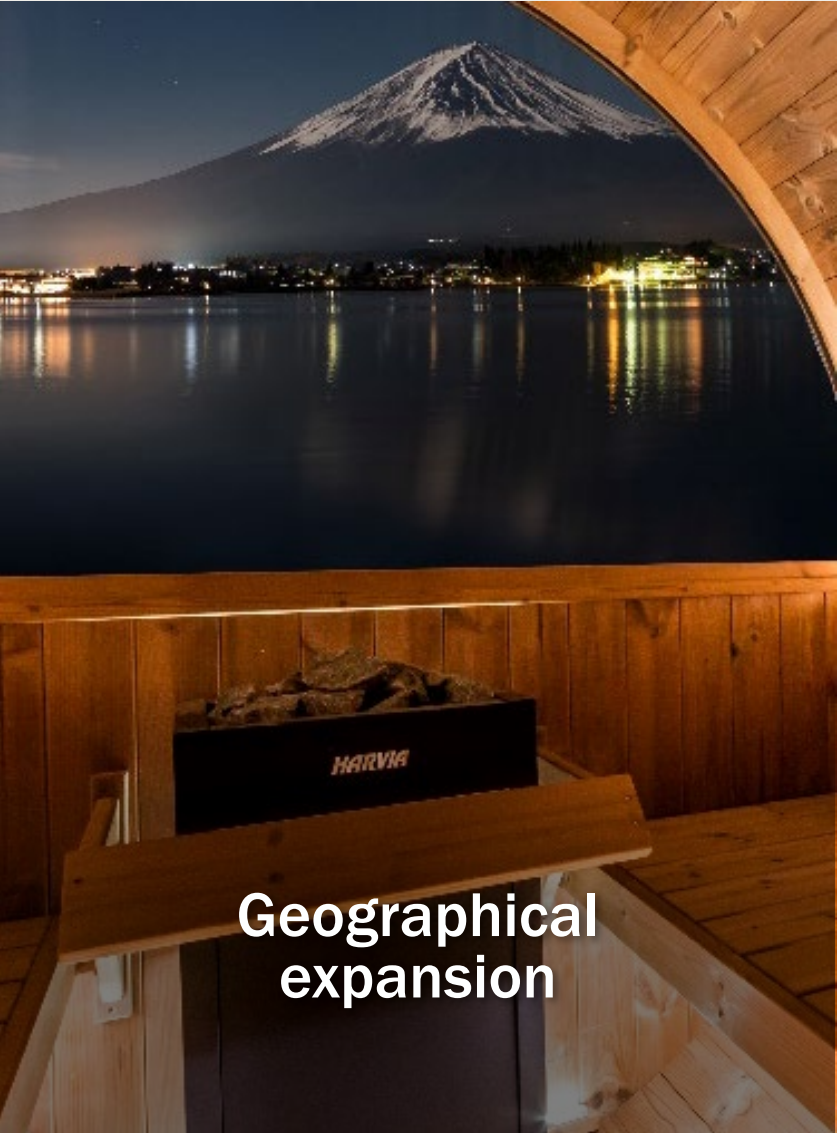


Harvia revenue and adjusted EBIT-% 2018–2023



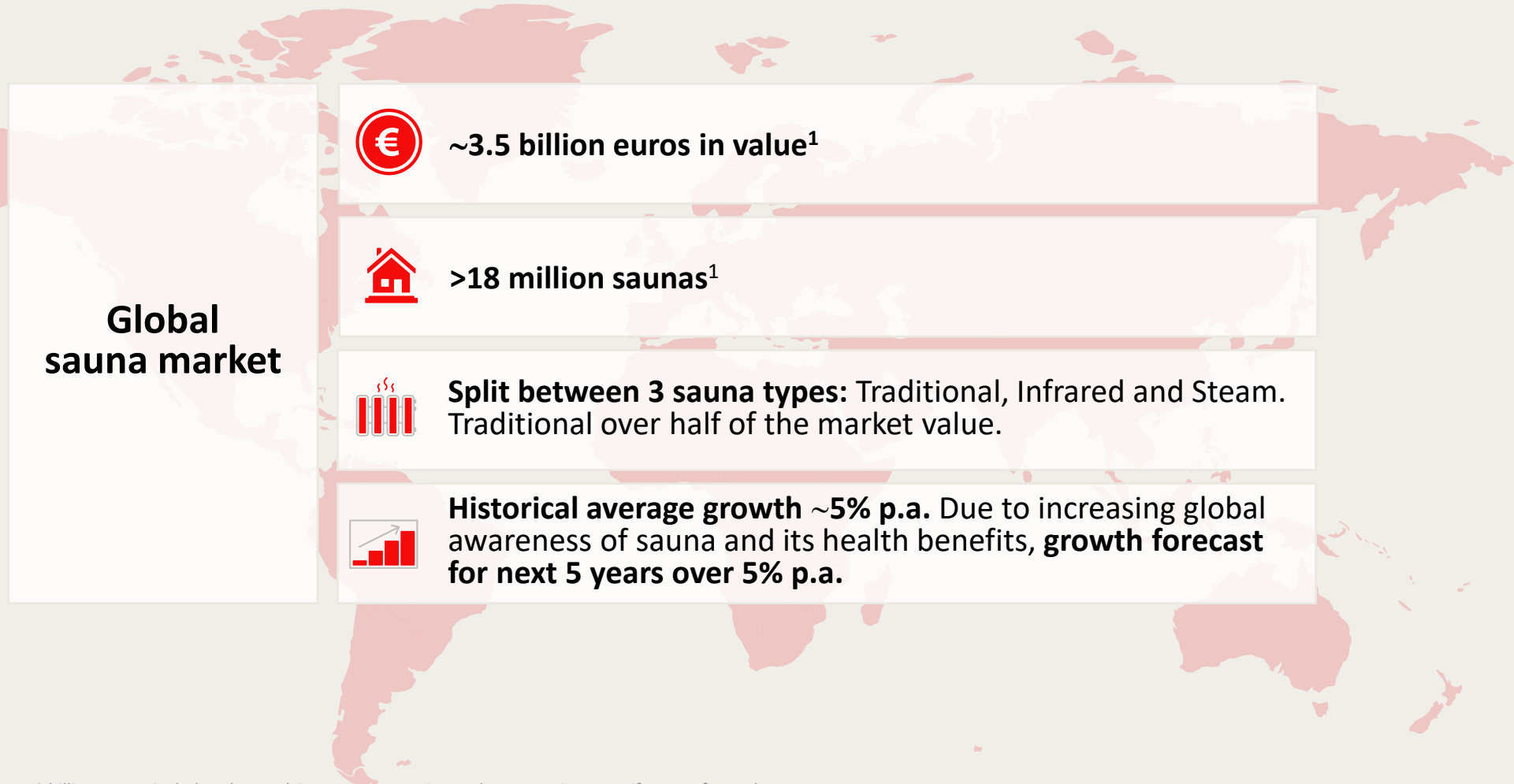
- Harvia has grown strongly in the past years, both organically and through M&A
- In 2020–2022, the sauna market growth was fueled by the pandemic
- In 2022–2023, Russian invasion of Ukraine and resulting economic uncertainty especially in Europe visible in revenue

Harvia has executed its current strategy successfully after being listed



Overview of the sauna market

Our core business: The global sauna market is ~3.5 billion euros in value



1) Without Russia approx. 3 billion euros, includes also work in sauna renovation and construction even if not performed by sauna manufacturers, excludes sauna-related bathing. Without Russia, >12 million saunas.

Source: Harvia management estimate

Key drivers seen in the industry are shaping the market and offer growth opportunities for Harvia



INDUSTRY DRIVERS

Wellness and health



People are willing to invest in better and longer lives. Sauna has several science-proven benefits.

Experience economy



Consumers across markets are increasingly willing to spend more on experiences that enrich their lives.

Growing awareness



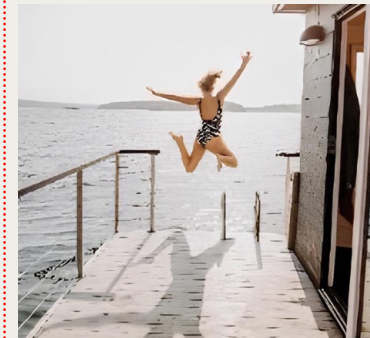
Awareness of sauna and its health benefits is growing, and sauna is a growing part of popular culture from USA to Asia.

Technology



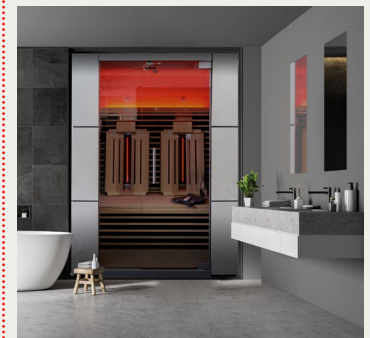
Innovations merging sauna and technology provide new possibilities, for example, for in-sauna entertainment.

Sustainability



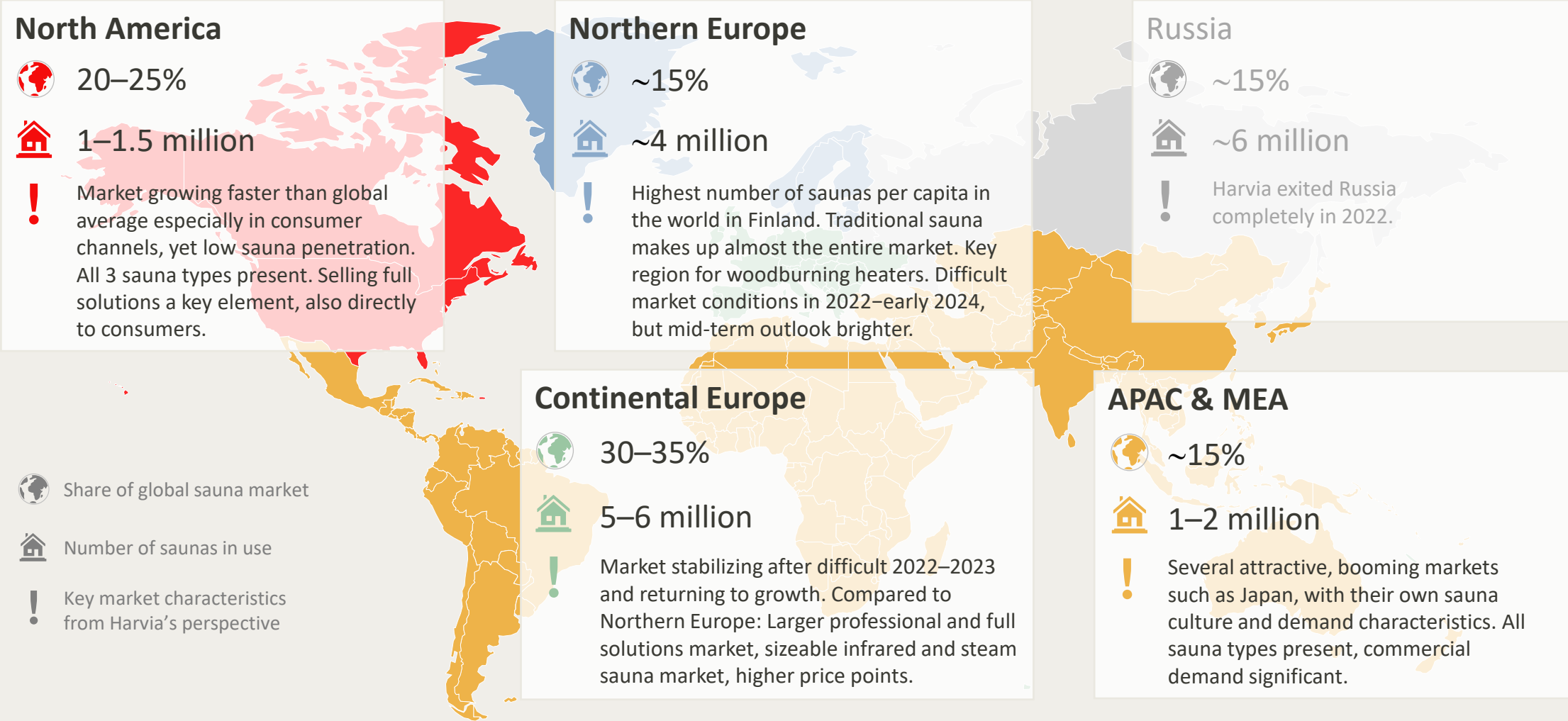
Increasing demand and opportunity to innovate and commercialize responsible and safe sauna solutions.

