

# REMUNERATION REPORT 2024

## DEAR HARVIA SHAREHOLDER,

I am very pleased to introduce Harvia Plc's Remuneration Report for the financial year 2024. The Remuneration Report describes the remuneration of the company's Board of Directors and the CEO in 2024 and how the company's remuneration policy was implemented. The Remuneration Report 2024 has been drafted in accordance with the Finnish Corporate Governance Code 2025 of the Securities Market Association and other regulations. It will be presented at Harvia's Annual General Meeting 2025 for an advisory vote.

## HARVIA'S KEY PRINCIPLES OF REMUNERATION

Harvia's remuneration policy outlines the key principles of remuneration of the Board of Directors and the CEO. A revised remuneration policy for the company's governing bodies was presented to the Annual General Meeting 2024 for an advisory vote. The Annual General Meeting resolved to reject the Remuneration Policy 2024. We appreciate the feedback of our shareholders on the policy, and an updated remuneration policy will be presented to the Annual General Meeting 2025.

The long-standing key principles of remuneration at Harvia are transparency, market orientation and rewarding good performance. The aim is to encourage and reward the Board of Directors and the CEO for operating in accordance with the company's strategy and policies, and to motivate them to strive for the success of the company. Ultimately, the objective is to promote long-term profitable growth and competitiveness. Harvia also aims to be an attractive employer to employees regardless of their job description.



In addition to the monthly salary, variable remuneration plays a significant role in the remuneration of the CEO to reward good performance. Variable remuneration consists of the annual short-term performance bonus and the long-term share-based incentive program. The Board of Directors sets the performance criteria and related targets for the short- and long-term incentive programs.

#### HARVIA'S PERFORMANCE IN 2024

In 2024, the business environment for Harvia saw very different trends across the globe: The European and particularly Northern European sauna and spa markets remained somewhat depressed by economic uncertainty, increased interest rates, inflation and low consumer confidence. On the other hand, North America as well as APAC & MEA saw a lively development driven by the increasing interest in sauna and spa solutions both for residential and commercial use.

Harvia's business development in 2024 can be characterized by robust growth on a high profitability level and a strong cash flow. The business developed particularly well in North America as well as APAC & MEA. Continental Europe also returned to growth while the business in Northern Europe remained weak.

I would like to take this opportunity to thank Harvia's management and the entire staff for their continued dedication and commitment in 2024 as the key enabler for a successful year and the prerequisite for profitable growth also in the future.

#### REMUNERATION IN 2024

In the financial year 2024, the remuneration of Harvia's Board of Directors and the CEO was compliant

with the company's Remuneration Policy 2024 without exception.

Regarding the Board of Directors' remuneration, the Annual General Meeting 2024 resolved that approximately 40% of the monthly compensation of the members of the Board of Directors is paid in shares. In exceptional cases, the compensation can be paid fully in cash. This was eventually the case for the remuneration to be paid for the term 2024–2025 as there were regulatory restrictions on the payment in shares due to the insider project related to the ThermaSol acquisition.

In accordance with the Remuneration Policy 2024, the remuneration of CEO Matias Järnefelt in 2024 included a fixed monthly salary, a short-term performance bonus as well as participation in the long-term share-based incentive scheme. The criteria of the performance periods relate to the total shareholder return, revenue growth and the reduction of CO<sub>2</sub> emissions. Rewards on revenue growth are subject to achieving minimum EBIT margins in the performance periods.

#### DEVELOPING REMUNERATION

Going forward, Harvia will continue to follow the key remuneration principles of transparency, market orientation and rewarding good performance. We also want to reflect market expectations and remain competitive in our remuneration policy.

The Shareholders' Nomination Board will annually make proposals to the Annual General Meeting for the remuneration of the company's Board of Directors. The Board of Directors' approach to the remuneration of the company's management considers both the

competitiveness of remuneration and the promotion of Harvia's long-term preconditions for success and targets by means of remuneration. The remuneration criteria include elements concerning Harvia's growth, profitability and sustainability. I consider these factors to remain essential also in the future, along with the possibility of flexible remuneration structures in line with market practices.

I appreciate all remarks regarding Harvia's remuneration and the Remuneration Report 2024.

#### Heiner Olbrich

Chair of the Board of Directors  
Chair of the Board's Personnel and  
Remuneration Committee  
Harvia Plc

## HARVIA PLC'S REMUNERATION REPORT 2024

### INTRODUCTION

Harvia Plc's ("Harvia" or "the company") remuneration report for the year 2024 ("Remuneration Report") describes the remuneration of the company's Board of Directors and CEO in 2024 and how the company's remuneration policy has been implemented. Harvia adheres to the Finnish Corporate Governance Code of the Securities Market Association.

The Remuneration Report has been drafted in accordance with the Finnish Corporate Governance Code 2025, effective from 1 January 2025, and other regulation.

The Personnel and Remuneration Committee of Harvia's Board of Directors has reviewed the Remuneration Report and it has been approved by the Board. The company's auditor has reviewed that the report has been issued. The Remuneration Report will be presented at Harvia's Annual General Meeting 2025 for an advisory vote.

