HARVIA PLC

FINANCIAL STATEMENTS BULLETIN 2024

Healing with heat

STRONG REVENUE GROWTH AND EXCELLENT CASH FLOW IN Q4 2024 – FULL YEAR GROWTH AND PROFITABILITY ON LONG-TERM TARGET LEVEL

HIGHLIGHTS OF THE REVIEW PERIOD

OCTOBER–DECEMBER 2024:

- Revenue increased by 29.3% to EUR 51.0 million (39.4). At comparable exchange rates, revenue increased by 28.0% to EUR 50.4 million. Organic revenue growth was 21.7%.
- Operating profit was EUR 8.4 million (9.2), making up 16.5% (23.4%) of the revenue.
- Adjusted operating profit was EUR 8.7 million (9.5), making up 17.1% (24.2%) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 8.4 million (16.6% of the revenue).
- Operating free cash flow amounted to EUR 15.0 million (15.5) and cash conversion was 140.3% (138.9%). The operating free cash flow and cash conversion were supported by the changes in net working capital, namely the decrease in trade and other receivables and increase in trade and other payables.

JANUARY–DECEMBER 2024:

- Revenue increased by 16.4% to EUR 175.2 million (150.5). At comparable exchange rates, revenue increased by 16.2% to EUR 175.0 million. Organic revenue growth was 12.9%.
- Operating profit was EUR 35.5 million (33.0), making up 20.3% (21.9%) of the revenue.
- Adjusted operating profit was EUR 37.1 million (33.7), making up 21.2% (22.4%) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 36.9 million (21.1% of the revenue).
- Operating free cash flow amounted to EUR 35.0 million (44.6) and cash conversion was 79.4% (111.7%).
- Net debt amounted to EUR 57.2 million (37.6), and leverage, calculated as net debt divided by last 12 months' adjusted EBITDA, was 1.3 (0.9).
- Equity ratio was 47.2% (51.0%).
- Earnings per share were EUR 1.30 (1.25).
- The Board of Directors' dividend proposal is EUR 0.75 (0.68) per share in total, to be paid in two instalments.

KEY FIGURES

EUR million	10-12/2024	10-12/2023	Change	1-12/2024	1-12/2023	Change
Revenue	51.0	39.4	29.3%	175.2	150.5	16.4%
EBITDA	10.4	10.8	-4.1%	42.4	39.3	8.0%
% of revenue	20.4%	27.5%		24.2%	26.1%	
Items affecting comparability *	0.3	0.3	-4.7%	1.6	0.6	157.9%
Adjusted EBITDA **	10.7	11.1	-4.1%	44.1	39.9	10.4%
% of revenue	21.0%	28.3%		25.1%	26.5%	
Operating profit	8.4	9.2	-8.7%	35.5	33.0	7.4%
% of revenue	16.5%	23.4%		20.3%	21.9%	
Adjusted operating profit **	8.7	9.5	-8.6%	37.1	33.7	10.2%
% of revenue	17.1%	24.2%		21.2%	22.4%	
Basic EPS (EUR)	0.29	0.39	-24.7%	1.30	1.25	4.2%
Operating free cash flow	15.0	15.5	-3.1%	35.0	44.6	-21.5%
Cash conversion	140.3%	138.9%		79.4%	111.7%	
Investments in tangible and intangible assets	-1.8	-1.4	27.2%	-6.1	-3.1	96.8%
Net debt	57.2	37.6	52.3%	57.2	37.6	52.3%
Leverage	1.3	0.9		1.3	0.9	
Net working capital	45.0	36.1	24.4%	45.0	36.1	24.4%
Adjusted return on capital employed (ROCE)	45.5%	44.2%		45.5%	44.2%	
Equity ratio	47.2%	51.0%		47.2%	51.0%	
Number of employees at end of period	696***	605	15.0%	696***	605	15.0%

* 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.

*** Includes the personnel of ThermaSol Steam Bath LLC, totaling 39 employees on 31 December 2024.

FINANCIAL TARGETS AND OUTLOOK

The company has set long-term targets related to growth, profitability and leverage. In May 2024, Harvia's long-term financial targets were adjusted to reflect the company's growth ambitions. Harvia targets an average annual revenue growth of 10%, an adjusted operating profit margin exceeding 20%, and a net debt/adjusted EBITDA below 2.5x. The future impacts of changes in IFRS accounting standards have been excluded from 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:

In the final quarter of 2024, Harvia achieved significant acceleration in growth while driving strategic initiatives aimed at supporting future expansion. Costs related to the growth initiatives as well as strong demand triggered by our winter campaigns with lower gross margin had an impact on the EBIT margin which was below our long-term target level.

Harvia's revenue in the fourth quarter increased by 29.3% from the comparison period and amounted to EUR 51.0 million, an all-time quarterly sales record for Harvia. Geographically, our sales growth was especially strong in North America as well as in Asia-Pacific and the Middle East. In addition, the acquisition of ThermaSol in July contributed to Harvia's overall growth. Organic revenue growth was 21.7%.

The market conditions in the fourth quarter remained largely unchanged from the first nine months of the year, with the most positive momentum in North America and APAC & MEA, where we also managed to grow strongly across product groups. In North America, we continued to see large interest towards sauna products and increased awareness of sauna's health benefits as the high-demand winter season kicked off. During the quarter, Harvia achieved excellent order volumes from campaigns, such as Black Friday and Cyber Monday special offers. In APAC & MEA, we delivered strong sales growth in several strategically important markets. The favorable timing of certain large project deliveries further supported Harvia's fourth quarter sales in the region.

In Europe, the market conditions remained rather challenging despite positive development especially in the professional and more high-end segments, where we continued to achieve solid sales growth with EOS-branded products especially in Continental Europe. In Northern Europe, the market has been challenging for a long time. This is true particularly for Finland, where low activity in the construction and housing market as well as weak consumer confidence have put significant pressure on our sales throughout the year. Despite the challenges, the region of Northern Europe managed to deliver slight growth in the fourth quarter, driven by Scandinavia and the Baltics, while sales in Finland continued to decline.

The fourth quarter's adjusted operating profit was EUR 8.7 million, a decrease of 8.6% year-on-year. The adjusted operating profit margin was 17.1%. Harvia's profitability was weakened by the large share of lower-margin campaign sales especially in North America as well as significant, partially one-off sales and marketing actions, such as several large trade fairs. Consistent with our efforts throughout the year, we continued to strengthen our organization and drive portfolio development alongside with innovation efforts. While these initiatives are important to drive long-term growth and competitiveness, they increase operating expenses in the short term. The integration of ThermaSol progressed well during the quarter. However, the acquisition had a small negative effect on our fourth quarter profitability as the company has lower profit margin than the group average and delivering full synergies takes some time, as expected.