Market consolidation



The fragmented sauna market is consolidating as large players also from adjacent industries are entering the business.

The sauna market has unique characteristics and opportunities in each of Harvia's sales regions



- Share of global sauna market
- Number of saunas in use
- Key market characteristics from Harvia's perspective

HARVIA

Sauna & Spa

Our strategy



HARVIA

Sauna & Spa

OUR PURPOSE

We are healing with heat

OUR STRATEGIC ROLE

Shaping the global sauna market so that everyone has a reason to experience sauna

SHAPING

- Active market maker to grow the sauna market
- Lead and inspire through exciting innovation
- Drive M&As as a market consolidator

GLOBAL SAUNA MARKET

- We operate and want to lead globally with focus on countries that matter the most
- We offer a complete portfolio covering various sauna types
- We aim to make sauna a broader experience (e.g., hot & cold, wellness tech)

Shaping the global sauna market so that everyone has a reason to experience sauna

EVERYONE

- Embracing diversity in sauna cultures across countries
- Offering solutions in different price points
- Broad availability through strong channels

REASON TO EXPERIENCE

- Continuously strengthen reasons to go to sauna (e.g., better sleep, recovery, health, entertainment, relaxation, beauty, enjoyment)
- Scientific evidence, innovation, and communication

SAUNA

- The broader sauna experience includes all sauna types, cold plunges, hot tubs and other sauna related extensions
- As the leader and shaper of the market, we are redefining what sauna is and can be

Harvia's updated strategic focus areas

HARVIA
Sauna & Spa

Delivering
the full sauna experience

Winning
in strategically important
markets

Leading
in key channels

Best-in-class operations & great people

Harvia's updated strategic focus areas

Delivering the full sauna experience

- Increasing the sales of comprehensive systems and solutions
- Leading in all sauna types: Making steam and infrared a more sizeable part of Harvia's business
- Bringing new, exciting innovations to the market with winning design, best user experience and great digital solutions

Winning in strategically important markets

- North America: Drive strong growth across price points, categories and channels
- Europe: Strengthening position further in Europe, capturing growth also in short-term as market recovering
- APAC & MEA: Active market making in countries that matter the most
- Taking an active consolidator role in the industry through M&A

Leading in key channels

- Mastering the "Right product through right channel" approach
- Being the best long-term partner for our B2B customers and helping them to grow their business
- Strengthening the role of direct-to-consumer channel
- Supporting the end user throughout the product lifecycle

Best-in-class operations & great people

- Scaling up and automating our operations while expanding capacity in strongly growing regions
- Deepening integration within Harvia Group to drive productivity and growth
- Building employee capabilities for future success, enabling people to thrive at Harvia
- Continuously developing the sustainability of our operations and supply chain

Harvia focuses on scalable business opportunities with appropriate profit potential and fit with our competences



Our core: Solutions, products, accessories and digital services for a great sauna experience

Not our core: Construction, real estate, service operator



Equipment business

Solutions business

Construction business

Service operator

Next to the Harvia's core, there are elements from large industries that Harvia can leverage in its business in the future



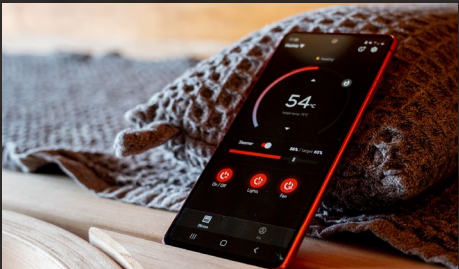
WELLNESS AND HEALTH MARKET

Market size: ~EUR 6 trillion¹



SAUNA MARKET IS OUR CORE

Market size: ~EUR 3.5 billion



DIGITAL SERVICES AND ENTERTAINMENT

Market size: > EUR 2 trillion³



BATHROOM MARKET

Market size: ~EUR 100 billion²



LIFESTYLE BRAND PRODUCTS (e.g., accessories, clothing)

1) Bloomberg L.P. 2) The Business Research Company, 3) PwC (global media and entertainment market)

Harvia's updated long-term financial targets reflect our growth ambition

HARVIA

Sauna & Spa

GROWTH

10%

Average annual revenue growth

PROFITABILITY

>20%

Adjusted operating profit margin¹

LEVERAGE

<2.5x

Net debt/adjusted EBITDA²

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

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

Harvia's organization structure supports the implementation of our strategy



Harvia Group high-level organization structure, effective from 1 January 2024



Key targets of the updated organization structure

- Increase customer and market orientation
- Strengthen innovation and differentiation capabilities
- Better leverage synergies across Harvia Group
- Develop a solid platform for future M&A

Harvia is committed to giving everyone a reason to experience sauna – responsibly



FOR GOOD AND HEALTHY LIVING

We create a positive impact on the health and longevity of people with our offering. We actively share science backed information on the health benefits of heat and promote the healthy regimen of using sauna 3 times per week for at least 15 minutes.



FOR SUSTAINABLE EXPERIENCES & ENJOYMENT

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



FOR CARBON NEUTRALITY

Our goal is to be carbon neutral by 2030 in our own operations to limit global warming and contribute to global efforts in safeguarding the environment.



FOR SAFE AND WARM COMMUNITY

We believe that when we collaborate and support each other, it results in wellbeing and long relationships with everyone from our employees to customers and partners. We look after the safety, equality and competence development of our people.

OUR ASPIRATIONAL LONG-TERM TARGETS ON SUSTAINABILITY



EVERYONE
with access
to sauna



100%
sustainably
sourced



0
emissions



0
accidents

Key takeaways

1

The global sauna market is attractive with solid growth drivers

2

Harvia has a strong track record and is well-positioned for the future

3


Harvia plans to take a bold, strategic role in shaping the sauna market and giving everyone a reason to experience sauna

4

Harvia has updated its long-term financial targets to be aligned with the company's strategic ambition

The Harvia logo is a red square with the word "HARVIA" in white, bold, sans-serif capital letters.

Sauna & Spa

The background image shows a close-up of a sauna's interior. A wooden spoon is positioned above a metal tray filled with dark, jagged sauna stones. Steam is rising from the stones, and the wooden walls of the sauna are visible in the background.

Financial overview and updated targets

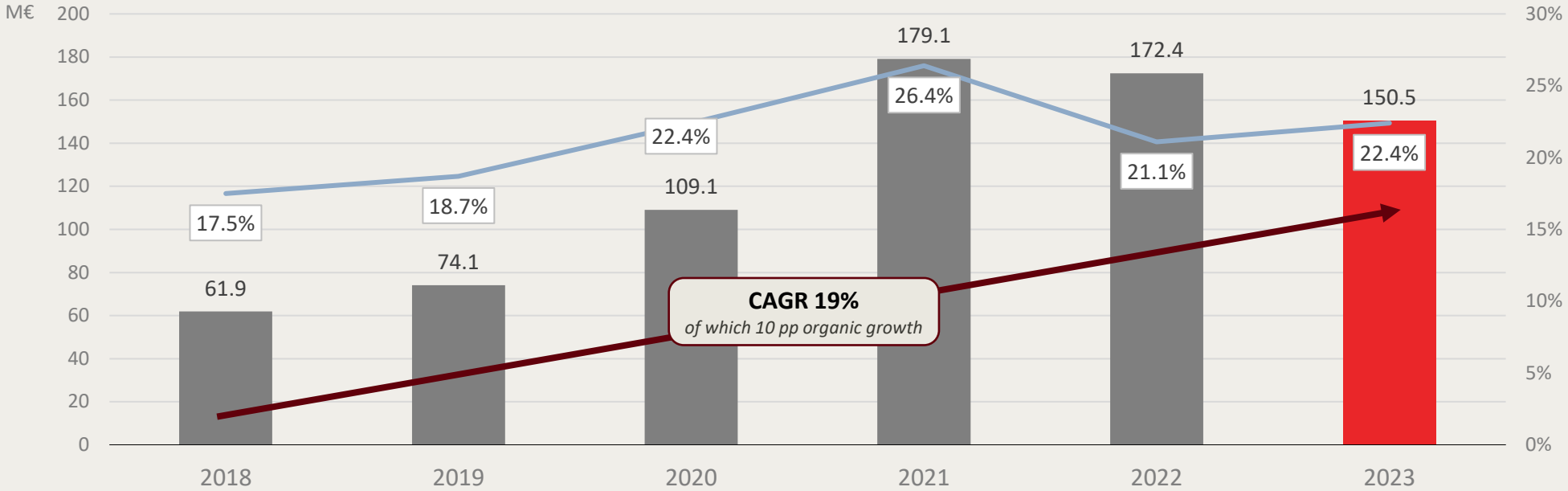
Ari Vesterinen, CFO

Development of Harvia's financial performance

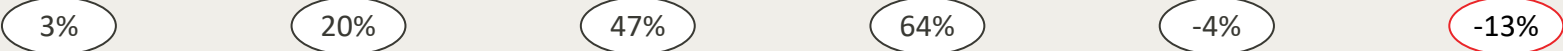
Harvia has a solid track record in growing profitably, both organically and inorganically



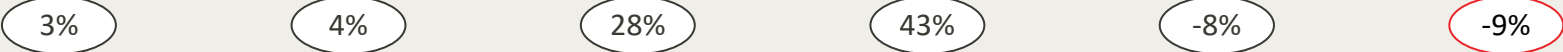
Revenue and Adjusted operating profit-%



Total growth



Organic growth



Key M&A activity

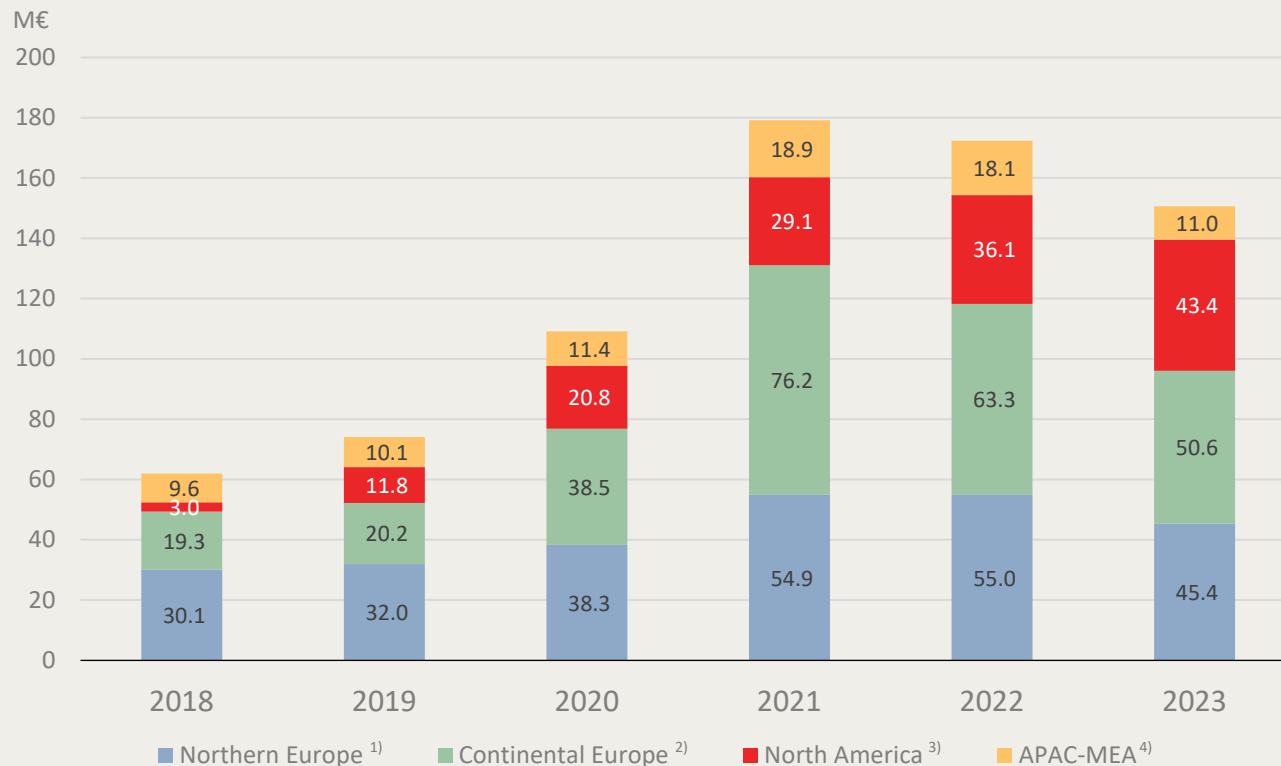


1) Harvia acquired 78.6% of EOS Group's German operations in March 2020, the remaining 21.4% were acquired in July 2022.

