



*Healing with heat*

# **HARVIA PLC INTERIM REPORT**

**JANUARY–MARCH 2024**

**STRONG PROFITABILITY — GOOD  
GROWTH OUTSIDE EUROPE**

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**Matias Järnefelt, CEO**

**Ari Vesterinen, CFO**

**3 MAY 2024**





# HIGHLIGHTS



## Good revenue growth outside Europe

- Revenue increased by 2.3% to EUR 42.4 million, organic growth was 1.4%. Some impact from the political strikes in Finland
- Strong sales development in both North America and APAC-MEA
- Challenging market conditions in Northern Europe. Market stabilization in Central Europe, but demand is not yet on its normal long-term level
- Good performance in North America continued to support sauna room sales, weakness in Northern Europe impacted especially wood-burning heater sales

## Profitability and cash flow on a strong level

- Q1 adjusted operating profit was EUR 10.1 million growing 8.7% from last year. Adjusted operating profit margin 23.8% of the revenue
- Cash flow on a high level, cash conversion 95.0%
- Excellent performance across operations and in pricing was reflected in profitability and cash flow, support also from decreasing inflation in key materials and components in some market areas

## Focus on driving growth

- Accelerating growth is our key priority, while also maintaining strong profitability and operative performance
- Harvia has purchased additional land around our factory in North America to support strategic development of the site
- The long-term outlook of the sauna and spa market remains favorable with many opportunities for Harvia in both organic and inorganic growth





## Q1 2024: STRONG PROFITABILITY CONTINUED



- **Revenue** increased by 2.3% to EUR 42.4 million (41.4) compared to the first quarter of 2023. At comparable exchange rates, revenue increased by 2.7% to EUR 42.5 million. Organic revenue growth was 1.4%.
- **Operating profit** was EUR 9.9 (9.2) million, making up 23.3% (22.2) of the revenue.
- **Adjusted operating profit** was EUR 10.1 million (9.3), making up 23.8% (22.4) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 10.2 million (24.0% of the revenue).
- **Earnings per share** were EUR 0.40 (0.34).
- **Operative free cash flow** was EUR 11.1 million (11.6).
- **Net debt** was EUR 26.5 million (45.8) and **leverage** 0.6 (1.1).
- **Equity ratio** was 52.4% (49.3%).



# SYSTEMATIC EXECUTION OF STRATEGY



## Increasing the value of the average purchase

- North America's strong performance continued to support overall sauna room sales and average purchase growth
- Sales performance in premium and professional portfolio improving, especially in Central Europe
- Work ongoing to deliver exciting and more sustainable new solutions to the market



## Geographical expansion

- Markets outside Europe key drivers for Harvia's sales performance in Q1
- Expansion in many markets outside Europe progressing well and showing excellent results
- Further growth actions targeted to key markets outside Europe, but opportunities also in Europe



## Productivity improvement

- Excellent operative performance from team Harvia visible in strong profitability and cash flow
- Purchase of land next to our production facility in West Virginia supports North America's long-term growth
- New organizational model, effective from 1 January 2024, well implemented

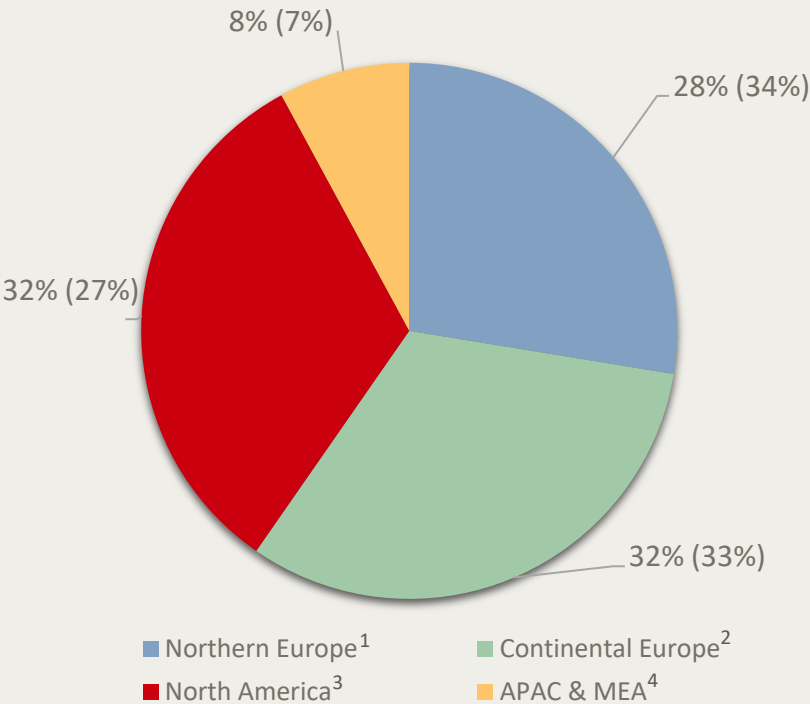


# Q1 2024: GROWTH IN NORTH AMERICA AND DECLINE IN NORTHERN EUROPE REFLECTED IN THE REVENUE SPLIT OF SALES REGIONS

Harvia has adjusted its revenue reporting. Starting from the first quarter of 2024, Harvia reports its revenue as presented below.