Harvia's operating free cash flow in the fourth quarter amounted to EUR 15.0 million, and cash conversion was 140.4%. The high cash flow was supported especially by the favorable development in accounts payable and accounts receivable. Our strong sales performance in North America had a positive impact on our cash flow, as a significant part of our orders in the region were paid when ordering. To meet market demand, we deliberately increased our inventories ahead of the high-demand winter season especially in North America and continued to build up the inventory until November. The inventory levels started decreasing in December as the high-selling season started, but at the year end, they were still higher than at the end of Q3. During the quarter, we also continued to make some investments into our production facilities to further improve our operational efficiency and production capacity.

Going forward, we are fully focused on driving profitable growth and strengthening our position as the global sauna market leader. Reaching our long-term profitability target of over 20% adjusted EBIT is very important for us. North America and APAC & MEA continue to be our largest growth drivers and will be the key priority of our growth efforts also in the future. In Europe, we are working hard to achieve higher levels of sales, even if the market conditions have not provided us with any tailwind. Strengthening our portfolio and digital capabilities has a key role in building more innovative and sustainable offering and securing our future success. During the quarter, we launched several new products to the market, and I am glad to see that our innovation pipeline keeps developing well.

2024 was a strong year for Harvia. We succeeded in turning our revenue back to growth after two years of decline and we met our updated long-term financial target level also in terms of profitability and balance sheet. During the year, North America continued to fortify its position as our largest reported market region. In addition to delivering strong organic growth, we also took an important step in actively driving market consolidation when acquiring the Texas-based high-end steam solutions manufacturer ThermaSol in July. The acquisition further strengthens Harvia's foothold in North America as well as our capabilities in steam and digital. I want to thank the entire team Harvia and our partners for their good work through 2024. Year 2025 is the 75th anniversary year for Harvia. We are proud of our rich heritage as a pioneer in the sauna business and are looking forward to the next chapter of Harvia's development. Harvia starts the new year from an excellent position.

MARKET REVIEW

According to Harvia's estimate, the global sauna market is approximately EUR 3.5 billion in value and there are over 18 million saunas in the world. The total market value is driven by both the growing installed base of saunas as well as the significant aftermarket for saunas and sauna heaters. Clear majority of the global installed base is in Europe with Finland, Germany and Russia being the countries with most saunas. Traditional saunas make up most of the sauna market globally and especially in Europe, whereas infrared and steam saunas form a significant part of the market especially in North America and Asia. In Europe, the sauna market demand is driven especially by the need to replace sauna heaters regularly, which increases the resilience of the sauna market in economic downturns. In addition to the key European countries, United States is one of the largest sauna markets, but there the market size and growth is driven primarily by the increasing installed base of saunas.

Historically, the sauna market has grown annually by an average of 5% and has witnessed some seasonality with slightly stronger demand in the early and late part of the year and lower demand during the summer months. However, the market growth and seasonality have varied: for example, during the exceptional demand growth during the COVID-19 pandemic, seasonality could hardly be witnessed. Harvia's management estimates that during the next 5 years, the global sauna market will grow faster than its historical 5% rate, the growth being supported by the increasing awareness of sauna and its health benefits.

The sauna market in Europe has been challenging for more than two years, followed by the Russian invasion of Ukraine and the wider weak economic development. Sluggish economic growth and eroded consumer confidence in many key markets have affected demand across product segments. However, the negative impacts have not been equally strong in all European countries. From the end of 2023 onwards, the market demand has been gradually improving in Continental Europe especially in high-end and professional segments, even if the market has not yet fully recovered. The macroeconomic conditions in Germany, the largest sauna market in Europe, have remained challenging, which has continued to affect the market demand also in the sauna industry. In Northern Europe, continuing headwinds in the construction sector and weak consumer confidence have kept the market environment challenging for long, especially in Finland.

Outside Europe, especially in North America and Asia-Pacific, the sauna market has developed favorably for several years. This positive development continued also in 2024. The strong growth in North America has been heavily supported by the growing awareness of sauna and its health benefits. Especially in traditional and infrared saunas, the positive development has continued despite some weakening in the economic conditions and consumer confidence in 2024. In Asia-Pacific, the characteristics of the sauna market varies significantly between countries, but overall, the market in the region has enjoyed good growth despite some economic challenges in certain key countries, such as China. The demand in market areas outside Europe continues to be skewed towards more high-end products and full solutions, especially compared to Finland, where sauna is seen as an everyday experience and consumers often have significant know-how of saunas and related renovation work. 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 markets.

According to the management's estimate, Harvia's share of the sauna market has increased during the last few years. This development was estimated to have continued also in 2024, driven both by Harvia's organic growth and the acquisition of ThermaSol in July. In 2024, Harvia's share of the sauna market was estimated to be approximately 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 market.

REVENUE

Starting from the first quarter of 2024, Harvia has reported its revenue by sales region and by product group in accordance with the tables below. In third quarter, Harvia updated its product group categories due to the acquisition of ThermaSol. The financial figures of ThermaSol have been consolidated with Harvia's figures starting from 31 July 2024.

REVENUE BY SALES REGION

EUR thousand	10-12/2024	10-12/2023	Change	1-12/2024	1-12/2023	Change
Northern Europe 1)	10,845	10,434	3.9%	43,757	45,974	-4.8%
Continental Europe 2)	14,909	13,983	6.6%	52,686	50,118	5.1%
North America 3)	20,166	12,397	62.7%	62,049	43,449	42.8%
APAC & MEA 4)	5,031	2,592	94.1%	16,714	11,007	51.8%
Total	**50,952**	**39,406**	29.3%	**175,206**	**150,547**	16.4%

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

EUR thousand	10-12/2024	10-12/2023	Change	1-12/2024	1-12/2023	Change
Heating equipment *	25,905	21,666	19.6%	94,012	82,128	14.5%
Saunas and Scandinavian hot tubs	13,915	11,015	26.3%	46,758	42,952	8.9%
Steam products**	4,624	1,189	288.8%	10,675	4,573	133.5%
Accessories and heater stones	3,502	2,697	29.9%	12,060	8,812	36.9%
Spare parts and services	3,006	2,840	5.8%	11,700	12,083	-3.2%
Total	**50,952**	**39,406**	29.3%	**175,206**	**150,547**	16.4%

* Sauna heaters, control units, IR components
** Including steam generators and other steam equipment

OCTOBER–DECEMBER 2024

The Group's revenue increased in October–December by 29.3% to EUR 51.0 million (39.4), driven especially by the growth in North America and APAC & MEA and the acquisition of ThermaSol. At comparable exchange rates, revenue increased by 28.0% to EUR 50.4 million. Organic revenue growth was 21.7%.