Harvia's business has become more global as especially North America's share of Harvia's total revenue has increased



Revenue by sales region



- Since 2018, the share of Northern Europe of Harvia's revenue has declined from 49% to 30%.
- Continental Europe represents a third of Harvia's revenue, having been 43% in 2021.
- North America's share has increased from 5% (2018) to 29% (2023).
- APAC-MEA's share has decreased from 15% (2018) to 7% (2023), driven by the exit from Russia⁵⁾. However, excluding sales in Russia in 2022, the region grew in 2023 even as Harvia's total sales declined.

1) Finland, Sweden, Denmark, Norway, Iceland, Estonia, Latvia, Lithuania
 2) Europe excluding countries specified as Northern Europe
 3) USA and Canada
 4) All other countries excluding above

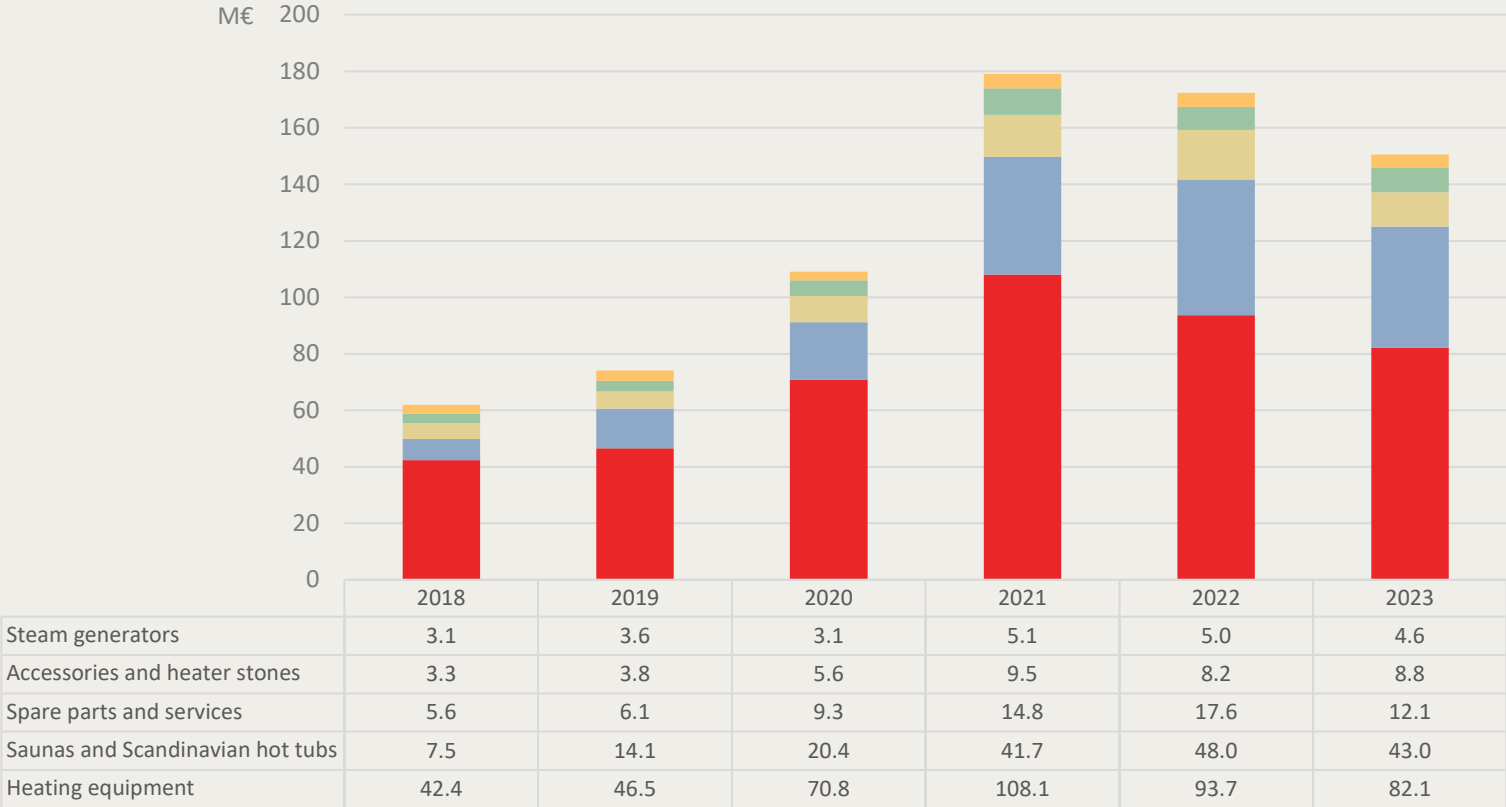
Starting from the first quarter of 2024, Harvia reports its revenue by sales region as presented here.

5) Revenue in Russia was 5.662M€ in 2018 and there was no revenue in Russia in 2023. Harvia exited Russia in 2022, and that year its revenue there was 7.454M€.

Heating equipment still comprise over half of Harvia’s revenue, but especially the share of saunas has been growing



Revenue by product group



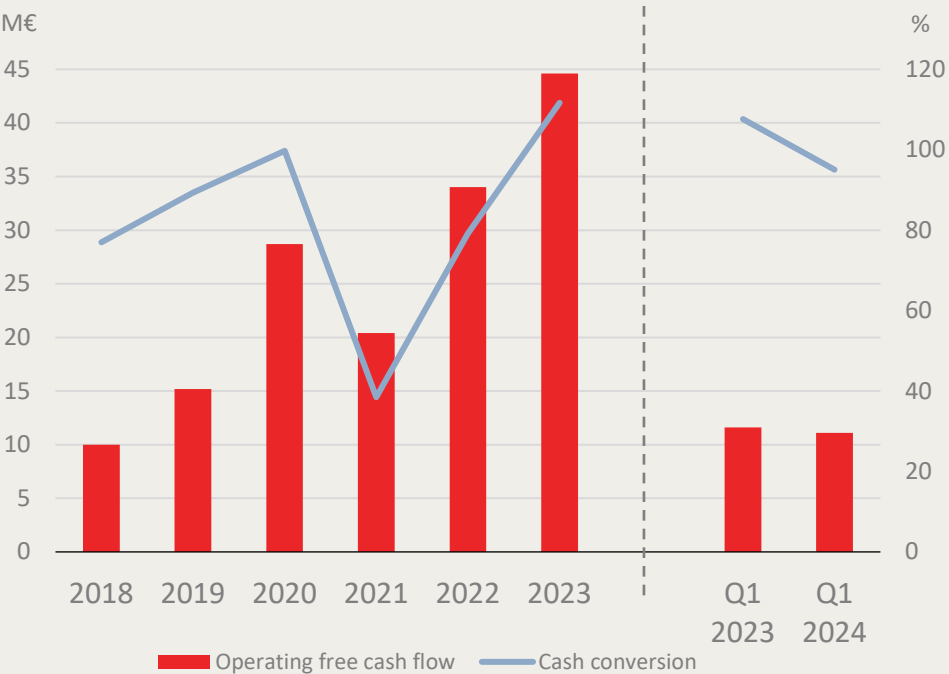
- The share of heating equipment has decreased from 68% (2018) to 55% (2023).
- Saunas and Scandinavian hot tubs represent 29% of the revenue, saunas having been 12% in 2018. This increase is driven by the strong organic growth in saunas, but also by the acquisitions of Almost Heaven Saunas and Kirami.

Heating equipment: Sauna heaters, control units, IR components. Starting from the first quarter of 2023, Harvia has reported its revenue by product group as indicated in the graph above.

Harvia's operating free cash flow has been strong and leverage low

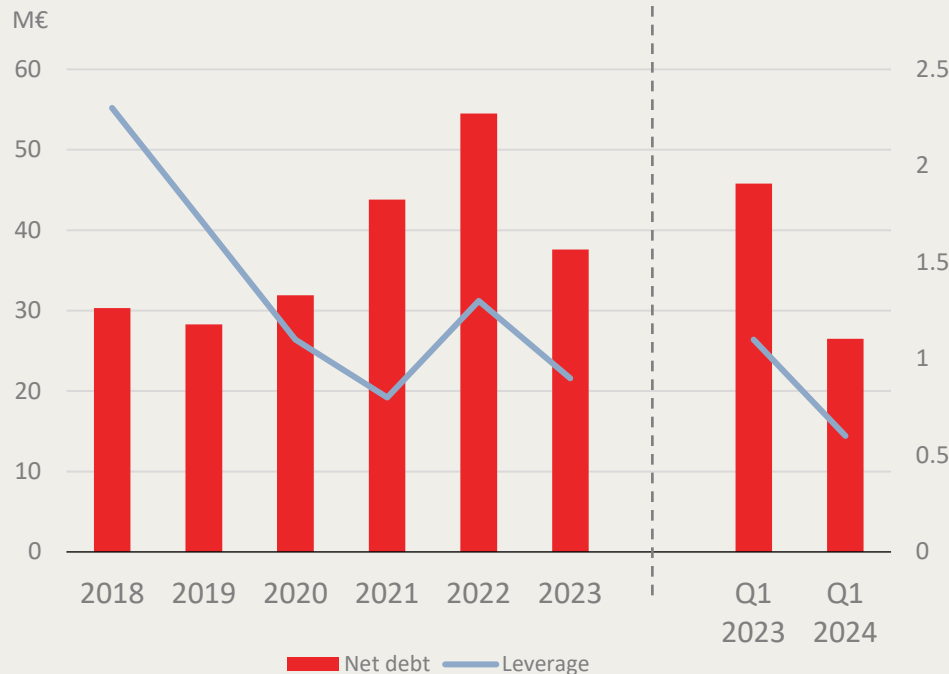


Operating free cash flow and cash conversion



Harvia's cash conversion has been traditionally strong. In 2022–2024 it has been very high, even over 100%, supported by decreasing net working capital and moderate investments.