Revenue by sales region, %



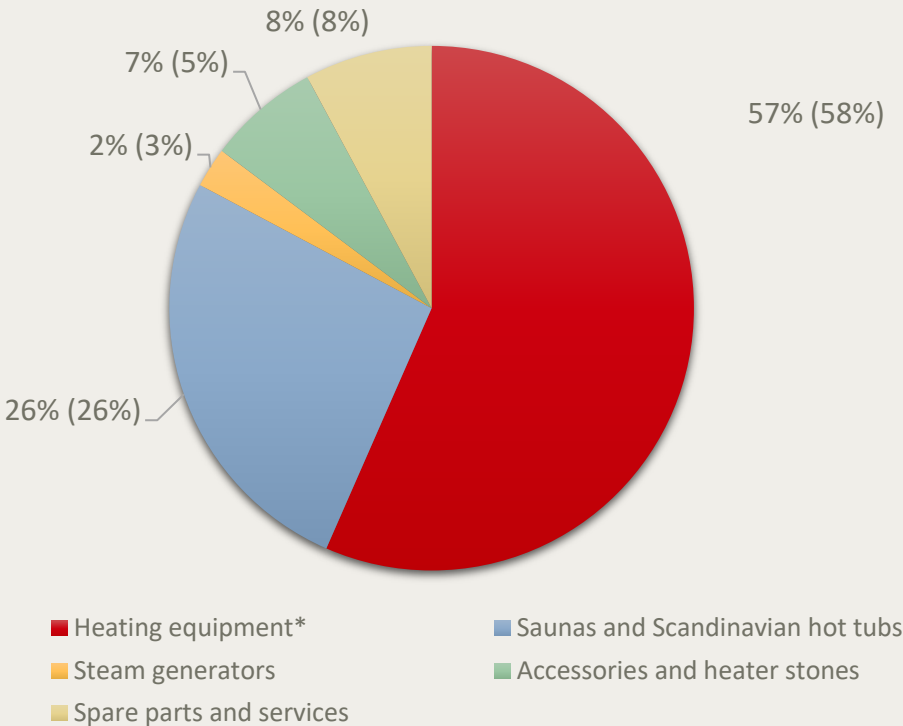
- Revenue increased by 2.3% to EUR 42.4 million (41.4).
- Revenue increased in North America by 23.7%, in Asia Pacific, Middle East and Africa by 22.7% and in Continental Europe by 0.7%. In Northern Europe, revenue decreased by 17.0%.

1) Finland, Sweden, Denmark, Norway, Iceland, Estonia, Latvia, Lithuania  
2) Europe excluding countries specified as Northern Europe

3) The United States and Canada

4) The region Asia-Pacific, Middle East, Africa, and all other countries excluding above

Revenue by product group, %



- Revenue increased in saunas and Scandinavian hot tubs as well as in accessories and heater stones.
- Growth in North America supported especially the sales of sauna rooms, which form the majority of sales in North America.

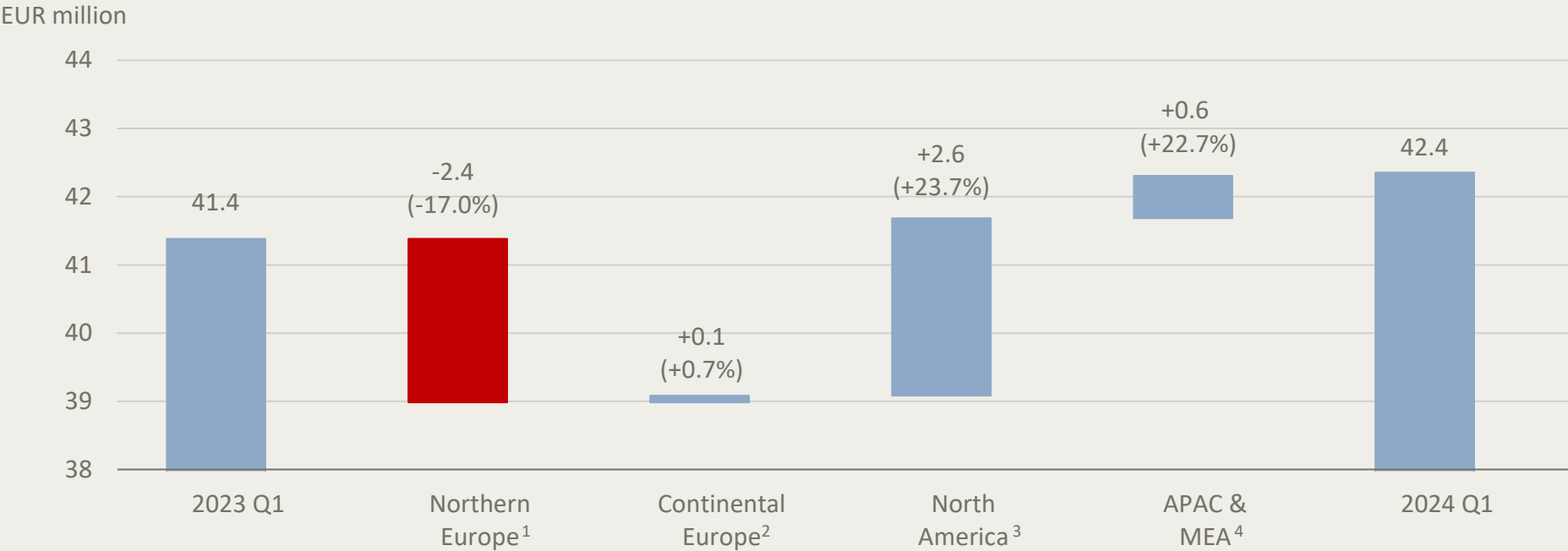
\* Sauna heaters, control units, IR components

# Q1 2024: STRONG GROWTH NORTH AMERICA AND APAC & MEA, CONTINENTAL EUROPE FLAT, DECLINE IN NORTHERN EUROPE



Harvia has adjusted its revenue reporting. Starting from the first quarter of 2024, Harvia reports its revenue as presented below.

## Revenue by sales region 1–3/2023 vs 1–3/2024



- Organic revenue growth was 1.4%.
- Strong sales growth in North America and the APAC & MEA region.
- Difficult market conditions, including construction sector weakness and restructuring actions at some major customers, visible in declining sales in Northern Europe.