In the fourth quarter, revenue increased in all sales regions. Revenue increase was very significant in North America and in the APAC & MEA region, moderate in Continental Europe and modest in Northern Europe.

During the fourth quarter, Harvia's revenue increased in all product groups. The high growth in steam products was driven by the acquisition of ThermaSol, which sells mostly steam generators and other steam equipment. The revenue of saunas and Scandinavian hot tubs was driven especially by the growth in North America, as majority of the company's sales in the region comes from saunas.

JANUARY–DECEMBER 2024

The Group's revenue increased in January–December by 16.4% to EUR 175.2 million (150.5), driven especially by both organic and inorganic growth in North America. At comparable exchange rates, revenue increased by 16.2% to EUR 175.0 million. Organic revenue growth was 12.9%.

Revenue increased significantly in North America and in the APAC & MEA region, with Continental Europe also experiencing some increase in demand. The decrease in revenue in Northern Europe was driven by the difficult market conditions, including construction sector weakness, low consumer confidence and restructuring actions at some major customers.

Revenue increased significantly in all product groups except spare parts and services. The ThermaSol acquisition supported the high growth of steam product sales. In the saunas and Scandinavian hot tubs product group, the growth in North America supported especially sauna room sales but the decline in the sales of Scandinavian hot tubs offset some of this impact.

RESULT

OCTOBER–DECEMBER 2024

Operating profit for October–December decreased to EUR 8.4 million (9.2), while the operating profit margin was 16.5% (23.4%). The operating profit included EUR 0.3 million (0.3) of items affecting comparability, mainly related to business transactions and restructuring. Changes in exchange rates strengthened the operating profit by approximately EUR 0.3 million, caused mainly by the value changes of the U.S. dollar.

Adjusted operating profit decreased to EUR 8.7 million (9.5) and the adjusted operating profit margin was 17.1% (24.2%). The net financial items for October−December were EUR -1.0 million (-1.0).

Profit before taxes was EUR 7.5 million (8.2). The Group’s taxes amounted to EUR 2.0 million (1.0). The company-specific accruals resulted in increases in tax-expenses in Q4.

The result for October–December was EUR 5.4 million (7.2) and undiluted earnings per share were EUR 0.29 (0.39).

JANUARY–DECEMBER 2024

Operating profit for January–December increased to EUR 35.5 million (33.0), while the operating profit margin was 20.3% (21.9%). The operating profit included EUR -1.6 million (-0.6) of items affecting comparability, mainly related to business transactions and restructuring. Changes in exchange strengthened the operating profit by approximately EUR 0.2 million, caused mainly by the value changes of the U.S. dollar.

Adjusted operating profit increased to EUR 37.1 million (33.7) and the adjusted operating profit margin was 21.2% (22.4%). The net financial items for January–December were EUR -3.6 million (-3.5). The net financial items increased due to the interest costs of the new loan of EUR 20 million that was raised to finance the acquisition of ThermaSol. The increase in financial items was offset by the impact of exchange rate gains on foreign currency bank accounts in the fourth quarter.

Profit before taxes was EUR 31.9 million (29.5). The Group’s taxes amounted to EUR 7.6 million (6.3). The annual tax rates increased from 21.2% to 24.0%, with the improvements in results coming from companies with a higher tax rate in 2024.

The result for January–December was EUR 24.2 million (23.3) and undiluted earnings per share were EUR 1.30 (1.25).

FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of December 2024 was EUR 264.6 million (31 December 2023: 214.3), of which equity accounted for EUR 124.1 million (108.7).

At the end of December 2024, the company’s net debt amounted to EUR 57.2 million (37.6). Loans from credit institutions were EUR 95.4 million (75.4) and lease liabilities were EUR 8.3 million (2.7). The increase in the loans from credit institutions relates to the acquisition of ThermaSol, which Harvia financed with a bullet loan of EUR 20 million and cash funds. Cash and cash equivalents at the end of the review period amounted to EUR 46.4 million (40.6). Leverage was 1.3 (0.9) at the end of the review period. The acquisition of ThermaSol drove the leverage increase.

Equity ratio was 47.2% (51.0%) at the end of the review period. The adjusted return on capital employed (ROCE) was 45.5% (44.2%).

In January–December, Harvia's operating free cash flow was EUR 35.0 million (44.6) and cash conversion was 79.4% (111.7%). The company increased its inventories especially in the second and third quarter, which decreased operating free cash flow and cash conversion. The company made several add-on investments to its production facilities throughout the year, and during the first quarter, purchased land next to the company's facility in West Virginia, United States. The increase of investments decreased the company's operating free cash flow and cash conversion. However, the significant increase in trade and other payables had a positive impact on the cash flow.

INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

Harvia Group's investments in tangible and intangible assets in January–December amounted to EUR 6.1 million (3.1). During the first quarter, Harvia purchased 8.7 hectares of land around the production facility in West Virginia to secure strategic growth opportunities for the fast-growing North American market. Additionally, the company made several add-on investments in its production facilities during the review period, including a layout change and ramp-up of an upgraded, more automated production line for woodburning heaters in the Muurame factory. The company continued making these types of investments also during the fourth quarter. Harvia also invested in heat pump technology for the Sastamala production facility and purchased a laser cutter for the factory in Germany during the review period.

The Group's research and development expenditure recognized as expenses in January–December amounted to EUR 1.8 million (1.7). In 2024, Harvia's research and development activities built on the company's four strategic priorities: 1. Delivering the full sauna experience; 2. Winning in strategically important markets; 3. Leading in key channels and 4. Best-in-class operations and great people. The company aims at launching new products and solutions especially in the sauna category, expanding the company's portfolio especially outside Europe and strengthening the company's digital capabilities. In addition, the company focuses on increasing automation and improving efficiency throughout its operations and ensuring its operations support the long-term growth of the company.