Net debt and leverage

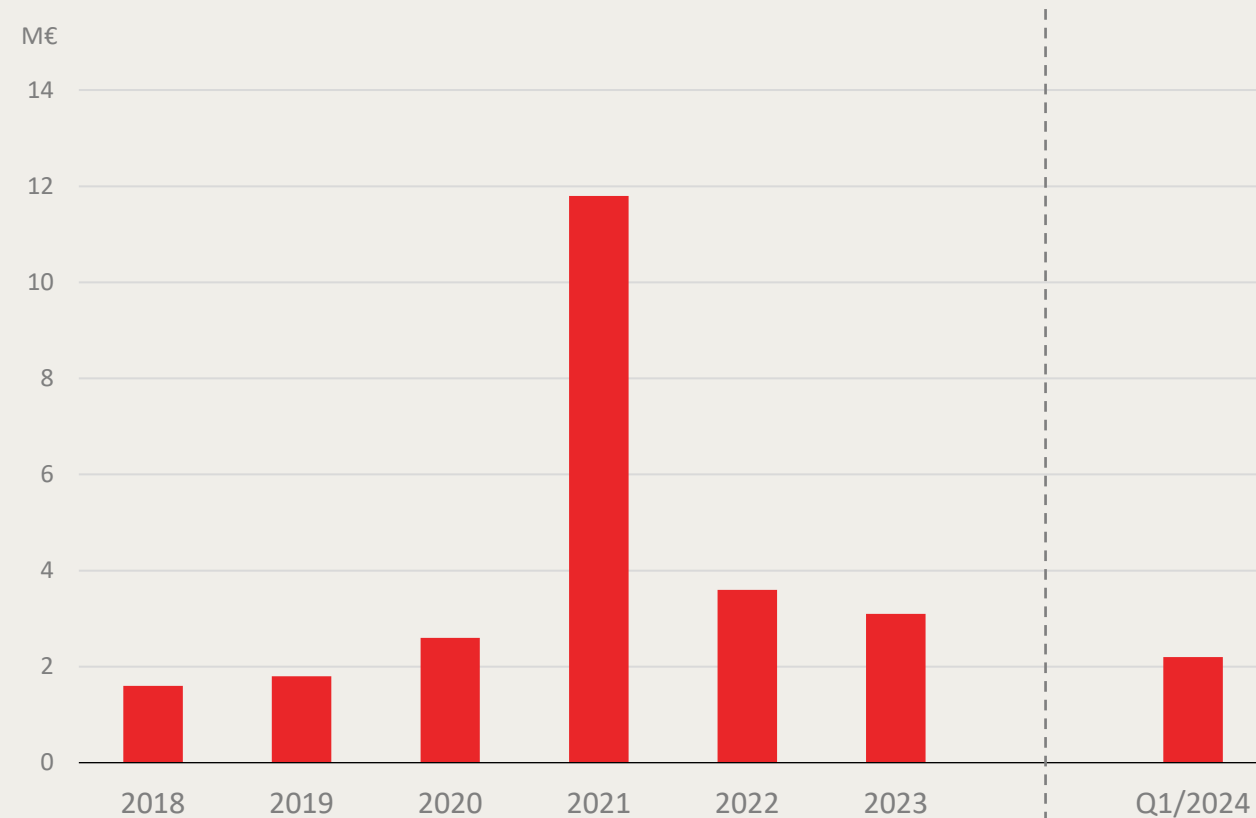


Harvia's leverage has stayed low, even if temporarily increasing in 2022, driven by acquiring the remaining 21.4% of EOS Group's German operations.

Apart from the investment-heavy year 2021, Harvia has maintained a moderate investment pace



Investments



- Harvia’s annual investments have typically varied between EUR 1.5 and 3.5 million.
- In 2021, Harvia’s total investments were EUR 11.8 million, as the company opened a new sauna factory in Lewisburg, West Virginia, U.S., and expanded and upgraded capabilities in several other factories.
- In Q1/2024, Harvia purchased 8.7 hectares of land around the production facility in West Virginia.
- Increasing growth investments especially in North America are expected to be made in the next two years. Generally, the investment needs for the Group remain on a rather low level otherwise.

The background image shows a modern sauna interior. In the foreground, a large, light-colored wicker hanging chair is suspended. In the middle ground, there are several white, cushioned lounge benches arranged in a row. The walls are made of vertical wooden slats, and a white door is visible in the background. The floor is tiled with light-colored square tiles.

Updated long-term financial targets

Value creation through profitable growth has a key role in Harvia's strategy and long-term value creation



The operating environment supports setting a more ambitious growth target

Growth of the sauna market is expected to be above 5% for the next five years¹ – Harvia must grow faster than this to strengthen its market share and leading position

Market consolidation is increasing in our industry, and being the clear industry leader means that we must also be an active consolidator

Growing the size of our business benefits us in several ways

- Utilizing the company's good operational leverage
- Driving economies of scale in, for example, R&D and supply chain network
- Being able to make significant investments in our operations, R&D and marketing
- Having more exciting opportunities that allow us to retain and attract talent

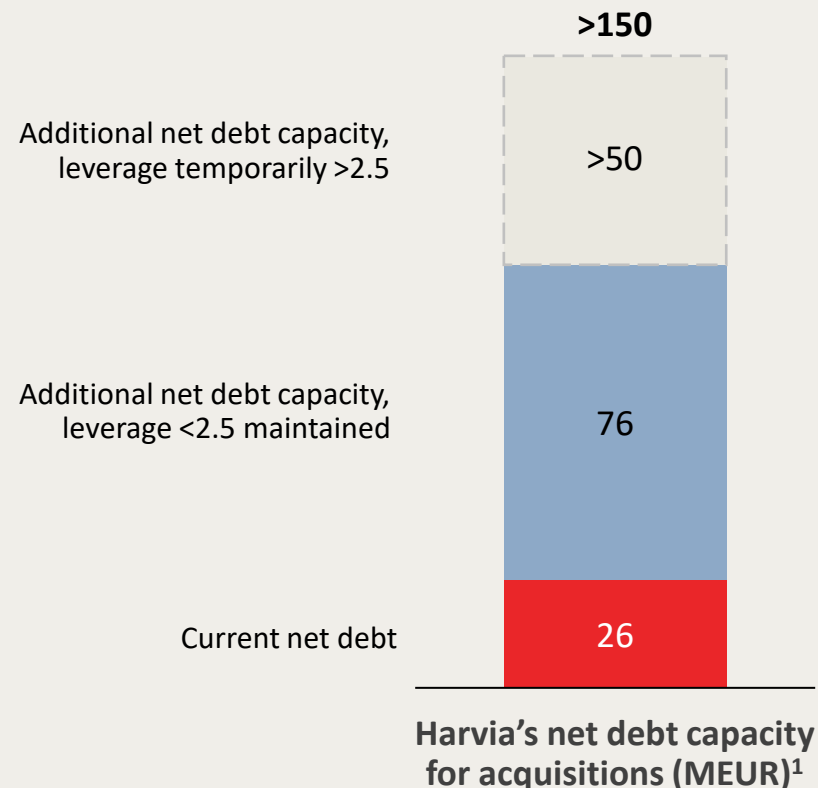
Increased long-term profitability and ability to create value

In addition to organic growth, Harvia is and wants to be financially well positioned to perform significant-sized M&As



Harvia has the financial capacity to make significant investments and M&As...

...which supports the important role of inorganic growth in Harvia's strategy



- Harvia wants to take an active consolidator role in the fragmented industry
- Harvia aims to perform strategic M&As to
 - Strengthen position in key markets, esp. outside Europe
 - Grow in infrared and steam
 - Build strategic capabilities in e.g. digital
- Additionally, the company can do tactical M&As in case an attractive opportunity rises. For example, our supply chain robustness improved with the Phoenix El-Mec acquisition
- Harvia's target is to make acquisitions that are sizeable enough to allow driving meaningful growth and synergies, but without compromising business continuity or significant risks. The depth and speed of integration will be defined case by case

1) Note: Current net debt and capacity estimate based on situation on 31 March 2024

Our updated long-term financial targets reflect our growth ambition



FINANCIAL TARGET

GROWTH

10%

Average annual revenue growth

- Before: average annual revenue growth of more than 5%
- Global sauna market growth forecast for next 5 years is over 5% p.a.³⁾
- Harvia's role as an active market maker is to grow the sauna market
- Driving M&As as a market consolidator

PROFITABILITY

>20%

Adjusted operating profit margin¹⁾

- Before: >20% (no changes)
- Average adjusted operating profit margin over time
- Possible M&As may temporarily impact margin levels

LEVERAGE

<2.5x

Net debt/adjusted EBITDA²⁾

- Before: net debt/adjusted EBITDA 1.5x–2.5x in the long term
- Harvia's aim to grow through M&A is reflected in the new target, as the company wants to maintain the ability to make significant-sized acquisitions

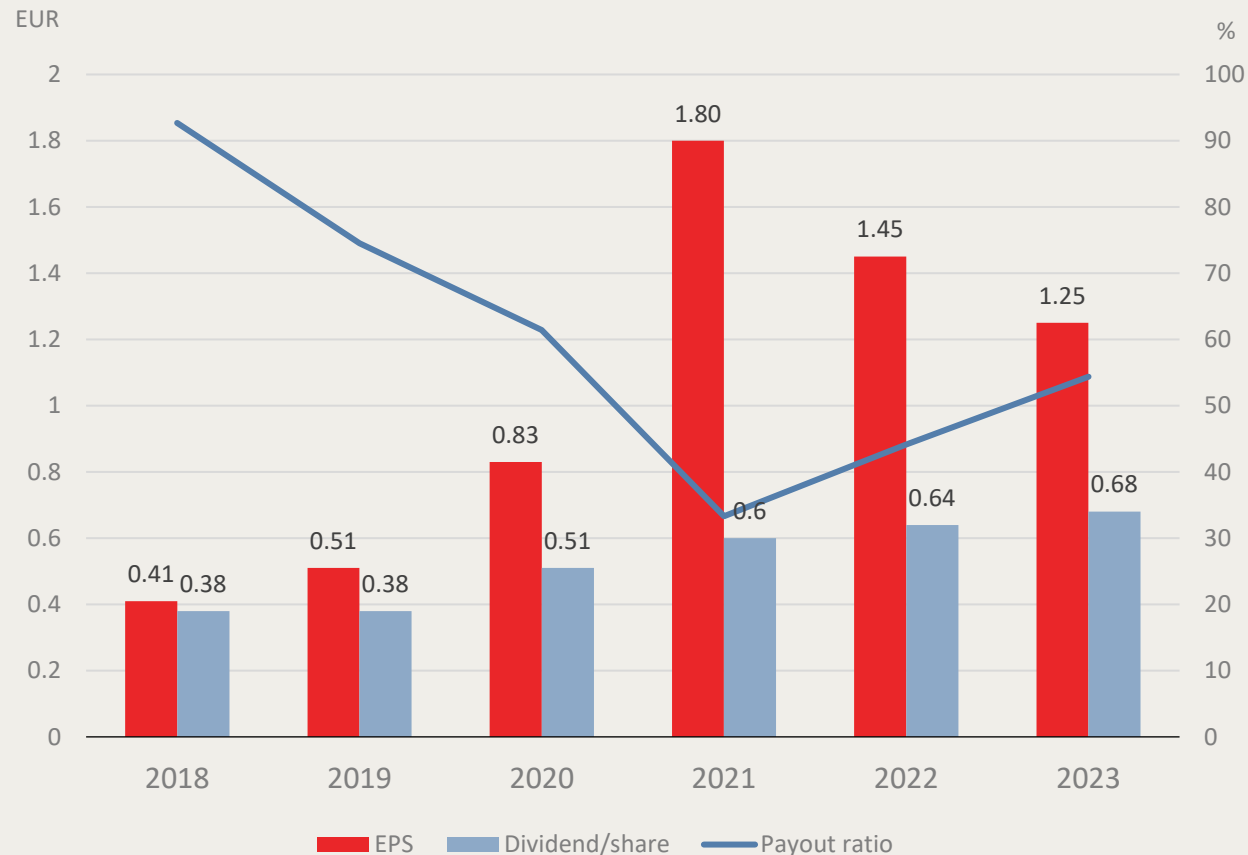
BACKGROUND AND REMARKS

1) Adjusted operating profit is operating profit before items affecting comparability.
2) Excluding the future impacts of changes in IFRS reporting standards.
3) Source: Harvia management estimate

Harvia's dividend policy is to pay a growing dividend



Dividends



- Since February 2022, Harvia's dividend policy has been to pay regularly increasing dividends with a bi-annual payout
- Dividend for the financial year 2023 was EUR 0.68 per share – payout ratio 54.4%
- Dividend policy stays unchanged

Key takeaways

1

Over the past years, Harvia's business has become increasingly global and less heater-centered

2

Harvia has kept and wants to keep a strong financial position to also enable significant inorganic growth

3

Harvia has updated its financial targets to better reflect the company's growth ambition

4

Harvia's dividend policy of paying regularly increasing dividends with a bi-annual payout remains unchanged