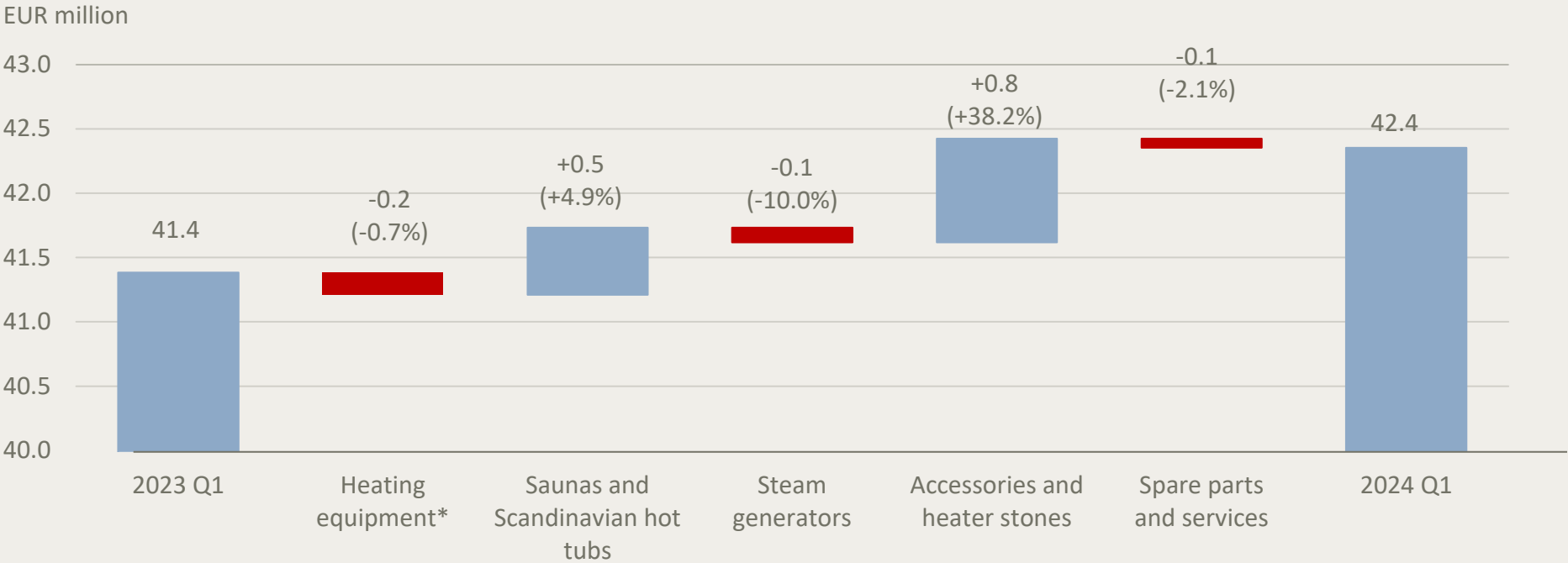
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# Q1 2024: GROWTH IN SAUNAS AND SCANDINAVIAN HOT TUBS AS WELL AS IN ACCESSORIES AND HEATER STONES



Harvia has adjusted its revenue reporting. Starting from the first quarter of 2024, Harvia reports its revenue as presented below.

## Revenue by product group 1–3/2023 vs 1–3/2024



- Revenue grew in saunas and Scandinavian hot tubs as well as in accessories and heater stones.
- North American performance supported the sales of sauna rooms, which form majority of sales in North America.
- The decline in other product groups was driven by the difficult market environment in Northern Europe.

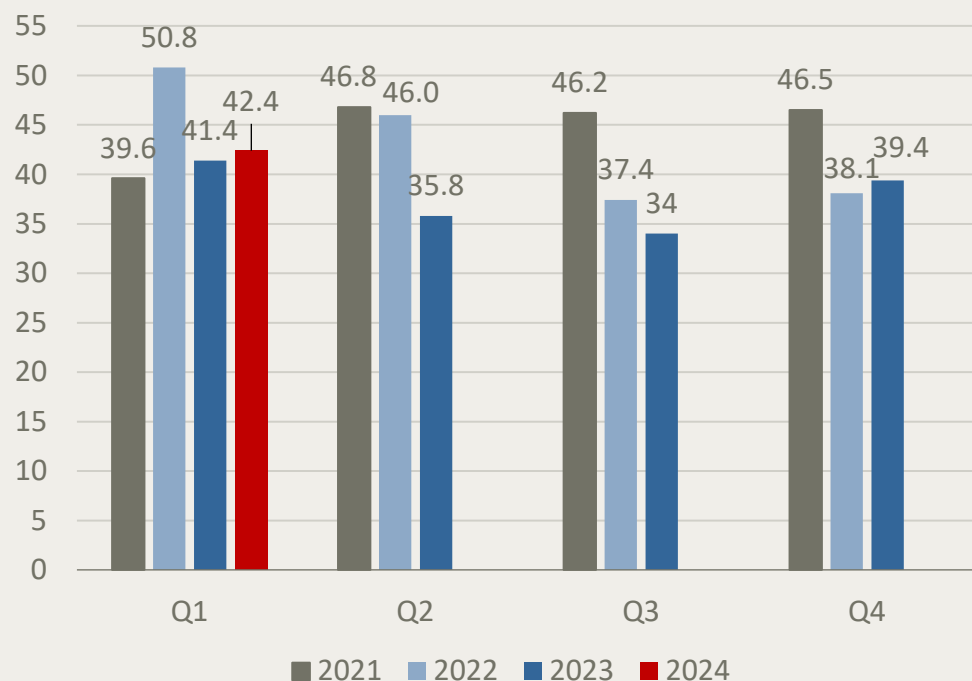
\* Sauna heaters, control units, IR components

# REVENUE AND ADJUSTED OPERATING PROFIT



## Revenue

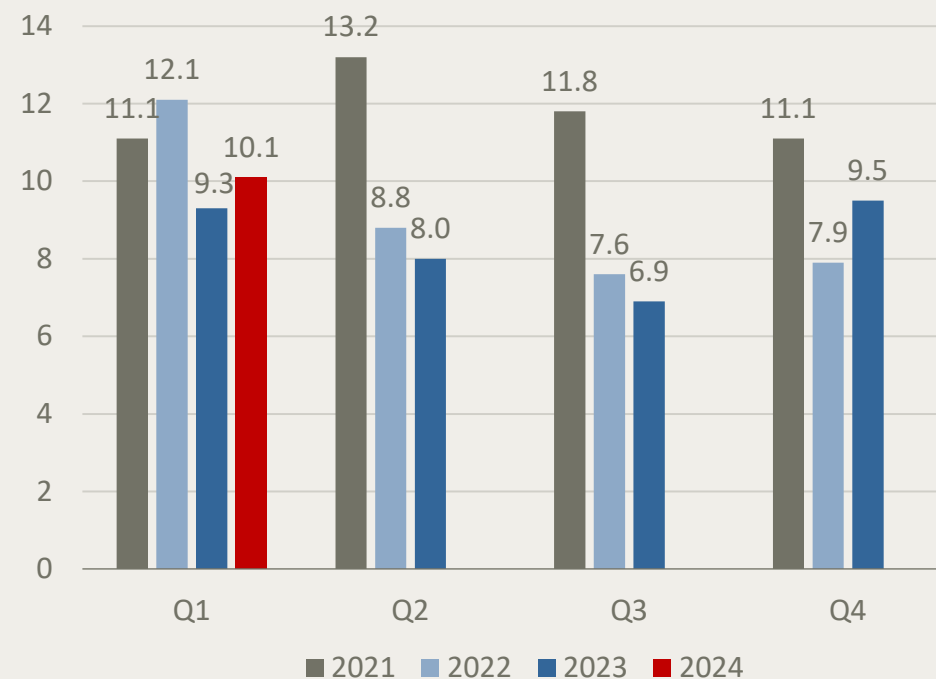
EUR million



- The Group's revenue increased in January–March by 2.3% to EUR 42.4 million (41.4).
- At comparable exchange rates, Q1 revenue increased by 2.7% and was EUR 42.5 million.