ACQUISITIONS

Harvia announced on 22 July 2024 that it had signed an agreement to acquire 100% of the shares and voting interest of ThermaSol Steam Bath LLC ("ThermaSol"). ThermaSol is a leading manufacturer of high-end steam showers and steam rooms in the United States. The acquisition complements Harvia Group's sauna offering in the attractive steam segment, supporting the company's growth in the United States and its leading position as a global sauna solutions provider. In 2023, ThermaSol's net sales were USD 14.4 million and adjusted EBITDA margin 17.2%.

The transaction was closed on 31 July 2024. The purchase price was USD 30.4 million. Harvia financed the acquisition with a bullet loan of EUR 20 million and with cash funds.

Fixed assets amounting to EUR 0.5 million, net working capital items amounting to EUR 4.5 million, and cash and cash equivalents amounting to EUR 1.1 million were transferred in the ThermaSol acquisition. EUR 5.8 million in right-of-use assets was recorded pertaining to a lease agreement. The purchase price allocation pertaining to the acquisition includes intangible assets amounting to EUR 8.3 million with annual amortization of approximately EUR 0.8 million. According to the purchase price allocation, goodwill amounted to EUR 16.9 million. The purchase price allocation is presented in the Note 5.2.

The acquisition is expected to create annual synergies of approximately EUR 1.7 million by the end of 2027. The identified key sources of synergy comprise sourcing and logistics, marketing, cross-sell, distribution, and common management within Harvia US companies. One-off transaction, integration and post-closing costs are estimated to total EUR 1.4 million over the years 2024–2026. As ThermaSol's relative profitability prior to the acquisition was below Harvia's level, the acquisition is expected to have a small short-term negative impact to the relative profitability of Harvia before the identified synergies are realized.

The transaction will not have impact on Harvia's long-term targets related to growth, profitability and leverage.

CORPORATE RESPONSIBILITY

At Harvia, operational and strategic activities have always incorporated a sustainability perspective. 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 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 also has a sustainability plan based on those commitments. Harvia's corporate responsibility and the commitments will be presented in more detail in the Annual Report 2024.

In June 2024, Harvia signed a letter of intent for installing TSF's hybrid thermal power plant at Harvia Group's EOS Saunatechnik factory in Driedorf, Germany. The hybrid thermal power plant uses modern heat pump technology, as well as thermal and solar energy. The new power plant will support Harvia's objective to reduce the greenhouse gas emissions of its operations to limit global warming and to participate in global efforts against climate change. Harvia's goal is to achieve carbon neutrality in its own operations by 2030.

Harvia follows its sustainability targets with various KPIs, and management remuneration is tied to the company's sustainability targets. Harvia will report according to the CSRD for the financial year 2024.

PERSONNEL

The number of personnel employed by the Group at the end of December 2024 was 696 (605) and averaged 661 (612) in January–December. Of the personnel at the end of December, 255 (238) worked in Finland, 145 (76) in the United States, 125 (116) in Germany, 61 (67) in Romania, 56 (57) in China and Hong Kong, 34 (31) in Austria, 12 (12) in Italy, 6 (6) in Estonia and 2 (2) in Sweden. The continuing strong growth in North America is reflected in the increasing personnel in the United States but also in Finland, as the majority of the company's heaters sold in North America are manufactured in the Muurame factory. The acquisition of ThermaSol at the end of July increased the personnel by 38 employees in the United States.

SHARES AND SHAREHOLDERS

Harvia's registered share capital is EUR 80,000 and at the end of December 2024, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume on Nasdaq Helsinki in January–December was EUR 311.4 million (205.2) and 8,089,223 shares (8,997,433). The share's volume weighted average price during the review period was EUR 38.50 (22.81), the highest price was EUR 47.90 (28.08) and the lowest EUR 25.18 (17.41). The closing price of the share at the end of December 2024 was EUR 42.85 (27.20). The market value of the share capital on 31 December 2024 was EUR 801.0 million (508.5) including treasury shares. At the end of December 2024, Harvia Plc held a total of 15,207 own shares, corresponding to 0.08% of the total number of shares.

At the end of December 2024, the number of registered shareholders was 31,716 (41,328), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 49.7% (44.1%) of the company's shares. The ten largest shareholders held a total of 22.6% (21.1%) of Harvia's shares and votes at the end of December 2024.

GOVERNANCE

Changes in management and organization

Harvia's new organizational structure took effect as of 1 January 2024. The new organization consists of four geographical sales regions: North America, Northern Europe, Continental Europe, and APAC & MEA. It also encompasses five Group functions: Marketing & Brand, Products & Solutions, Innovation & Technology, Operations, as well as Support functions. Additionally, there is a Management Team position for the Head of EOS Brand and Products.

On 26 January 2024, Harvia announced the appointment of Jennifer Thayer as Head of Region North America and President of Harvia US Inc, and a member Harvia's Management Team. In her role, Thayer is responsible for leading the North American commercial organization and driving the growth and profitability of Harvia's business in the region. Thayer assumed her position on 1 February 2024.

On 3 June 2024, Harvia announced the appointment of Philipp Krauth as Managing Director of EOS, Head of EOS Brands and Products, and a member of Harvia's Management Team. In his role, Krauth is responsible for leading EOS Group and ensuring a distinct and exciting identity for Harvia Group's highest-end solutions that are sold under the EOS brand. Krauth assumed his position on 12 August 2024. Rainer Kunz, former Managing Director of EOS Group and a member of Harvia's Management Team, continued to work full time for Harvia until the end of August 2024.

On 19 December 2024, Harvia Plc appointed Ivan Sabato as Head of Region, Continental Europe and a member of Harvia Group's Management Team. In his role, Sabato will be responsible for leading the sales organization in Continental Europe and driving the growth and profitability of Harvia's business in the region. Sabato will start in his position at the latest on 1 April 2025.

Long-term Performance Share Plan

On 27 March 2024, the Board of Directors of Harvia Plc decided to continue the Long-term Performance Share Plan for the Management Team and other key employees for the performance period 2024–2026. In the performance period 2024–2026, the plan has 27 participants at most and the targets for the performance period relate to the company's total shareholder return, revenue growth, CO_2 emissions and EBIT margin. The number of shares to be paid based on the performance period 2024–2026 is a maximum of 68,100 Harvia Plc shares. This number of shares represents the gross earning, from which the withholding of tax and possible other applicable contributions are deducted, and the remaining net amount is paid in shares. However, the company has the right to pay the reward fully in cash under certain circumstances. Potential rewards from the performance period 2024–2026 will be paid out during spring 2027.