Our program today

10:30 **Welcome!**

HARVIA'S STRATEGY UPDATE

Matias Järnefelt, CEO

FINANCIAL OVERVIEW AND UPDATED TARGETS

Ari Vesterinen, CFO

Q&A

11:45 **Break**

12:00

FUELING GROWTH IN NORTH AMERICA

Jennifer Thayer, Head of Region North America

INSPIRING THE MARKET WITH FULL SAUNA EXPERIENCE

Markus Wörmanseder, Head of Products and Solutions

EXCITING THE CONSUMERS AND LEADING THE SAUNA MOVEMENT

Päivi Juolahti, Head of Marketing & Brands

**EFFICIENT OPERATIONS SUPPORT HARVIA'S
PROFITABILITY AND GROWTH**

Mika Suoja, Head of Operations

Q&A

CLOSING REMARKS

Matias Järnefelt, CEO

13:30 **Event ends**

Lunch

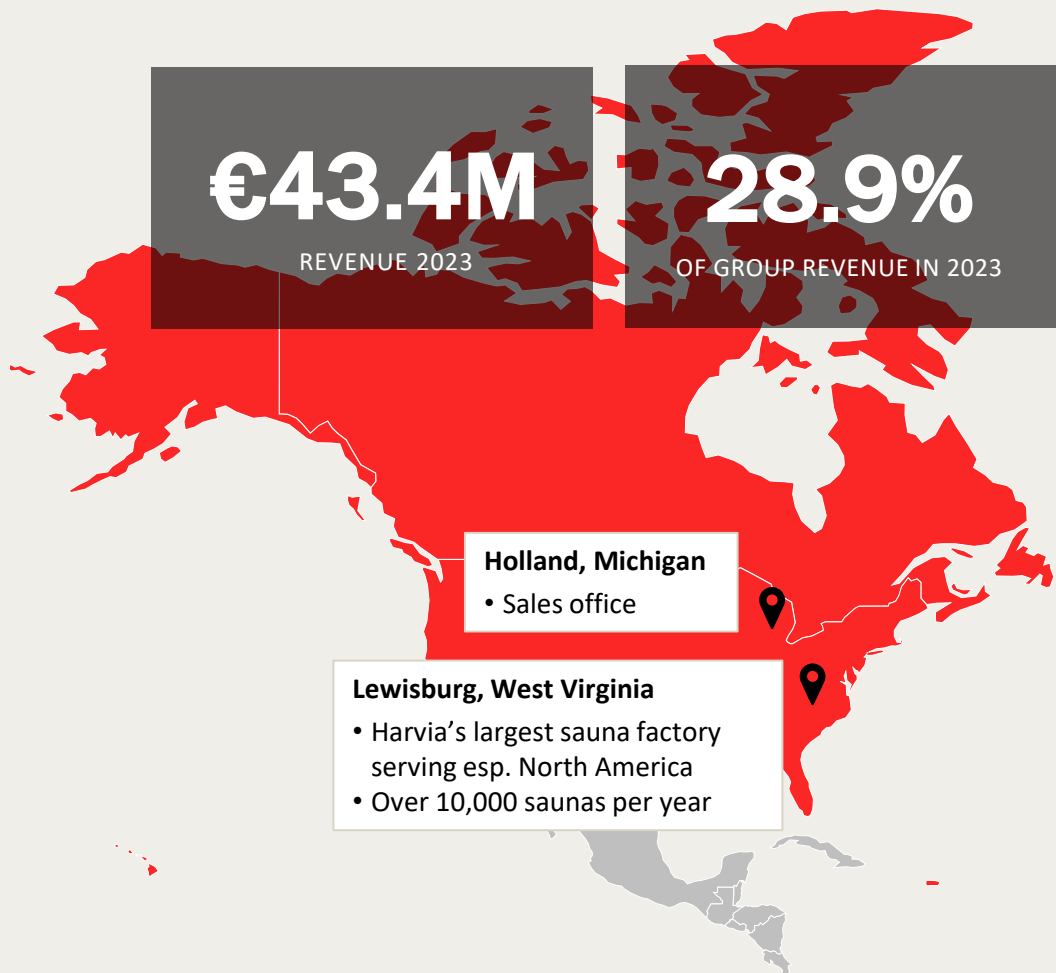
14:15 **Factory tour**

A photograph of an outdoor sauna and hot tub. The sauna is a wooden barrel-shaped structure on a trailer with a metal roof and a chimney. It is surrounded by a wooden deck, a hot tub, and various outdoor furniture like chairs and a hammock. The scene is set in a wooded area with string lights and a stone path.

Fueling growth in North America

Jennifer Thayer, Head of Region North America

Harvia is a leading player in North America

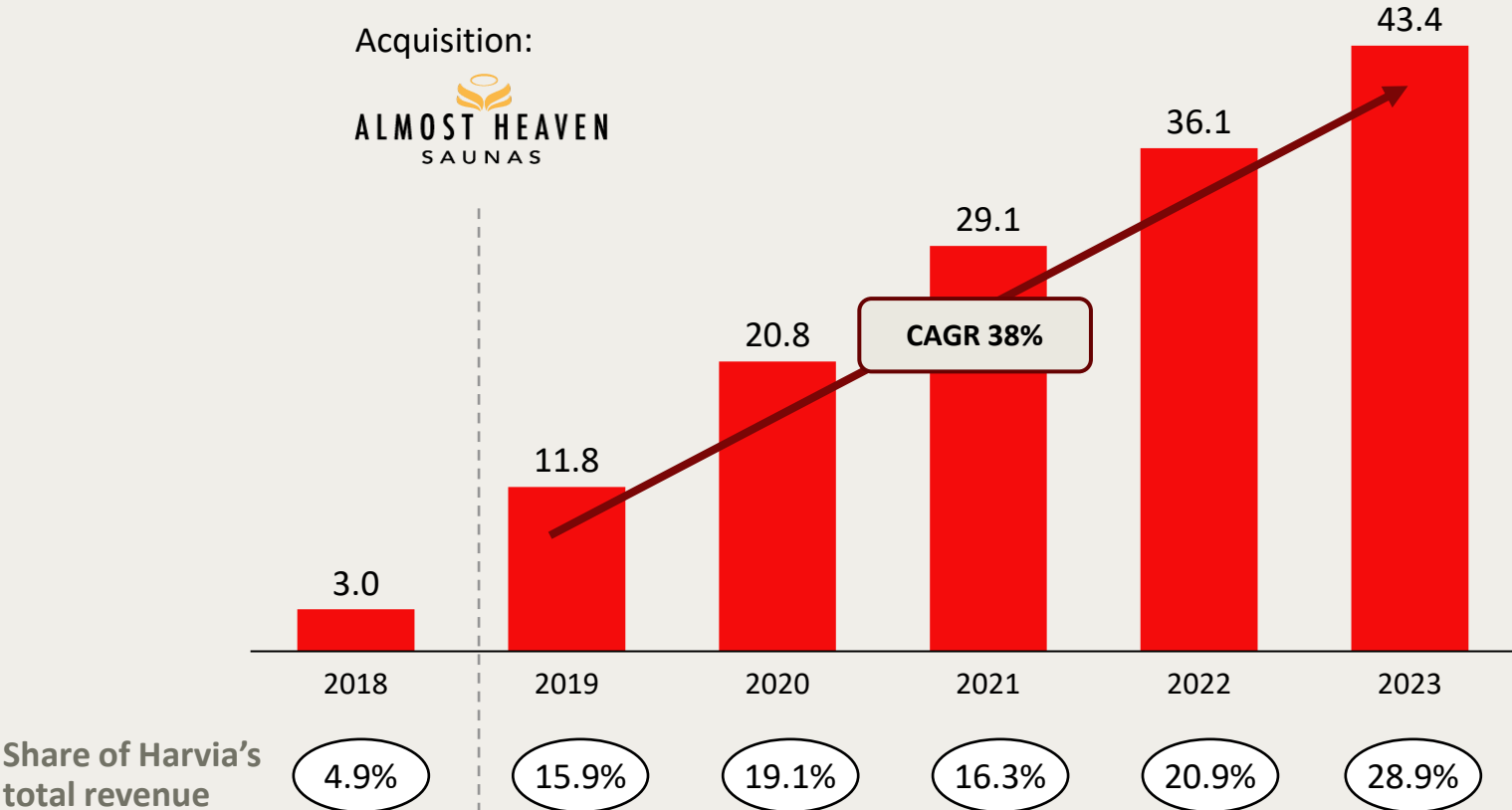


 IN NORTH AMERICA, BRAND FOR HEATERS AND COMPONENTS AND SELECTED SOLUTIONS	<ul style="list-style-type: none">• Heating equipment• Control units• Selected solutions
 MAIN BRAND FOR HARVIA'S SAUNA ROOMS IN VOLUME CATEGORY IN NORTH AMERICA	<ul style="list-style-type: none">• Full sauna room solutions – outdoor, indoor• Barrel saunas
 THE BRAND FOR THE HIGH-END COMPONENTS	<ul style="list-style-type: none">• Heating equipment and control units for high-end and professional applications
KEY CUSTOMER GROUPS	
<ul style="list-style-type: none">• Large part B2C, often served via online channel• Distributors	<ul style="list-style-type: none">• DIY stores• Sauna builders• Commercial end users

Harvia has grown strongly in North America after acquiring Almost Heaven Saunas in December 2018



Development of revenue in North America and share of Harvia’s revenue in 2018–2023, M€

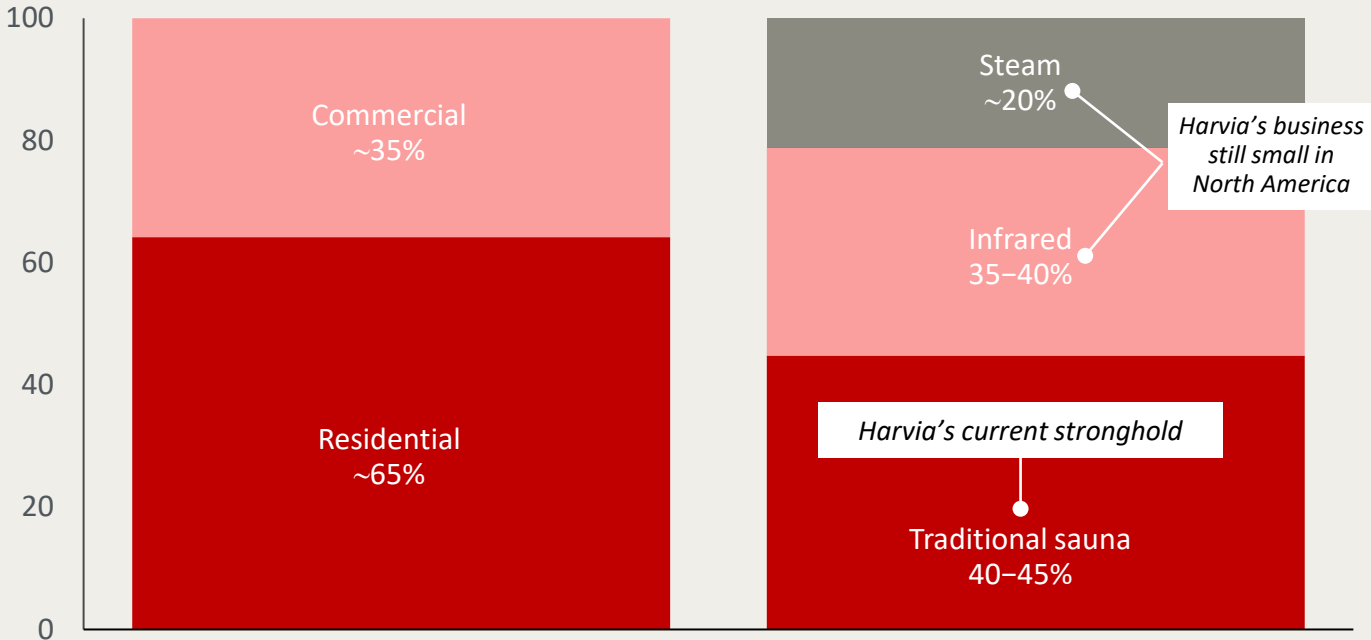


- Step change in the scale of North American business in late 2018 when Almost Heaven Saunas was acquired
- In 2019–2023, Harvia’s revenue CAGR 38% while market grown at ~15% p.a.
- During 2020–2022, Harvia’s growth was fueled also by the COVID-pandemic
- Harvia’s growth has continued after the pandemic, driven by the company’s successful actions but also by the increasing awareness of sauna and still low sauna penetration