## Adjusted operating profit

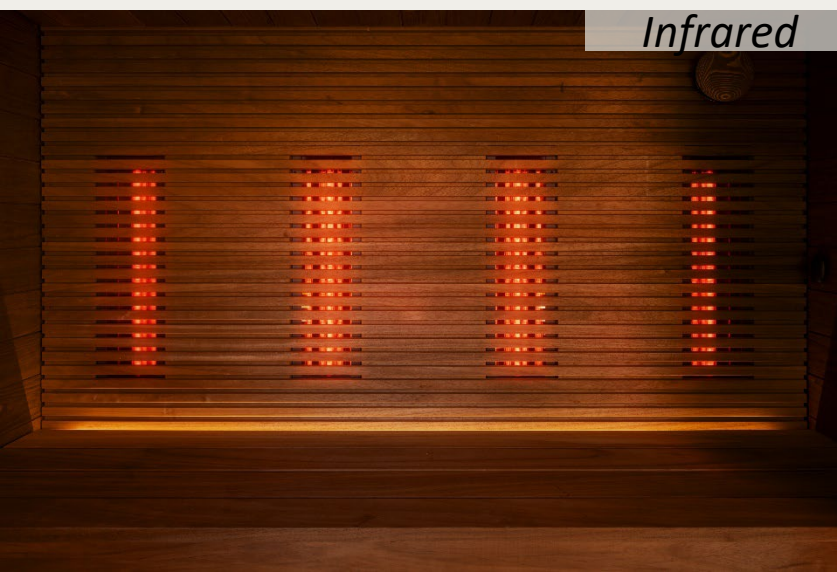
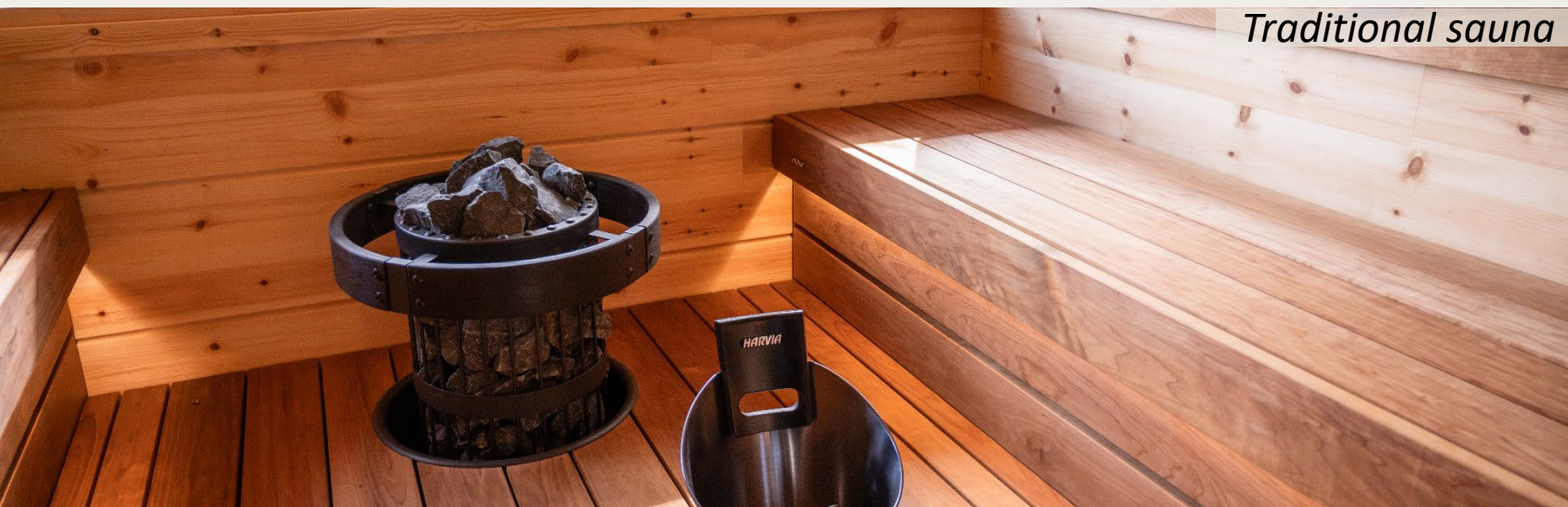
EUR million



- Adjusted operating profit increased to EUR 10.1 million (9.3), making up 23.8% (22.4) of the revenue in the first quarter.