Annual General Meeting

The Annual General Meeting of Harvia, held on 26 April 2024, approved the financial statements and discharged the members of the Board of Directors and the company's CEO from liability for the financial year 2023. The Annual General Meeting approved in an advisory decision the remuneration report for the governing bodies. The Annual General Meeting resolved to reject the revised remuneration policy for the company's governing bodies. The resolution made is advisory.

The Annual General Meeting 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, was paid to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date of the dividend of 30 April 2024. This instalment of the dividend was paid on 8 May 2024. The second instalment, EUR 0.34 per share, was paid in October 2024. The record date of the dividend date was 21 October 2024 and the dividend payment date 28 October 2024.

The Annual General Meeting resolved that the Board of Directors consists of six members. Olli Liitola, Anders Holmén, Hille Korhonen, Heiner Olbrich, Markus Lengauer and Catharina Stackelberg-Hammarén were re-elected to the Board of Directors. Authorized Public Accounting firm Deloitte Oy was elected as the Auditor of the company and as a certification authority for the company's sustainability reporting in financial year 2024 and Authorized Public Accountant Johan Groop will act as the Responsible Auditor.

The Board of Directors was authorized to resolve on the repurchase of a maximum of 934,711 shares in the company in one or several tranches. The 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 e.g. for the purposes of the company's share-based incentive systems, for the purposes of board compensation 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 2025.

Board of Directors' organizational meeting

Heiner Olbrich was elected the Chair and Catharina Stackelberg-Hammarén was elected the Vice Chair of the Board of Directors at the Board of Directors' organizational meeting on 26 April 2024. The Board of Directors elected from among its members Hille Korhonen (Chair), Anders Holmén and Markus Lengauer as members of the Audit Committee. In addition, Harvia Plc's Board of Directors decided to establish a Personnel and Remuneration Committee. The Committee's task is to assist the Board of Directors in issues related to personnel and remuneration. The Board of Directors elected from among its members Heiner Olbrich (Chair), Olli Liitola and Catharina Stackelberg-Hammarén as members of the Personnel and Remuneration 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 26 April 2024.

Strategy update and adjusted long-term financial targets

On 29 May 2024, Harvia announced its updated strategy and long-term financial targets. Harvia's long-term financial targets were adjusted to reflect the company's growth ambitions. The new long-term targets are an average annual revenue growth of 10%, an adjusted operating profit margin exceeding 20% and a net debt/adjusted EBITDA below 2.5x. Harvia's updated strategic focus areas are 1. Delivering the full sauna experience; 2. Winning in strategically important markets; 3. Leading in key channels, and 4. Best-in-class operations and great people.

Directed share issue

On 6 June 2024, 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 2021–2023 of the company's share-based incentive program launched in 2021. In the share issue, 865 own shares held by the company were transferred without consideration to the key employees participating in the share-based incentive program in accordance with the program-specific terms and conditions. After the transfer of shares under the incentive program, the company held a total of 4,207 own shares.

Shareholders' Nomination Board

On 9 September 2024, Harvia announced the composition of the Shareholders' Nomination Board, which is comprised of representatives appointed by the company's four largest shareholders. Juho Lipsanen, Minna Laaksonen, Janne Kujala and Josefin Degerholm were appointed to the Shareholders' Nomination Board. In addition, Heiner Olbrich, Chairman of the Board of Directors of Harvia Plc, serves as an expert in the Nomination Board without being a member.

The Nomination Board's proposals to the 2025 Annual General Meeting were published on 17 January 2025.

RISKS AND UNCERTAINTIES

Harvia's business is exposed to several risks and uncertainties. This is partly a result of the company's global presence and supply chain network, even though these factors also help Harvia to recognize and actively mitigate its risks. Harvia is familiar with operating successfully in an environment shaped by changing market conditions and risks, but the full impact of all changes in different markets is difficult to foresee, as situations often develop fast and are hard to fully predict.

General economic, social and political conditions impact Harvia's operating environment. Economic uncertainty and rapid developments 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. 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.

Geopolitical events and uncertainties can affect Harvia either directly or indirectly through, for example, deteriorating market conditions. A notable example of this is the Russian invasion of Ukraine in February 2022, after which Harvia suspended its operations in Russia in March 2022 and later completed its exit from the market. In addition to this direct impact, the ongoing war has impacted the sauna market and the company's business indirectly through increased economic uncertainty and weak economic growth, especially in Europe. Developments related to the war in Ukraine as well as other geopolitical developments around the world can affect Harvia also in the future. Geopolitical tensions often give rise to tightening trade policies, including increasing tariffs and other hindrances of international trade. If these occur in Harvia's key countries, such as in the United States, tariffs may have an impact on Harvia, either directly or through weakening general market conditions. However, Harvia's advantage in the United States is that the clear majority of end products it sells there are also manufactured domestically, which reduces the company's exposure to U.S. tariffs.

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. However, disruptions in Harvia's global supply chain or logistics network as well as significant strikes and other industrial actions in key countries, such as Finland, can have a negative impact on the company's business.

The increase in cyber threats worldwide alongside the growing dependency on digital infrastructure cause risks to Harvia's business and its critical data. The impacts of these risks can 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 company continuously takes actions to prepare for these risks by protecting its digital infrastructure, operations and people against them. In addition to having various technical solutions, the company focuses on training its personnel to recognize potential threats and to mitigate cyber risks with their own actions.

Harvia has business operations in several countries and 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 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 56.5 million.

The principles of Harvia's financing risk management will be described in the Consolidated Financial Statements 2024 and the general principles of risk management on the company's website at www.harviagroup.com.

EVENTS AFTER THE REVIEW PERIOD

On 17 January 2025, Harvia published the proposals by the Shareholders' Nomination Board to the Annual General Meeting, planned to be held on 8 April 2025. The Nomination Board proposes that the number of members of the Board of Directors will be increased from six to seven. The Nomination Board also proposes that the current members Heiner Olbrich, Catharina Stackelberg-Hammarén, Anders Holmén, Hille Korhonen, Markus Lengauer and Olli Liitola be re-elected to the Board of Directors. In addition, the Nomination Board proposes that Petri Castrén be elected as a new member to the Board of Directors. The Nomination Board proposes no changes to the monthly remuneration of the Board of Directors.