Where we grow: Overview of the North American sauna market



North American sauna market by application and type (2023)



Key observations

- Market size estimated to be USD ~800M, CAGR ~15% in 2019–23, all sauna types relevant
- Installed base 1–1.5M saunas, meaning that only ~1% of households have a sauna
- Compared to more mature sauna markets, share of replacement demand currently lower, newbuild solutions more important
- Market growth has been driven by increasing sauna awareness and consumer spending – construction sector has been rather weak, which is especially reflected in B2B projects and steam

Market size ~USD 800 million (CAGR ~15% in 2019–2023)

Experienced in the North American market



Market characteristics

Market growth above global average especially in residential saunas, increasing awareness and interest

Low sauna penetration, but vast base of consumers with purchasing power

Momentum supported by **visibility in social media**

Demand for turnkey solutions

Direct-to-consumer and online channel prevalent in many businesses

Sauna a specialty category with generally higher price points

Certain market-specific **technical requirements**

Ongoing **market consolidation**

Implications for Harvia

Great growth potential and a focus market for driving the company's overall growth

Leveraging great assortment Harvia offers in different markets, such as Europe

Offer exciting content for social media and **collaborate with influencers**

Deliver exciting full solutions

More focus on **developing our direct-to-consumer** channel

Opportunity to **drive value**

Product approvals and certifications important; Harvia has a solid process for these

Opportunity to take consolidator role, yet market attractiveness discovered also by competitors

Our objective is to strengthen Harvia's position as the leading player in the North American market



1

Being the leading sauna experience provider

- Growing in infrared and steam, considering both organic and inorganic actions
- Strengthening our position in the mid- to higher priced products fitted to relevant channels, while leveraging also imports from other Harvia Group companies
- Launching new products that excite the market – focus on full solutions

2

Winning especially in the consumer market

- Sharpening our channel strategy and market position on DTC and B2B channels
- Continue building awareness of sauna and our brand – opportunities for quick wins
- Strengthening the customer experience both when using our products and in customer service – comes also with revenue possibilities

3

Strong operational and people capabilities

- Further improving our operational efficiency in, for example, logistics network and warehousing
- Investing also in developing and acquiring key competences in selected critical areas in our North American organization to support our ambitious growth plans

Happened recently in North America



Introducing new products and solutions



Strengthening our organization



Developing the Lewisburg facility

Harvia is well positioned to win in North America



Long history in the market

- Almost Heaven Saunas has been in the North American market since 1977
- Long relationships especially with key B2B customers

Excellent operations with “Made in USA” advantage

- Very efficient local operations, supported by several recent investments
- “Made in USA” products offer competitive advantage
- Operations and entire business model proven to be well scalable

Strong brand position

- Harvia has strong brand recognition in the dealer network for our heater products – expand on that in other categories and focus on “owning” our brand in North America as we continue to grow
- Marketing efforts increased to make us more attractive in e.g., the online channel

Growth potentially only partially addressed

- North America still a low penetration market with huge potential to grow
- Harvia’s relatively small in infrared and steam saunas – opportunity to grow also in traditional saunas
- Investing in higher price-point categories and driving innovation

Additional strength from leveraging Harvia Group

- North America does not work in isolation, but leverages knowledge, resources and economies of scale also from elsewhere in Harvia Group – Group functions, such as Products and Solutions, are led centrally
- On the other hand, North America can offer valuable learnings to our other regions when it comes to, for example, selling in the D2C channel

Key takeaways

1

North America has major potential to continue to grow at a rapid pace in all three sauna types

2

We have processes and structure in place to be able to grow the business and provide significant value to Harvia Group

3

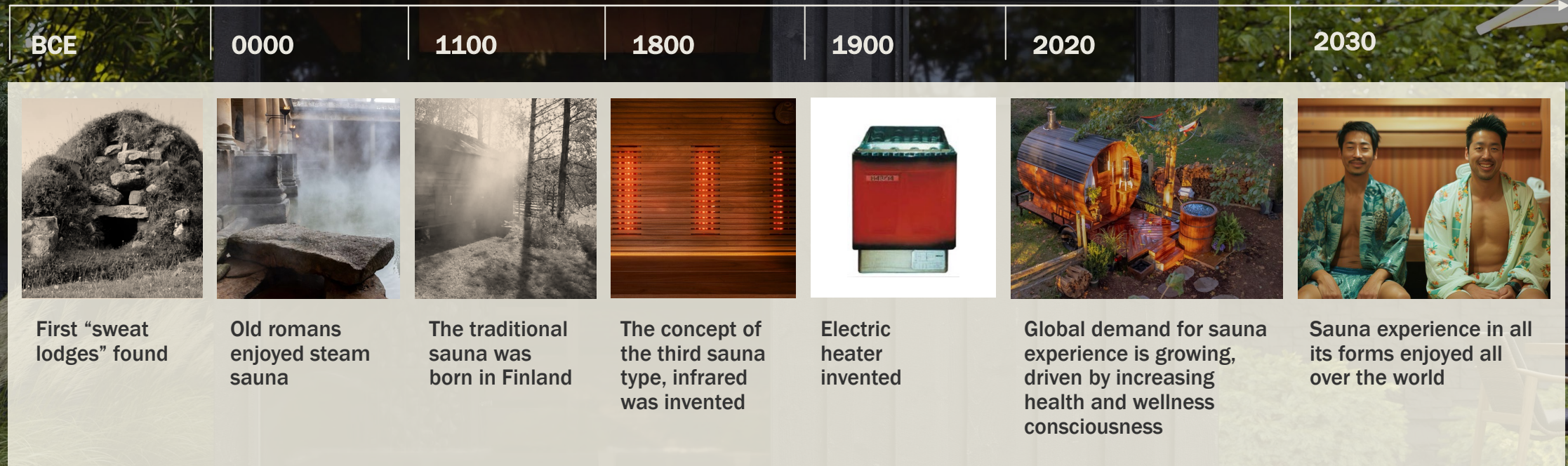
Harvia US will continue to lead and excite the North American market and invest in strengthening our commercial capabilities and marketing



Inspiring the market with full sauna experience

*Markus Wörmanseder
Head of Products & Solutions, Head of Region Continental Europe*

We are operating in an industry with a long and rich history



From different sauna types to the full sauna experience



	TRADITIONAL SAUNA ROOMS	INFRARED SAUNA ROOMS	STEAM SAUNA SHOWERS AND ROOMS	SCANDINAVIAN STILL WATER HOT TUBS	COLD TUBS
DESCRIPTOR	Wood-lined rooms utilizing either an electric or wood-burning heater to heat sauna stones; provide a high-temperature, low humidity environment.	Utilizes radiant heat (no water) to warm the body directly rather than the room; runs at lower temperatures and lower humidity than a traditional sauna.	Either a shower or room where a steam generator produces hot steam, creating a high-humidity environment.	A traditional wood-fired soaking tub, typically crafted from wood, designed to provide an outdoor bathing experience.	A small tub filled with cold water, often used for therapeutic cold water immersion; exposing the body to cold water for short periods of time brings several health benefits.
SOURCE OF HEAT	Wood-burning or electric heater with sauna stones	IR radiator	Steam generator, steam heads	Wood-burning or electric heater	Electric cooling
TEMPERATURE	0°C 120°C	0°C 120°C	0°C 120°C	0°C 120°C	0°C 120°C
HUMIDITY	0% 100%	0% 100%	0% 100%		
TYPICAL LENGTH OF USE	10–15 min	15–30 min	15–30 min	>15 min	1–2 min

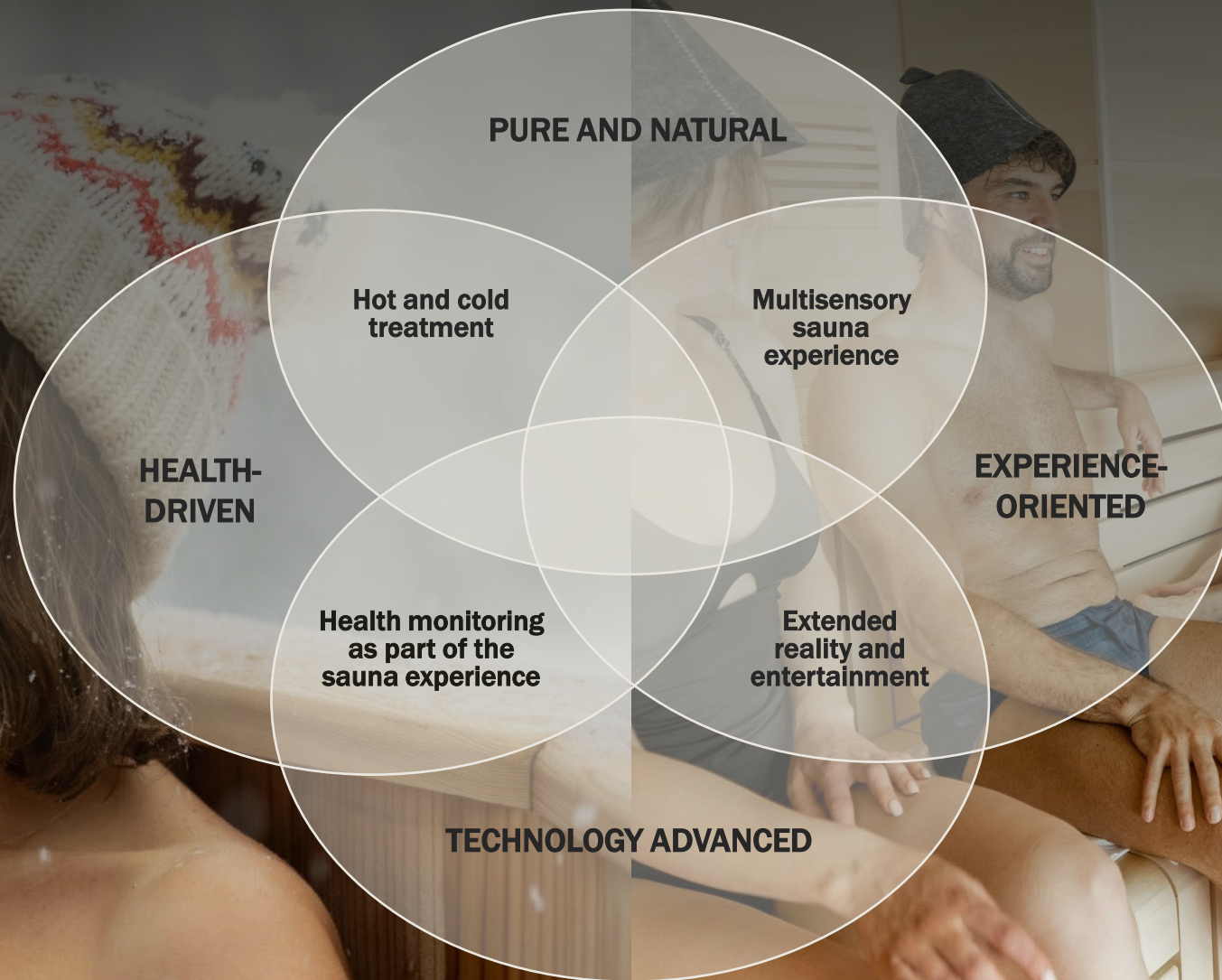
A full spectrum of reasons for experiencing sauna