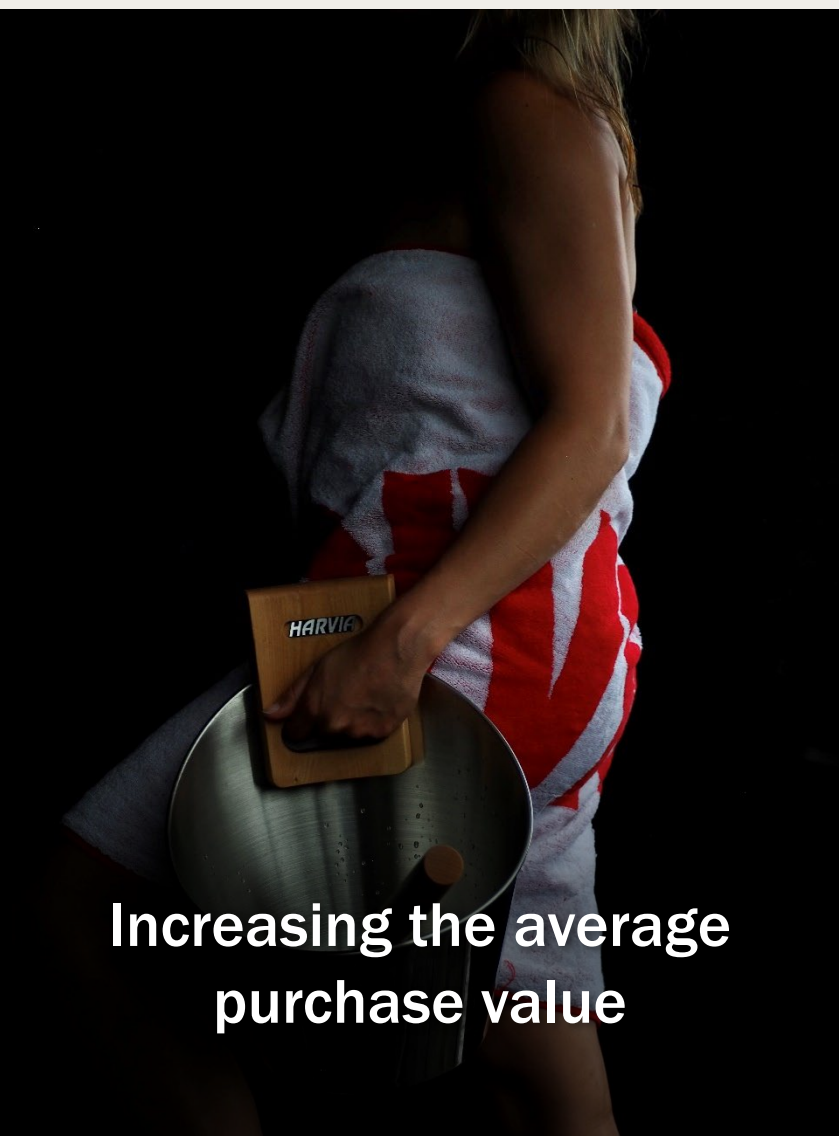
# PRODUCTS FOR ALL THREE SAUNA TYPES AND ALL CULTURES



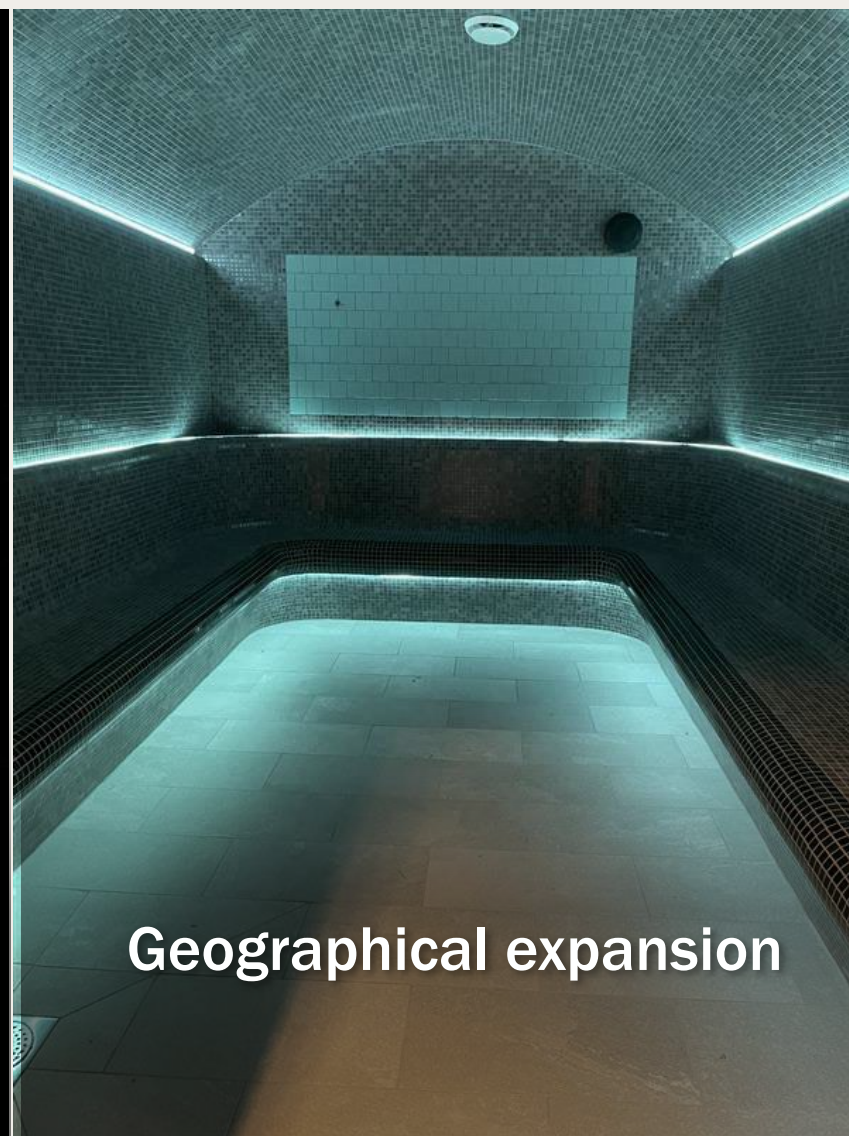
Harvia's diverse product offering covers all three sauna types and meets the needs of both private and professional customers



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



Increasing the average  
purchase value



Geographical expansion



Productivity improvement



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 modern outdoor sauna with dark vertical slats and large glass windows. A fire is visible inside the sauna. To the left of the sauna is a swimming pool with a small waterfall feature. The pool is surrounded by a stone wall and lush greenery. To the right of the sauna is a wooden table and chairs under a large white umbrella. The ground is paved with large, irregular stone tiles. The scene is set at dusk or dawn, with soft lighting.

# FINANCIALS

## ARI VESTERINEN, CFO



# HARVIA'S KEY FIGURES IN THE REPORTING PERIOD



Million EUR	1-3/2024	1-3/2023	Change	1-12/2023
Revenue	42.4	41.4	2.3%	150.5
Adjusted EBITDA*	11.7	10.8	8.0%	39.9
% of revenue	27.6%	26.2%		26.5%
Adjusted operating profit*	10.1	9.3	8.7%	33.7
% of revenue	23.8%	22.4%		22.4%
Basic EPS (EUR)	0.40	0.34	19.4%	1.25
Operating free cash flow	11.1	11.6	-4.6%	44.6
Investments in tangible and intangible assets	-2.2	-0.3	657.9%	-3.1
Net debt	26.5	45.8	-42.2%	37.6
Leverage	0.6	1.1		0.9
Net working capital	34.9	43.6	-19.9%	36.1
Adjusted return on capital employed (ROCE)	47.1%	49.3%		44.2%
Equity ratio	52.4%	49.3%		51.0%
Number of employees at end of period	625	624	0.2%	605

\* Adjusted by items affecting comparability related mainly to acquisitions, divestments of subsidiaries and restructuring.