THE BOARD OF DIRECTORS' PROPOSAL ON THE USE OF PROFITS

Harvia Plc's total unrestricted equity amounts to EUR 81,045,027.97 in total, of which profit for the financial period 2024 accounts for EUR 18,797,782.38. In order to determine the amount of dividend, the Board of Directors has assessed the company's solvency and financial standing after the end of the period. Harvia's Board of Directors proposes to the Annual General Meeting that the company distributes a dividend of EUR 0.75 (0.68) per share, EUR 14,020,677.00 in total, for the financial period ended 31 December 2024. The Board of Directors proposes the dividend to be paid in two instalments, EUR 0.38 per share in April 2025 and EUR 0.37 per share in October 2025. The proposed dividend corresponds to 57.8 percent of the Group's net profit for the year.

FINANCIAL RELEASES IN 2025

Harvia will publish its interim reports in 2025 as follows:

8 May 2025 January−March 2025 interim report

7 August 2025 Half-year (January−June) 2025 financial report

7 November 2025 January−September 2025 interim report

Harvia's electronic annual report which contains the complete Financial Statements 2024, will be published during the week starting 10 March 2025 (week 11/2025).

Harvia Plc's Annual General meeting is planned to be held on 8 April 2025 at 10.00 a.m. EET in Helsinki. The Board of Directors will convene the Annual General Meeting.

MUURAME, 12 FEBRUARY 2025

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 13 February 2025 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.events.inderes.com/q4-2024.

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

HARVIA PLC FINANCIAL STATEMENTS BULLETIN 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Revenue	2.1	**50,952**	**39,406**	**175,206**	**150,547**
Other operating income		584	559	1,001	864
Materials and services		-20,542	-14,392	-62,602	-56,101
Employee benefit expenses		-9,434	-7,295	-35,213	-28,919
Other operating expenses	2.2	-11,150	-7,442	-35,929	-27,093
Depreciation and amortisation		-1,985	-1,611	-6,976	-6,254
Operating profit		**8,424**	**9,225**	**35,486**	**33,044**
Share in profits and losses of associated companies		-53	12	-76	-242
Finance income		746	253	1,959	795
Finance costs		-1,157	-1,116	-4,601	-3,929
Changes in fair values		-495	-169	-887	-136
Financial items		-959	-1,020	-3,605	-3,511
Profit before income taxes		**7,465**	**8,205**	**31,880**	**29,533**
Income taxes		-2,025	-978	-7,638	-6,253
Profit for the period		**5,441**	**7,227**	**24,242**	**23,280**
Attributable to:					
Owners of the parent		5,441	7,227	24,242	23,271
Non-controlling interests		0	0	0	10
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences		3,760	-874	2,778	-1,785
Items that will not be reclassified to profit or loss:					
Actuarial gains and losses		-156	124	-156	124
Gains and losses on cash flow hedges		-4		-4	
Other comprehensive income, net of tax		3,600	-750	2,618	-1,662
Total comprehensive income		**9,041**	**6,476**	**26,860**	**21,619**
Attributable to:					
Owners of the parent		9,041	6,477	26,860	21,609
Non-controlling interests		0	0	0	10
Earnings per share for profit attributable to the owners of the parent:					
Basic EPS (EUR)	2.3	0.29	0.39	1.30	1.25
Diluted EPS (EUR)	2.3	0.29	0.38	1.29	1.24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	31-Dec-2024	31-Dec-2023
ASSETS			
Non-current assets			
Intangible assets		16,874	8,704
Goodwill		91,046	73,402
Property, plant and equipment		28,173	26,904
Right-of-use assets		8,092	2,488
Investments in associated companies		0	460
Derivative financial instruments	4.1	982	1,869
Deferred tax assets		841	1,045
Total non-current assets		**146,007**	**114,872**
Current assets			
Inventories	3	49,151	35,480
Trade and other receivables	3	22,278	18,697
Income tax receivables		626	4,634
Cash and cash equivalents	4	46,447	40,581
Total current assets		**118,502**	**99,392**
Total assets		**264,509**	**214,264**