Harvia has a remuneration policy that outlines the principles for the remuneration of the company's governing bodies, the Board of Directors and the CEO. In 2024, Harvia applied the remuneration policy adopted in 2020 ("Remuneration Policy 2020") until the Annual General Meeting on 26 April 2024. A revised remuneration policy for the company's governing bodies was presented to the Annual General Meeting 2024 for an advisory vote ("Remuneration Policy 2024"), as the remuneration policy must be presented to the general meeting every four years or when material changes to it are made. In the Remuneration Policy 2024, the theoretical maximum

of the CEO's short-term performance bonus was increased from 50% (as in Remuneration Policy 2020) to 100% of the fixed annual salary. The Annual General Meeting resolved to reject the Remuneration Policy 2024. After the Annual General Meeting 2024, Harvia has adhered to the Remuneration Policy 2024 as the Board's proposal regarding the Remuneration Policy 2024 is binding on the company. A new revised remuneration policy will be presented to the Annual General Meeting 2025 for an advisory vote.

The Remuneration Report 2023 received a 'for' vote from a majority of shareholders in the Annual General Meeting 2024.

In 2024, the remuneration of the Board of Directors and CEO complied with the remuneration policy effective at the time when the decisions on such remuneration were made and there were no deviations. The remuneration of the Board of Directors or CEO were not clawed back or adjusted in the financial year 2024.

### KEY REMUNERATION PRINCIPLES

Harvia's remuneration principles apply to the entire personnel of the company. The key principles of remuneration at Harvia are that remuneration is transparent, market-oriented, and that it rewards good performance.

According to the Remuneration Policy 2024, the objective of the company's remuneration policy is to encourage and reward management for work that is in line with the company's current strategy and for compliance with the set rules, and to motivate them to strive for the success of the company.

Well-functioning and competitive remuneration is an essential tool for the company to engage competent directors and executives. This, in turn, contributes to the financial success of the company and the implementation of good corporate governance. In addition to supporting the company's long-term profitability and competitiveness, remuneration supports the company's strategy.

Remuneration, in accordance with the Remuneration Policy 2024, consists of the following components:

- **Basic salary and employee benefits**, which are in compliance with the local market practices, laws, and regulations.
- **Short-term incentive scheme**, which is meant to guide the performance of an individual and the organization as well as to support rapid implementation of strategic projects.
- **Long-term remuneration scheme**, which is meant for committing key persons to the company. Long-term incentives aim at committing management to the company and harmonizing their interests with those of shareholders.

The CEO's basic salary shall be aligned with the interest of the company and its shareholders. The basic salary shall be competitive in the labor market comparison in order to be able to attract and retain talented professionals in the company's service.

Harvia's Board of Directors monitors and supervises the functionality of the remuneration policy, the competitiveness of remuneration as well as how the remuneration policy promotes the company's and Group's long-term objectives. If necessary, the Board of Directors proposes amendments to the remuneration policy to the general meeting.

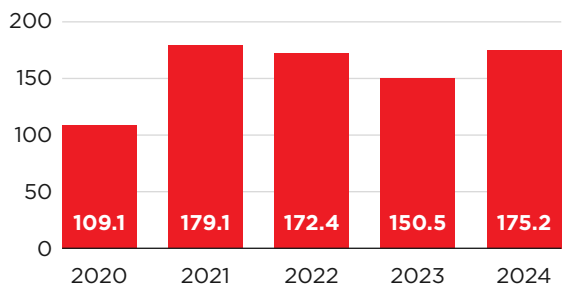
**DEVELOPMENT OF THE REMUNERATION**

Harvia is the leading player in the global sauna market. Since its initial public offering in 2018, Harvia has over doubled its size in revenue while delivering consistently strong profitability. To further accelerate growth, the company updated its strategic focus areas in May 2024 and defined its strategic role in the industry as “shaping the global sauna market so that everyone has a reason to experience sauna”. The updated strategic focus areas are: Delivering the full sauna experience; Winning in strategically important markets; Leading in key channels; and Best-in-class operations & great people.

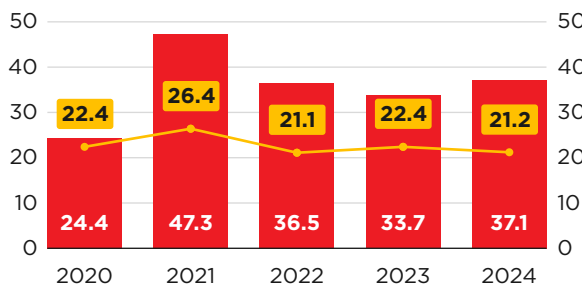
During the five-year period reviewed in the Remuneration Report, the Group’s revenue has increased from EUR 109.1 million in 2020 to EUR 175.2 million in 2024. During the same period, the adjusted operating profit increased from EUR 24.4 million to EUR 37.1 million. Adjusted operating profit margin was 21.2 percent in 2024.