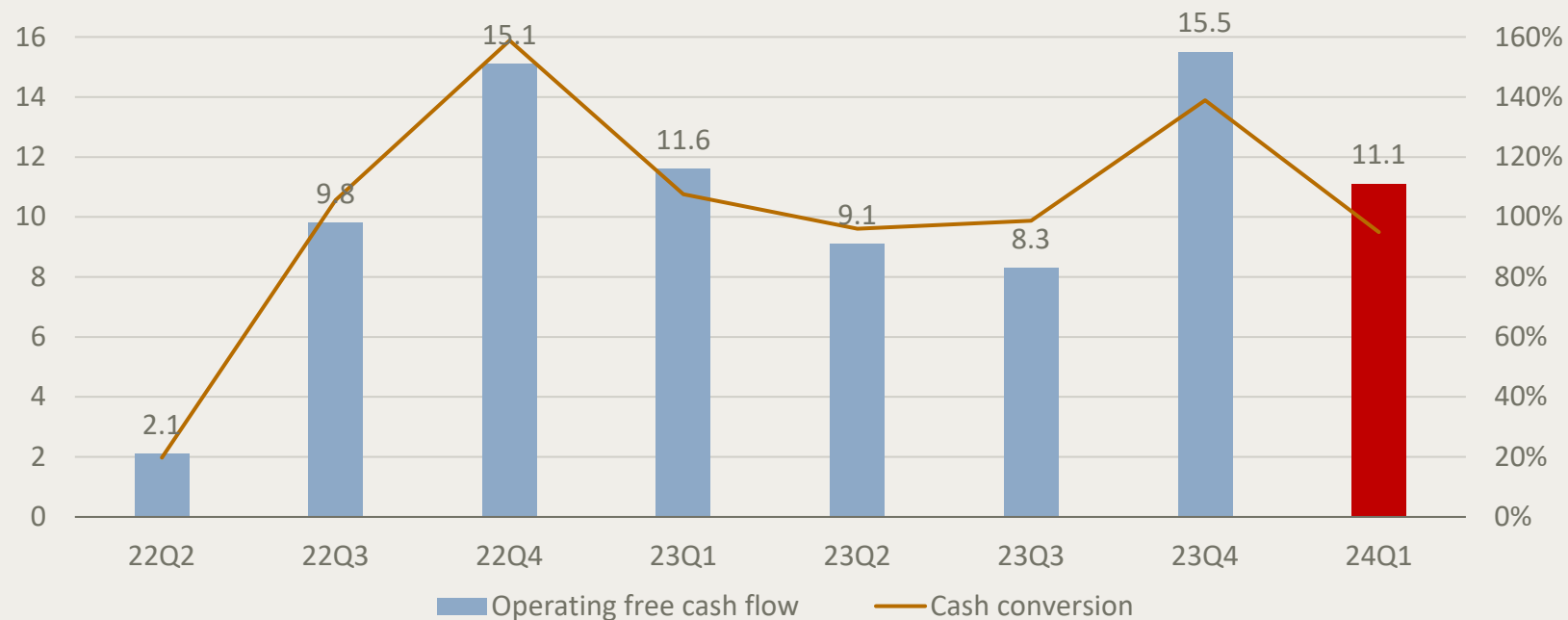


# OPERATING FREE CASH FLOW AND CASH CONVERSION ON A STRONG LEVEL



## Operating free cash flow and cash conversion\*

EUR million



- In the review period, the company's operating free cash flow was EUR 11.1 million (11.6) and cash conversion 95.0% (107.6).
- The strong free cash flow in previous quarters was driven by decrease in net working capital and low level of investments.

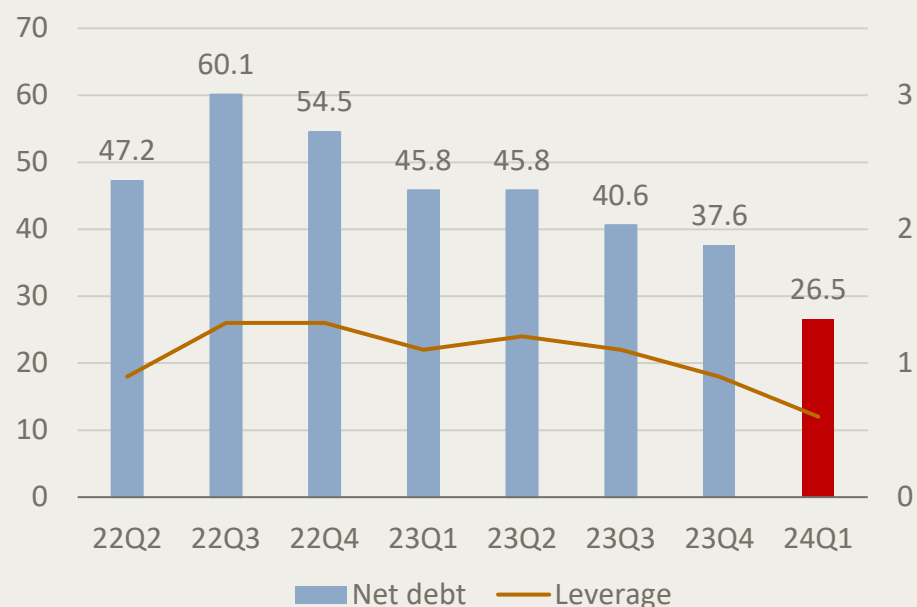
\* Cash conversion defined as operating free cash flow divided by adjusted EBITDA