EUR thousand	Note	31-Dec-2024	31.12.2023
EQUITY AND LIABILITIES			
Share capital		80	80
Other reserves		35,935	32,414
Retained earnings		62,583	51,810
Profit for the period		24,242	23,271
Equity attributable to owners of the parent		**122,840**	**107,575**
Non-controlling interests		1,244	1,082
Total equity		**124,085**	**108,656**
Liabilities			
Non-current liabilities			
Loans from credit institutions	4	95,400	75,404
Lease liabilities	4	7,307	1,981
Derivative financial instruments	4.1	4	
Deferred tax liabilities		2,773	1,182
Employee benefit obligations		1,754	1,671
Other non-current liabilities		2,965	202
Provisions		979	277
Total non-current liabilities		**111,182**	**80,716**
Current liabilities			
Loans from credit institutions	4	5	6
Lease liabilities	4	951	760
Employee benefit obligations		159	176
Income tax liabilities		1,359	5,662
Trade and other payables	3	26,474	18,045
Provisions		295	242
Total current liabilities		**29,243**	**24,891**
Total liabilities		**140,425**	**105,607**
Total equity and liabilities		**264,509**	**214,264**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Fair value reserve	Invested unrestricted equity reserve	Translation differences	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
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**
Equity at 1 January 2023	**80**		**32,562**	**865**	**63,766**	**97,273**	**1,072**	**98,345**
Share-based incentive plan			995			995		995
Dividend distribution					-11,956	-11,956		-11,956
Share-based payments			-346			-346		-346
Total transactions with shareholders			649		-11,956	-11,307		-11,307
Profit for the period					23,271	23,271	10	23,280
Actuarial gains and losses			124			124		124
Translational differences				-1,785		-1,785		-1,785
Total comprehensive income			124	-1,785	23,271	21,609	10	21,619
Equity at 31 December 2023	**80**		**33,334**	**-921**	**75,081**	**107,575**	**1,082**	**108,656**
Equity at 1 January 2024	**80**		**33,334**	**-921**	**75,081**	**107,575**	**1,082**	**108,656**
Share-based incentive plan			1,430			1,430		1,430
Dividend distribution					-12,709	-12,709		-12,709
Prior year adjustment					210	210		210
Repurchase of own shares			-483			-483		-483
Share-based payments			-43			-43		-43
Total transactions with shareholders			903		-12,709	-11,595		-11,595
Profit for the period					24,242	24,242		24,242
Acquisitions							163	163
Gains and losses on cash flow hedges, net of tax		-4				-4		-4
Actuarial gains and losses			-156			-156		-156
Translational differences				2,778		2,778		2,778
Total comprehensive income		-4	-156	2,778	24,242	26,860	163	27,023
Equity at 31 December 2024	**80**	**-4**	**34,081**	**1,857**	**86,614**	**122,841**	**1,244**	**124,085**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Cash flows from operating activities					
Profit before taxes		7,465	8,213	31,880	29,533
Adjustments					
Depreciation and amortisation		1,985	1,611	6,976	6,254
Finance income and finance costs		959	1,020	3,605	3,511
Other adjustments		-495	-307	163	310
Cash flows before changes in working capital		9,915	10,538	42,625	39,608
Change in working capital					
Increase (-) / decrease (+) in trade and other receivables	3	2,124	590	-589	-1,395
Increase (-) / decrease (+) in inventories	3	-603	4,191	-8,745	10,108
Increase (+) / decrease (-) in trade and other payables	3	4,622	998	6,418	-912
Cash flows from operating activities before financial items and taxes		16,058	16,316	39,709	47,409
Interest and other finance costs paid		-6	98	-56	-26
Interest and other finance income received		33	-27	188	100
Income taxes paid/received		-1,933	-1,718	-8,173	-8,343
Net cash from operating activities		**14,152**	**14,670**	**31,668**	**39,139**
Cash flows from investing activities					
Purchases of tangible and intangible assets		-1,839	-1,446	-6,149	-3,124
Sale of tangible and intangible assets		1		8	89
Acquisition of subsidiaries, net of cash acquired		-1,201	-2,356	-24,908	-2,801
Dissolution of an associated company, net of cash		61		61	
Interest and other finance costs received		604		938	
Net cash from investing activities		**-2,374**	**-3,802**	**-30,050**	**-5,835**
Cash flows from financing activities					
Proceeds from non-current loans	4		925	20,000	925
Repayment of non-current liabilities	4	71	-839	71	-850
Proceeds from current loans	4				
Repayment of current liabilities	4	-1	-7	-1	-2,011
Repayment of lease liabilities	4	-513	-271	-927	-765
Interest and other finance costs paid	4	-715	-1,434	-2,727	-2,928
Dividends paid		-6,355	-5,981	-12,709	-11,956
Net cash from financing activities		**-7,513**	**-7,606**	**3,708**	**-17,585**
Net change in cash and cash equivalents		4,265	3,262	5,325	15,718
Cash and cash equivalents at beginning of period		41,441	37,428	40,581	25,310
Exchange gains/losses on cash and cash equivalents		740	-108	540	-447
Cash and cash equivalents at end of period		**46,447**	**40,581**	**46,447**	**40,581**

NOTES TO THE GROUP'S FINANCIAL STATEMENTS BULLETIN 2024

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 and should therefore be read in conjunction with the Consolidated Financial Statements 2024 prepared in accordance with IFRS Accounting Standards. The same accounting principles have been applied to the interim information as to the consolidated financial statements. Starting from the first quarter of 2024, Harvia has reported its revenue by sales region: Northern Europe, Continental Europe, North America, and APAC & MEA.

Harvia's Board of Directors has approved this financial statements bulletin in its meeting on 12 February 2025. This interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. Harvia has applied the same preparation principles for this report as in its 2024 financial statements. The Q4 2024 results are unaudited. The full-year 2024 figures are based on the audited financial statements for 2024.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 2024. The Consolidated Financial Statements will be published together with the Annual Report in week 11/2025.

2. GROUP PERFORMANCE

2.1 GROUP REVENUE

Starting from the first quarter of 2024, Harvia has reported its revenue by sales region and by product group. The Group's product and service offerings have been divided into five groups: heating equipment, saunas and Scandinavian hot tubs, steam products, 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	10-12/2024	10-12/2023	Change	1-12/2024	1-12/2023	Change
Northern Europe 1)	10,845	10,434	3.9%	43,757	45,447	-3.7%
Continental Europe 2)	14,909	13,983	6.6%	52,686	50,645	4.0%
North America 3)	20,166	12,397	62.7%	62,049	43,449	42.8%
APAC & MEA 4)	5,031	2,592	94.1%	16,714	11,007	51.8%
Total	**50,952**	**39,406**	29.3%	**175,206**	**150,547**	16.4%

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

EUR thousand	10-12/2024	10-12/2023	Change	1-12/2024	1-12/2023	Change
Heating equipment *	25,905	21,666	19.6%	94,012	82,128	14.5%
Saunas and scandinavian hot tubs	13,915	11,015	26.3%	46,758	42,952	8.9%
Steam products**	4,624	1,189	288.8%	10,675	4,573	133.5%
Accessories and heater stones	3,502	2,697	29.9%	12,060	8,812	36.9%
Spare parts and services	3,006	2,840	5.8%	11,700	12,083	-3.2%
Total	**50,952**	**39,406**	29.3%	**175,206**	**150,547**	16.4%

* Sauna heaters, control units, IR components
** Including steam generators and other steam equipment

2.2 OPERATING EXPENSES

Other operating expenses for the period 1 January–31 December 2024 include items affecting comparability of EUR 1,615 thousand (626) that are related to the Group's strategic development projects, acquisitions, divestments or loss on sales of fixed assets, and 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	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Profit for the period attributable to the owners of the parent company, EUR thousand	5,441	7,227	24,242	23,271
Weighted average number of shares outstanding during the financial period, '000	18,688	18,694	18,689	18,687
Basic earnings per share, EUR	**0.29**	**0.39**	**1.30**	**1.25**
Share-based long-term incentive plan	141	81	137	77
Weighted average number of shares outstanding during the year, diluted, '000	18,829	18,776	18,827	18,764
Diluted earnings per share, EUR	**0.29**	**0.38**	**1.29**	**1.24**

3. NET WORKING CAPITAL

EUR thousand	31-Dec-2024	31-Dec-2023
Net working capital		
Inventories	49,151	35,480
Trade receivables	19,137	16,336
Other receivables	3,105	2,361
Trade payables	-13,070	-8,690
Other payables	-13,404	-9,355
Total	**44,955**	**36,132**
Change in net working capital in the statement of financial position	8,823	-9,187
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*	-5,907	1,386
Change in net working capital in the statement of cash flows	2,916	-7,801

* The most significant items are related to finance costs, unrealized exchange rate gains and losses, acquisitions and investments.