HARVIA

Sauna & Spa

PERSONAL





SOCIAL



Sauna cultures and markets vary significantly

EXAMPLES OF KEY COUNTRIES



				
<i>Key market features</i>				
Sauna penetration	Extremely high: Over 1 sauna per 2 people	High: 1 sauna per ~35 people	Low: 1 sauna per ~300 people	Low: Under 1 sauna per 1,000 people
Sauna types	Almost entirely traditional sauna	Traditional sauna largest , but all sauna types sizeable	All sauna types large , key market also for infrared	Traditional sauna largest , but also others seen in the market
Residential / commercial	Residential sauna the clear majority	Both residential and commercial relevant	Residential more significant , but also commercial relevant	Still almost entirely commercial saunas
<i>Key culture and experience features</i>				
Culture strength	Strong and established culture – sauna part of everyday life	Strong sauna culture with established ways	Emerging culture	Old and strong traditions, but emerging again and booming
Traditional sauna heater preference	Electric or wood-burning , pillar models with a lot of stones popular	Often box style electric heater, bio heaters generating steam	Electric or wood-burning, both pillar & box style heaters common	Round electric heaters popular
Key elements in sauna experience	<ul style="list-style-type: none"> • Natural / wellbeing approach on sauna • Few extra features, such as scents or lights • A lot of Löyly 	<ul style="list-style-type: none"> • Focus on relaxation and recovery • Strong sauna etiquette • Scents and lights important, Löyly less important 	<ul style="list-style-type: none"> • Health benefits important • Openness to new features • Influence of Nordic immigration visible especially in some areas 	<ul style="list-style-type: none"> • Very strong social aspect, own sauna vocabulary • Preferred also by the young • Design and aesthetics vital • Typically very hot saunas

Different sauna cultures and markets offer business opportunities



Versatile sauna markets

From mature (Northern and Central Europe) to more emerging markets in North America and APAC

Different market structure in terms of sauna types and commercial vs. residential market, therefore also different key segments

Different drivers to use and ways of enjoying sauna

Different knowledge levels about sauna

Different regulations, power supplies & sources

Harvia's response



Strong understanding of consumer and market demand on global and local level



Globally leading portfolio and efficient sales channels addressing key market opportunities



Comprehensive one-stop-shop offering in all sauna types for both private and commercial use



Educating consumers of the benefits and correct use of sauna



Continuously introduce new products that meet local demand and regulations – while leveraging modularity and a global core portfolio

However, despite the differences, all share the desire for a great sauna experience and healing with heat

Key priorities for Products & Solutions



1

Optimizing existing offering

HARVIA

- Covering key segments in both professional and residential offering, working closely together with our sales regions
- Leverage common product and technology platforms for an efficient global portfolio

2

Driving solutions-based offering

- Continuing to strengthen Harvia's role as a full sauna experience provider
- Identifying potential across markets and strengthening offering in selected areas, for example, in Harvia offering for commercial use

3

Strengthening growth in all sauna types

- Further expanding our offering in infrared and steam, especially but not limited to the North American market
- Scaling up our current offering also outside our traditional core – for example, in cold tubs

4

Building new exciting innovations

- Inspiring the market and driving its growth with our offering
- Developing exciting new digital solutions to complement the sauna experience

We focus on solution sales to accelerate growth



Two key reasons why to focus on solutions

- 1) **Customers increasingly prefer** ready solutions, especially outside the most mature markets (esp. Finland)
- 2) **More revenue** when covering the full sauna spend and not only the 10–15% heater part

Showcase – a custom-made sauna project with all options, a €20,000 investment for the consumer

Sauna heater with integrated steamer	10–15%
Other equipment and technology:	
Heater options (reeling)	10–15%
Digital sauna control unit	
WIFI option	
Infrared therapy seat	
LED & speakers	
Sauna ventilation kit	
Sauna accessories & stones	
Sauna room (incl. benches, doors etc.)	70–75%

Key takeaways

1

Different sauna markets and cultures have unique characteristics that Harvia responds to with its comprehensive portfolio

2

Harvia wants to inspire the market and drive organic growth with leading solutions offering for all sauna types and the extended sauna experience

3

Harvia has exciting opportunities to shape the future sauna experience, especially in the area of digital

The Harvia logo consists of the word "HARVIA" in a bold, white, sans-serif font, set against a solid red rectangular background.

Sauna & Spa

Exciting the consumers and leading the sauna movement

Päivi Juolahti, Head of Marketing & Brands

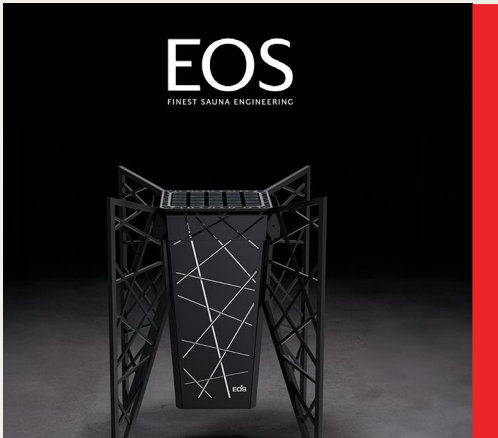
Current Group brand portfolio: Two global master brands backed with independent regional and tactical brands



GLOBAL MASTER BRANDS



Globally leading brand providing sauna & wellness experiences for everyone – from entry to premium



Leading brand in the high-end sauna equipment market expanding presence across continents

REGIONAL & TACTICAL BRANDS



Top 1 sauna brand in the U.S., selling direct and via partners

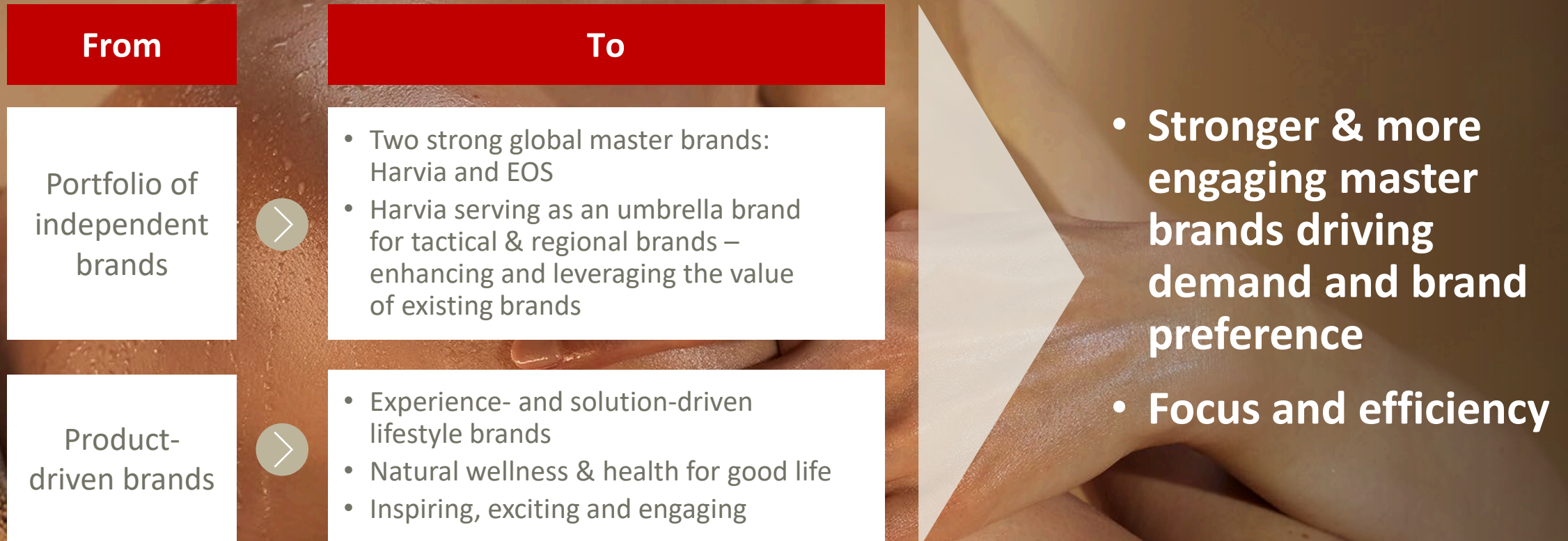


Leading the backyard living experience; known for Scandinavian hot tubs and modular sauna concepts



Tactical brand in Central Europe for traditional and infrared saunas

Future direction: Refining our Group brand strategy to achieve our growth targets



Key priorities for Marketing & Brands



1

Building the most exciting & inspiring brands in the industry

- Group brand strategy refinement and implementation
- Driving global sauna and brand awareness together with our partners
- Creating and sharing exciting and inspiring content

2

Giving everyone a reason to experience sauna

- Promoting sauna experiences and solutions embracing natural wellbeing and enjoyment
- Online and offline consumer experience and campaigns
- Lead generation for complete sauna solutions in all sauna types

3

Being the best partner for our resellers

- Great sales and marketing tools
- Sales and customer training
- Enhancement of digital services

The sauna movement in action

HARVIA

Sauna & Spa



**INTERNATIONAL
INFLUENCERS PROMOTING
SAUNA & HARVIA**

**SAUNA MOVEMENT
IN JAPAN**

**EOS RE-DEFINING
THE SAUNA EXPERIENCE**

Key takeaways

1

Harvia invests in its two global master brands to support the company's growth and productivity development

2

We are building more lifestyle-oriented brands and promoting exciting sauna experiences

3

Developing first-class customer experience for our partners and end consumers is our key priority

4

Great sauna movement is taking place in many markets and social media, and we are driving it further

The Harvia logo consists of the word "HARVIA" in a bold, white, sans-serif font, centered within a solid red square. The background of the entire image is a photograph of a man in a factory setting, wearing a grey t-shirt and a red safety vest, working with a large, reflective metal component. The background is slightly blurred, showing industrial equipment and lighting.

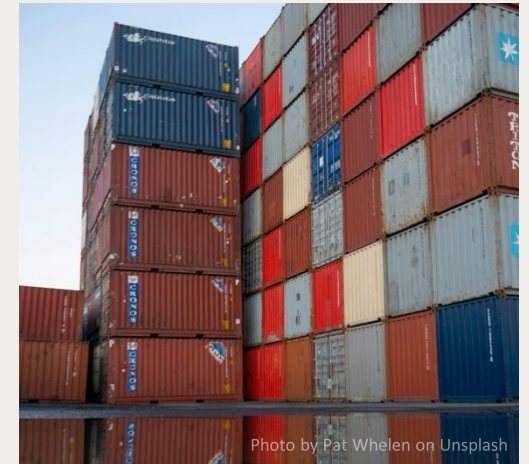
HARVIA

Sauna & Spa

Efficient operations support Harvia's profitability and growth

Mika Suoja, Head of Operations

Harvia's operations consist of four elements



Production

- Own heater, sauna & spa, and component manufacturing
- Two thirds of Harvia Group personnel are blue collar workers
- Strong expertise in production process and production technology development; key functions and capabilities are in-house

Sourcing

- Group level strategic purchasing, unit level operative purchasing – Global reach, local touch
- Direct contacts to manufacturers in all key materials
- Focus on sustainable sourcing

Quality and Environment

- New unit to support new operating model, continuous development of sustainability
- Quality management
- ESG reporting

Supply chain

- Bridge between sales, production and supplier network
- Sales and Operation Planning (S&OP) process
- Agile transport network supported by own logistics centers

Harvia operates a global operations network



Lewisburg factory
Our largest sauna factory serving esp. North America: over 10,000 saunas per year



Driedorf heater & component factory
Specialized in high-end heaters and components



Muurame factory
The world's largest heater and sauna component factory: over 150,000 heaters per year



Gheorgheni factory (Romania)
Sauna factory serving especially the European market



Guangzhou heater & component factory
Specialized in volume heaters and components, serving also Group purchasing