# HARVIA'S NET DEBT CONTINUED TO DECLINE



## Net debt and leverage

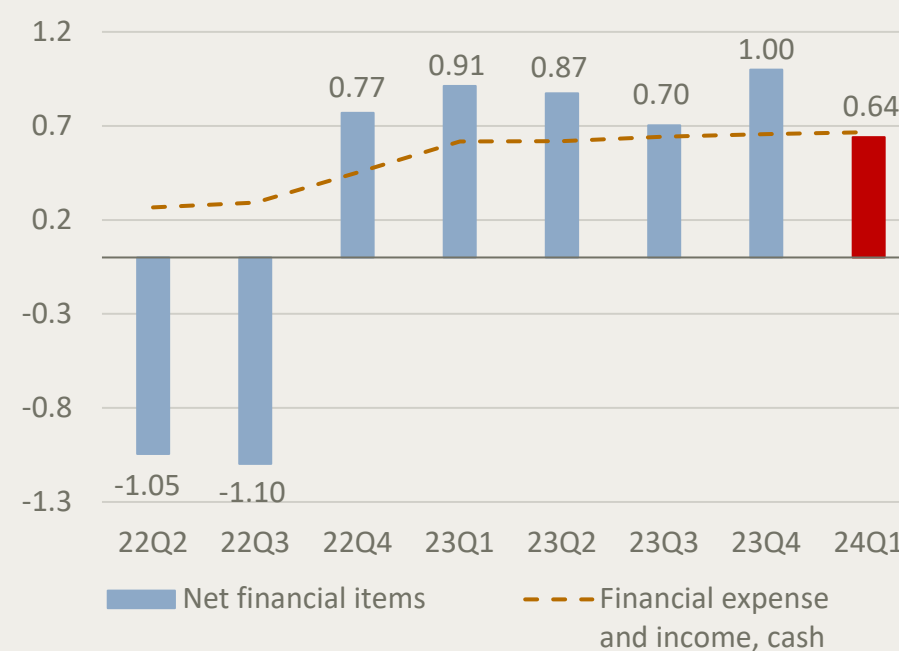
EUR million



- At the end of March 2024, the company's net debt amounted to EUR 26.5 million (45.8). Loans from credit institutions were EUR 75.4 million (75.4), and lease liabilities were EUR 2.6 million (2.3). Cash and cash equivalents were EUR 51.5 million (31.9).
- Leverage was 0.6 (1.1).

## Net financial items

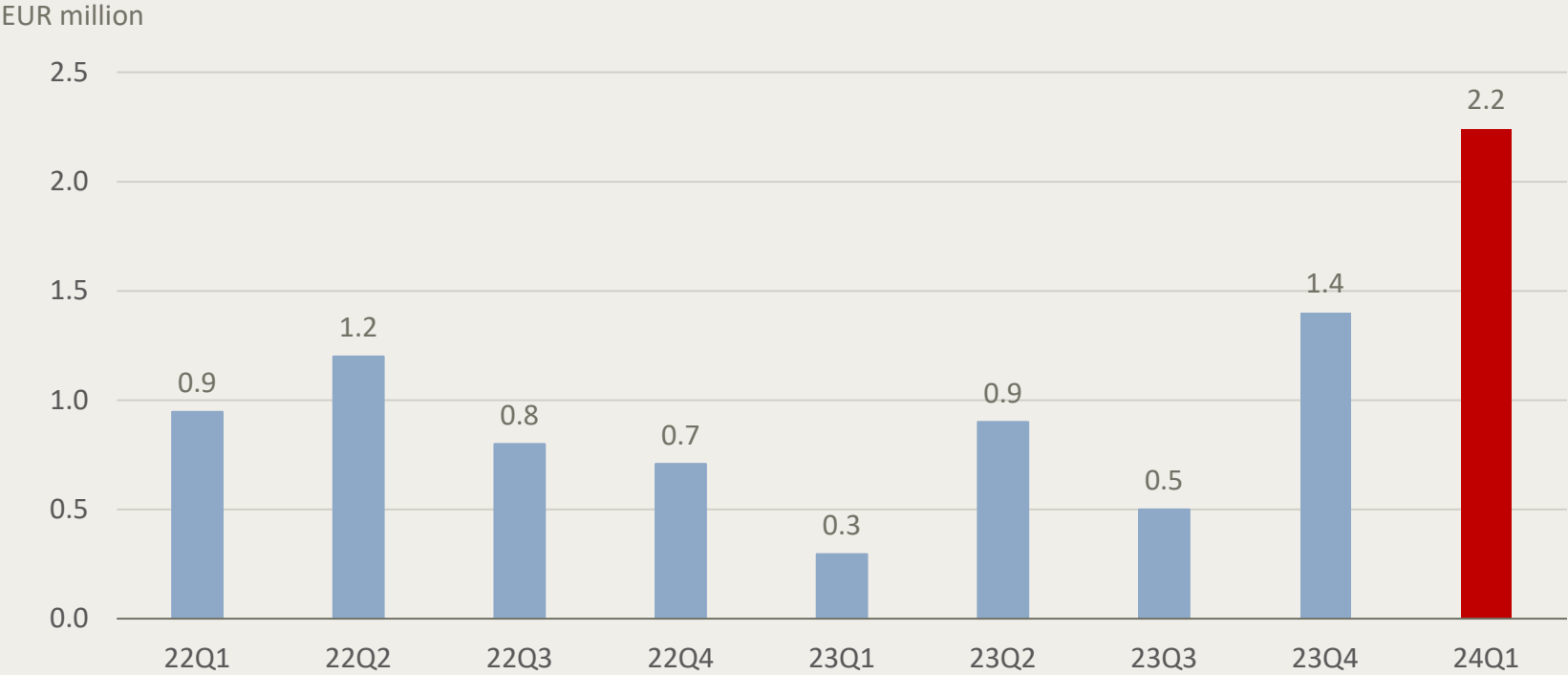
EUR million



- Fluctuation in the net financial items is due to changes in the fair value of Harvia's interest rate swap. Changes in fair value of the swap have no cash flow impact.