4. NET DEBT

Interest-bearing net debt

EUR thousand	31-Dec-2024	31-Dec-2023
Interest-bearing debt	95,405	75,409
Lease liabilities	8,258	2,741
Less cash and cash equivalents	-46,447	-40,581
Net debt	**57,216**	**37,569**

In 2024, Harvia withdrew a new loan in the amount of EUR 20,000 thousand to finance the acquisition of ThermaSol. The new term loan will mature in July 2027. Harvia had existing term loans totaling EUR 75,500 thousand and a EUR 10,000 thousand revolving credit limit. Harvia has not utilized the revolving credit limit. These term loans mature in two installments. The term loan of EUR 36,500 thousand and the revolving credit limit of EUR 5,000 thousand mature in December 2026 and the term loan of EUR 39,000 thousand and the revolving credit limit EUR of 5,000 thousand mature in March 2027.

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

The lease liabilities increased due to the acquisition of ThermaSol. The company operates in rental facilities in the United States.

4.1 DERIVATIVES

Harvia has an interest rate swap with a nominal value of EUR 36.5 million that matures on 15 December 2026. In the fourth quarter, Harvia negotiated additional interest rate swap agreement for EUR 20.0 million that matures on 22 July 2027. Fair value of the interest rate swap fluctuates according to interest rate market expectations, and the change in value is recorded per contract in either net financial items as changes in fair value, or through fair value reserve in equity.

5. OTHER NOTES

5.1 RELATED PARTY TRANSACTIONS

Harvia's key management personnel, the members of the Board of Directors, and their family members are entitled to purchase sauna products from Harvia in accordance with the policy applying to the entire personnel of Harvia. Transactions with related parties have been made on an arm's length basis.

EUR thousand	1-12/2024	1-12/2023
Sales	63	86
Purchases	242	22

5.2 ACQUISITION OF THERMASOL STEAM BATH LLC

On 31 July 2024, Harvia acquired a 100% share of ThermaSol Steam Bath LLC, a leading manufacturer of high-end steam showers and steam rooms in the United States. The acquisition complements Harvia Group's sauna offering in the attractive steam segment, supporting the company's growth in the United States and its leading position as a global sauna solutions provider. The acquisition is expected to create annual synergies of approximately EUR 1.7 million by the end of 2027.

Purchase price allocation of the acquisition is presented in the table below.

EUR thousand	
Purchase price	**28,639**
Net identifiable assets acquired	
Non-current assets	
Intangible assets	8,251
Property, plant and equipment	478
Right-of-use assets	5,824
Current assets	
Inventories*	4,242
Trade and other receivables	1,510
Cash and cash equivalents	1,103
Total assets	21,409
Non-current liabilities	
Provisions	626
Deferred tax liabilities	1,951
Lease liabilities	5,406
Current liabilities	
Trade and other payables	1,235
Lease liabilities	418
Total liabilities	9,637
Total net assets acquired	**11,772**
Group's share of net assets	11,772
Goodwill*	**16,867**

* Amendment of EUR 0,2 million in the purchase price allocation reduced the inventory and increased goodwill in Q4.

Cash flow impact EUR thousand	
Cash consideration of the acquisition	26,011
Cash balance acquired	-1,103
Impact on cash flows – investing activities	**24,908**

Expenses related to the acquisition totaling EUR 1.5 million are presented under other operating expenses and in operating cash flows in the consolidated statement of cash flows.

The fair value of trade and other receivables included trade receivables with a fair value of EUR 1.3 million. At the date of the acquisition, the gross contractual amount for trade receivables was EUR 1.3 million, which is not expected to include uncollectible receivables.

More information on the acquisition of ThermaSol is presented in the Acquisitions section.

APPENDIX 1: KEY FIGURES AND CALCULATION OF KEY FIGURES

EUR thousand	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Key statement of comprehensive income indicators				
Revenue	50,952	39,406	175,206	150,547
EBITDA	10,392	10,836	42,445	39,298
% of revenue	20.4	27.5	24.2	26.1
Adjusted EBITDA	10,680	11,137	44,060	39,924
% of revenue	21.0	28.3	25.1	26.5
Operating profit	8,424	9,225	35,486	33,044
% of revenue	16.5	23.4	20.3	21.9
Adjusted operating profit	8,711	9,526	37,100	33,670
% of revenue	17.1	24.2	21.2	22.4
Adjusted profit before income taxes	7,752	8,506	33,495	30,159
Basic EPS (EUR)	0.29	0.39	1.30	1.25
Diluted EPS (EUR)	0.29	0.38	1.29	1.24
Key cash flow indicators				
Cash flow from operating activities	14,152	14,670	31,668	39,139
Operating free cash flow	14,991	15,470	35,003	44,601
Cash conversion	140.4 %	138.9 %	79.4 %	111.7 %
Investments in tangible and intangible assets	-1,839	-1,446	-6,149	-3,124
Key balance sheet indicators				
Net debt	57,216	37,569	57,216	37,569
Leverage	1.3	0.9	1.3	0.9
Net working capital	44,955	36,132	44,955	36,132
Capital employed excluding goodwill	81,539	76,129	81,539	76,129
Adjusted return on capital employed (ROCE)	45.5 %	44.2 %	45.5 %	44.2 %
Equity ratio	47.2 %	51.0 %	47.2 %	51.0 %
Number of employees at end of period	696	605	696	605
Average number of employees during the period	689*	600	661*	612

***** Includes the personnel of ThermaSol Steam Bath LLC, totaling 39 employees on 31 December 2024.

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 Accounting Standards. 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 Accounting Standards. 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 2024.

EUR thousand	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Operating profit	8,424	9,225	35,486	33,044
Depreciation and amortisation	1,985	1,611	6,976	6,254
EBITDA	10,392	10,836	42,445	39,298
Items affecting comparability				
Business transactions related expenses	246	73	1,565	231
Restructuring expenses	41	228	50	395
Total items affecting comparability	287	301	1,615	626
Adjusted EBITDA	10,680	11,137	44,060	39,924
Depreciation and amortisation	-1,985	-1,611	-6,976	-6,254
Adjusted operating profit	8,711	9,526	37,100	33,670
Finance costs, net	-959	-1,020	-3,605	-3,511
Adjusted profit before income taxes	7,752	8,506	33,495	30,159

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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