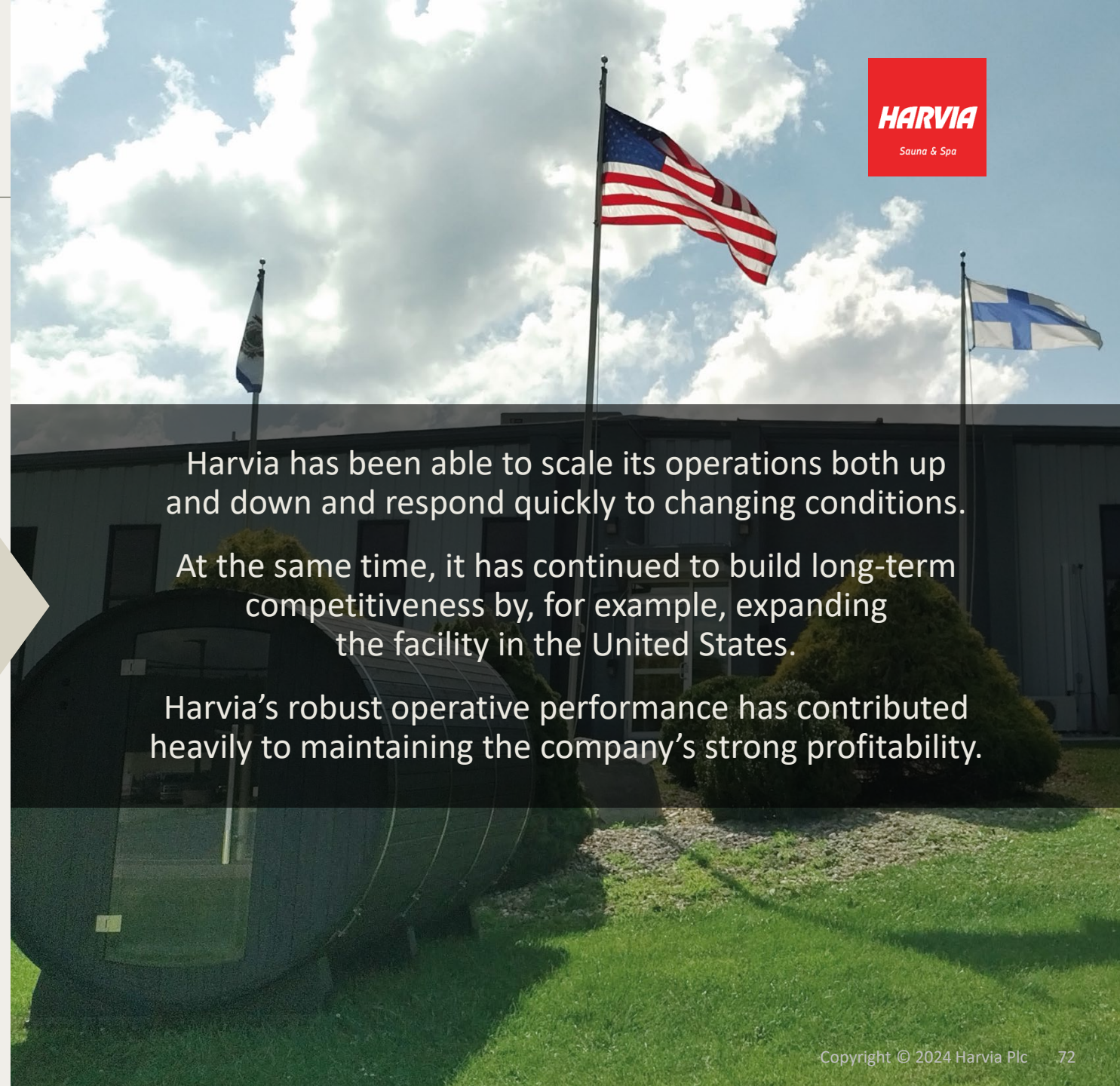
- Heater manufacturing
- Other component / equipment manufacturing
- Sauna / spa manufacturing
- Significant warehousing

Happened recently in our operating environment

Supply chain challenges and price fluctuations in key materials and freight costs in recent years due to, e.g., COVID, the war in Ukraine and Red Sea conflict

Strong fluctuations in demand across regions and customers, and a relatively short-term order book

Increased share of full sauna solutions vs. equipment affecting logistics planning and network, especially in the United States



Harvia has been able to scale its operations both up and down and respond quickly to changing conditions.

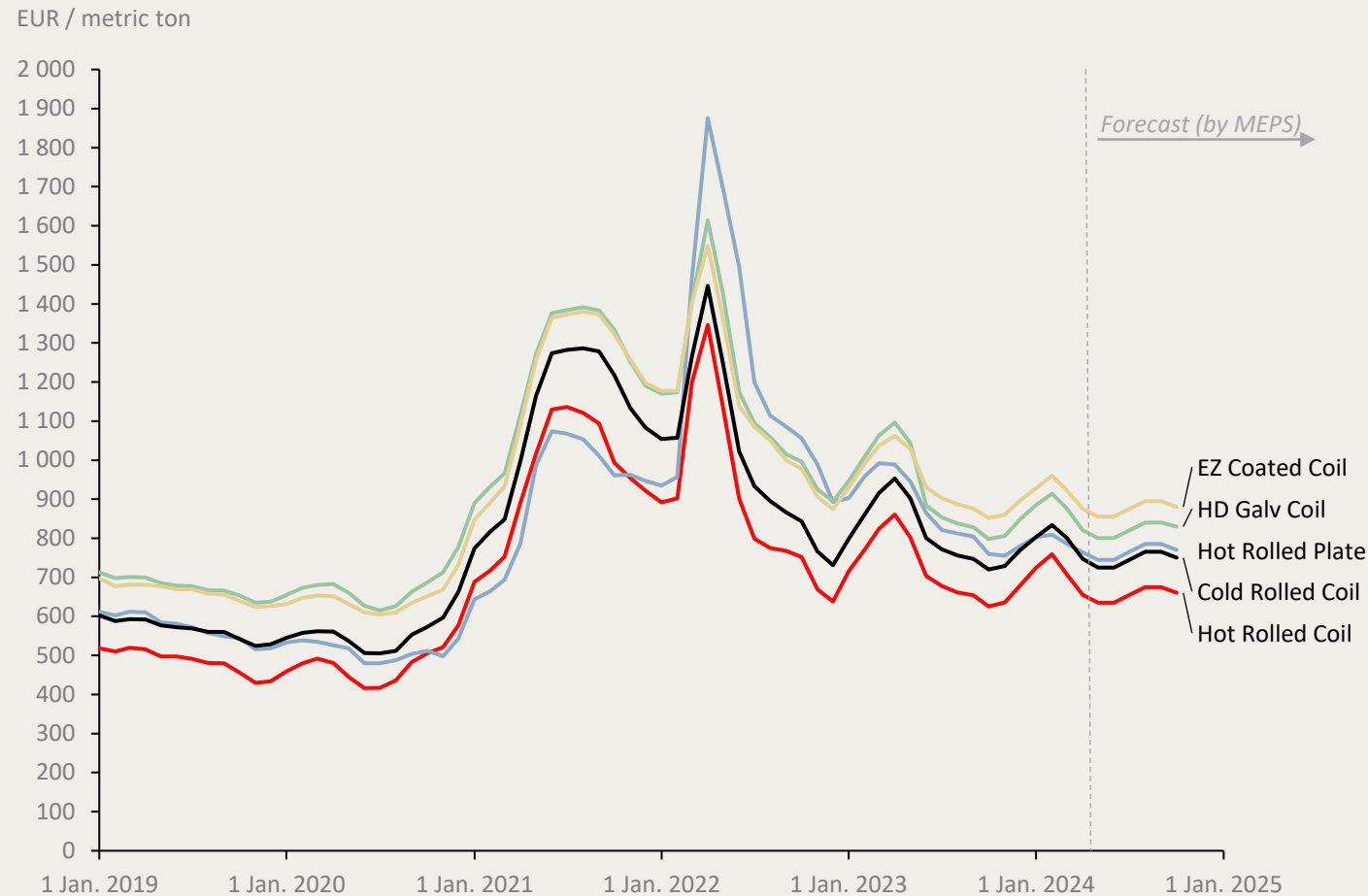
At the same time, it has continued to build long-term competitiveness by, for example, expanding the facility in the United States.

Harvia's robust operative performance has contributed heavily to maintaining the company's strong profitability.

Example: Large fluctuations in steel prices over the years



Development of steel price in EU, 2020–2024



- Rapid price increase in carbon steel in the beginning of 2021, in practice we saw prices go double. Starting from 2023, prices have stabilized, but have remained at >20% above pre-Covid level
- Price of electronics have remained on a high level even if their availability has improved, and lead times returned closer to normal
- Harvia's raw material and component purchases are based on long-term contracts and therefore, do not directly follow market prices, which vary also by market

Key elements in our efficient operations



Element	Advantage for Harvia
<p>Advanced sales & operations planning (S&OP) process Centralized demand planning consisting of day-level order intake analysis, history data, sales forecasting, compared with, e.g., consumer indexes.</p>	<p>➤ Enables proactive inventory management; together with Harvia’s multisite operation model ensures the resilience in supply chain.</p>
<p>Global sourcing strategy Long-term partnerships with chosen core suppliers (steel, electronics), alternative suppliers available. Leaving space for utilizing local networks when beneficial.</p>	<p>➤ Alternative suppliers for key components mitigate risks caused by e.g. geopolitical developments, such as exit from Russia. Harvia can leverage its global market knowledge in sourcing decisions.</p>
<p>Products that are designed for manufacturing Already in product design phase, manufacturability a key factor – ease to source and produce carefully considered.</p>	<p>➤ Enables maintaining and further improving the high productivity in production and sourcing as well as increasing operations robustness and scalability.</p>
<p>Automation and robotics E.g., new automated production cell in Muurame, robotics in material handling and automated painting line in Lewisburg.</p>	<p>➤ Over 25% capacity increases, average annual productivity development of more than 5% during past 3 years. Less material waste, more standardized processes.</p>
<p>Agile transportation network Strong partner network to support region specific requirements; road, sea, air transport supported by own logistic centers in Europe, the U.S. and Asia.</p>	<p>➤ Tight partner network ensures fast communication and decision making, proactive arrangements. Despite recent disturbances (e.g., political strikes, Red Sea, Covid), Harvia has been able to maintain a good performance & serviceability level.</p>

Strategic priorities for Operations

1

Scaling up and automating operations

- Further increasing automation, especially in heater manufacturing
- Capacity expansion in North America, focus also on internal and external logistics in the Lewisburg unit
- Continuous training of personnel, e.g., on utilizing robotics to improve productivity

2

Strengthening Group integration

- Harmonizing processes and systems that support the new operating model and improve efficiency, dynamics and agility in operations
- S&OP / Demand planning – harmonizing operations planning and eliminating overlapping work and materials. Gradual implementation started Q1/24
- Improving quality management by utilizing Group-level data on, e.g., customer feedback

3

Developing sustainability

- Not a separate function but integrated in processes
- Educating suppliers on Harvia commitments; compliance with Code of Conduct a prerequisite for new suppliers
- Online electricity consumption monitoring to further optimize, e.g., factory compressors, air conditioning
- Increasing the use of carbon free energy sources – targeting carbon-neutral operations by 2030
- Optimizing logistics/transportation distances

Key takeaways

HARVIA

Sauna & Spa

1

Customer and user experience (internal and external customers and users) present in all decision-making processes in Harvia Group operations

2

Harvia operations in North America function very well and are scalable. In addition, other Group units can support the growth in North America

3

Purchasing & supplier network as well as logistics are constantly optimized in line with volume and sales growth and market conditions

4

Group perspective and sustainability commitments are present in all investment and development planning

5

Daily and long-term decision-making in Harvia's operations are supported by KPIs and performance data

Closing words

Matias Järnefelt, CEO



Recap: Our targets for today

HARVIA

Sauna & Spa

- 1 Share our view on the market, key trends and opportunities
- 2 Present our updated strategy and long-term financial targets
- 3 Provide a deeper view on selected high-priority business topics
- > **We want to support investors in assessing Harvia as an investment case**

OUR STRATEGIC ROLE

Shaping the global sauna market so that everyone has a reason to experience sauna

Harvia's updated strategic focus areas

HARVIA
Sauna & Spa

Delivering
the full sauna experience

Winning
in strategically important
markets

Leading
in key channels

Best-in-class operations & great people

Harvia's updated long-term financial targets reflect our growth ambition

GROWTH

10%

Average annual revenue growth

PROFITABILITY

>20%

Adjusted operating profit margin¹

LEVERAGE

<2.5x

Net debt/adjusted EBITDA²

1) Adjusted operating profit is operating profit before items affecting comparability.
2) Excluding the future impacts of changes in IFRS reporting standards.

A modern bathroom with dark marble walls, a wooden vanity, and a shower area with a digital display showing 28°C.

Thank you

for participating
in Harvia's
Capital Markets Day!