## Investments in tangible and intangible assets

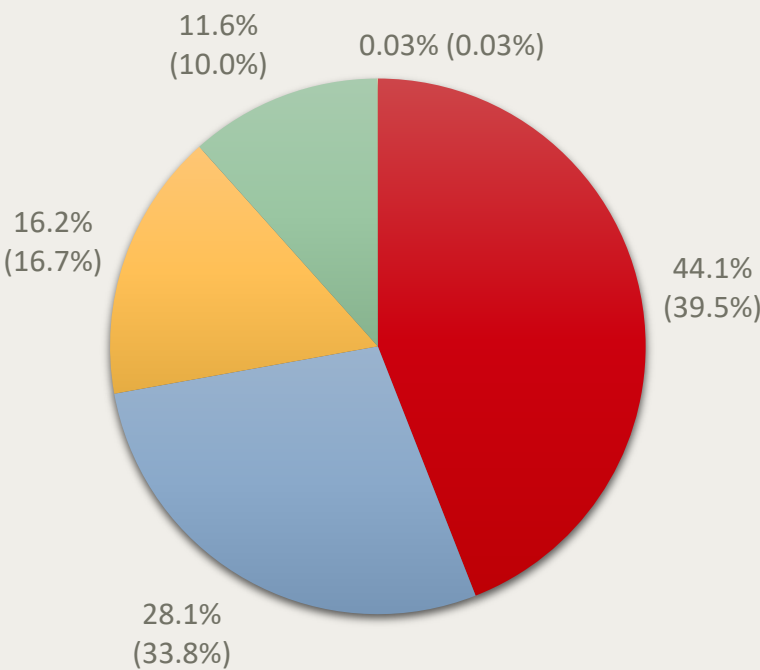


- During the review period, Harvia purchased 8.7 hectares of land around the production facility in West Virginia to secure strategic development opportunities for the fast-growing North American market.

# HARVIA'S SHAREHOLDERS (31 MARCH 2024)

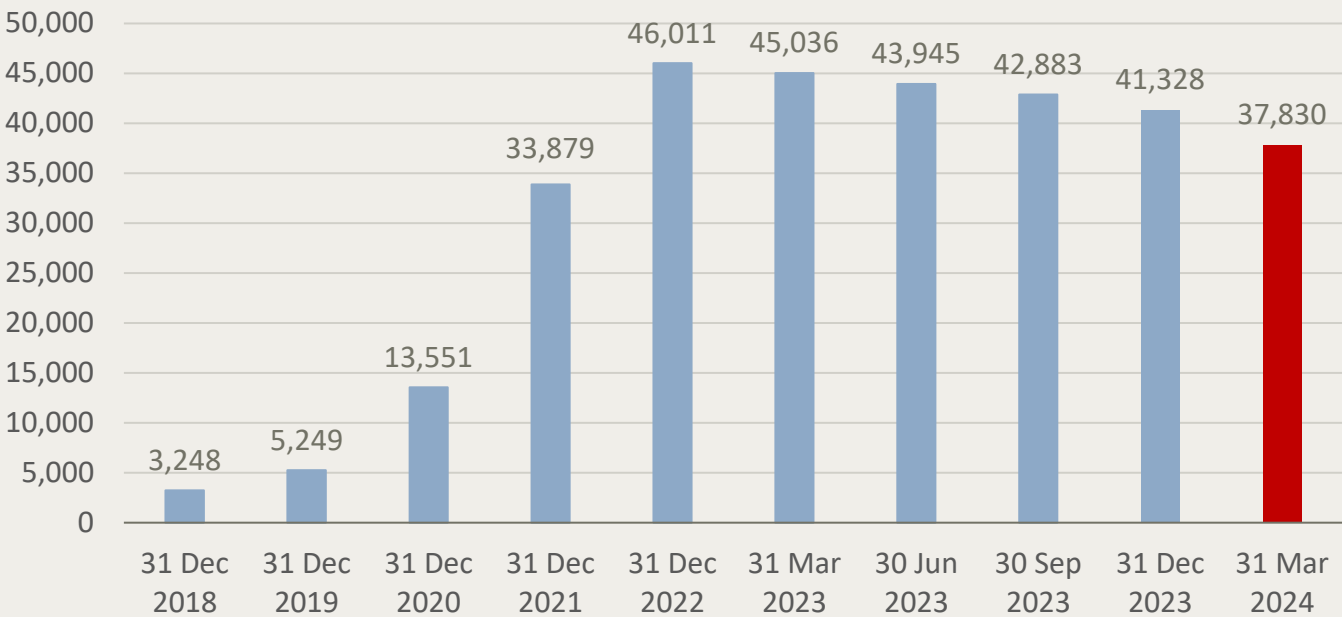


Distribution by Segment



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

Number of Shareholders



- On 31 March 2024, the number of shareholders totaled 37,830 (including nominee registers).
- Harvia held a total of 5,072 own shares. The shares correspond to 0.03% of the total number of shares.
- The shareholding of the Board of Directors, management and personnel was 3.2%.
- The market value of Harvia's share capital on 31 March 2024 was EUR 716.4 million (409.8).

# HARVIA'S LONG-TERM FINANCIAL TARGETS



## GROWTH

**>5%**

Average annual revenue  
growth

## PROFITABILITY

**>20%**

Adjusted operating profit  
margin\*

## LEVERAGE

**1.5x–2.5x**

Net debt/adjusted EBITDA\*\*

Harvia does not publish a short-term outlook.

## HARVIA'S DIVIDEND POLICY

- Regularly increasing dividend
- Bi-annual payout

\* Adjusted operating profit is operating profit before items affecting comparability.

\*\* Excluding the future impacts of changes in IFRS reporting standards.





# ORGANIZATIONAL AND MANAGEMENT CHANGES



- Harvia implemented the new organizational structure, effective from 1 January 2024. The new organization structure consists of four geographical sales regions, five Group functions and EOS Brands and Products.
- Harvia announced on 26 January 2024 a key recruitment to the new organization by appointing Jennifer Thayer as Head of Region North America and a member of Harvia's Management Team. She started in the position on 1 February 2024.



## DISTRIBUTION OF DIVIDEND EUR 0.68 PER SHARE



- The Annual General Meeting held on 26 April 2024 approved the Board of Directors' proposal that EUR 0.68 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 0.34 per share, will be paid on 8 May 2024 to shareholders who were registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date of the dividend of 30 April 2024.
- The second installment, EUR 0.34 per share, will be paid in October 2024.



# Q & A



A photograph of a wooden sauna interior. The walls are made of vertical wooden slats, and the benches are made of horizontal wooden planks. Two vertical infrared heaters are visible in the background, glowing with a red light. A grey towel is draped over the upper bench. In the foreground, a black pot with a wooden handle and two small bottles of sauna oil sit on a bench. To the right, a black metal stone basket filled with smooth grey stones is visible. A red square logo with the word 'HARVIA' and 'Sauna & Spa' is in the top right corner. The slogan 'Healing with heat' is written in a script font below the logo. A small clock is mounted on the wall above the towel. The 'HARVIA' brand name is also visible on the side of the upper bench.

**HARVIA**

Sauna & Spa

*Healing with heat*

HARVIA