Dividends paid by Harvia have increased by 78.9% in 2020–2024. The total shareholder return (TSR) of Harvia’s share was 236.9% in 2020–2024. Dividends paid in 2020–2024 and the price development of Harvia’s share have been taken into account in the TSR.

**REVENUE, EUR MILLION**



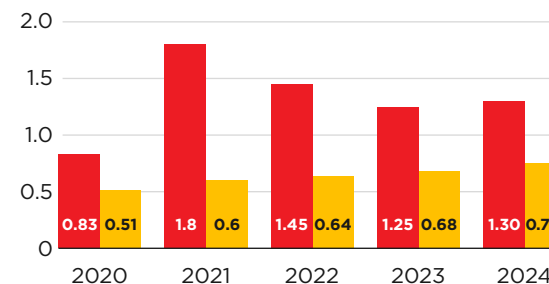
**ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING PROFIT MARGIN**



■ Adjusted operating profit\*, EUR million  
 ■ Adjusted operating profit margin

\* Adjusted by items affecting comparability

**EARNINGS PER SHARE AND DIVIDEND PER SHARE, EUR**



■ Earnings per share ■ Dividend per share

\* Dividend per share for 2024 is the dividend proposal of Harvia’s Board of Directors to the 2025 Annual General Meeting.

The Annual General Meeting of Harvia resolved in 2022 and 2024 to increase the remuneration of the Chairperson and the other Board members. To align the interests of the Board of Directors with those of the shareholders, approximately 40% of the remuneration of the members of the Board can be paid in Harvia's shares since the Annual General Meeting 2023.

The development of the CEO's base salary during the five-year review period reflects the profitable growth of Harvia during the period. Especially in 2021 and 2022 the remuneration reflects the remuneration paid to Harvia's former CEO Tapio Pajuharju based on the variable incentives schemes.

**AVERAGE REMUNERATION IN 2020–2024**

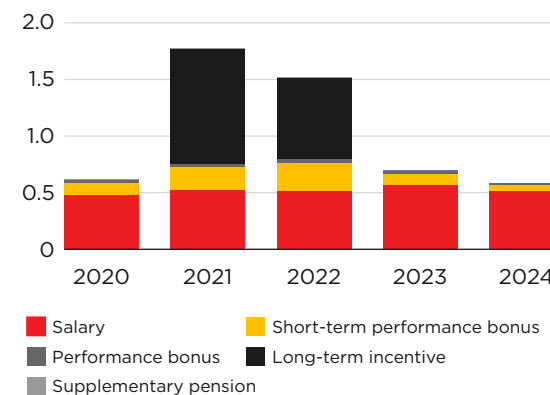
(EUR 1,000)	2020	2021	2022	2023	2024
Chairperson of the Board	58	53	53	61	58
Change from the previous year, %	0%	-8%	1%	14%	-5%
Other Board members on average	20	28	30	32	37
Change from the previous year, %	1%	36%	10%	6%	16%
CEO's fixed monthly salary including taxable benefits <sup>1)</sup>	479	524	510	570	511
Change from the previous year, %	-2%	9%	-3%	12%	-10%
CEO's remuneration in total <sup>1), 2)</sup>	611	1,774	1,523	695	581
Change from the previous year, %	19%	190%	-14%	-54%	-16%
The salary of a Harvia employee on average <sup>3)</sup>	33	33	33	39	45
Change from the previous year, %	9%	-2%	0%	18%	16%

1) Based on remuneration paid to Tapio Pajuharju by 31 May 2023 and remuneration paid to Matias Järnefelt as of 1 June 2023.

2) Rewards based on Harvia's long-term incentive program were paid to Pajuharju in shares in May 2021 for the 2018–2020 performance period with the gross value of EUR 1,012,291.35, and in May 2022 for the 2019–2021 performance period with the gross value of EUR 721,052.57.

3) The average salary of a Harvia employee is calculated by taking the total salaries and bonuses paid to employees other than the members of the Board of Directors, as defined in the financial statements for the financial year, and dividing the amount by the number of employees.

**REMUNERATION PAID TO THE CEO, MEUR**



Based on remuneration paid to Tapio Pajuharju until 31 May 2023 and remuneration paid to Matias Järnefelt as of 1 June 2023.

## REMUNERATION OF THE BOARD OF DIRECTORS IN 2024

In accordance with the Finnish Limited Liability Companies Act, the shareholders decide on the remuneration of the members of the Board of Directors in the Annual General Meeting. Decisions concerning the remuneration of the Board of Directors are made in the Annual General Meeting for a single term of office at a time based on a proposal of the Shareholders' Nomination Board, established following the decision of the Annual General Meeting 2020.

The Annual General Meeting 2024 resolved on the following monthly remuneration for the members of the Board of Directors for their term ending after the Annual General Meeting 2025:

- Chairperson of the Board EUR 5,000 (EUR 4,500 resolved by the Annual General Meeting 2023)
- Deputy Chair of the Board EUR 3,500 (provided that a Deputy Chair is elected; previously no separate remuneration for a Deputy Chair)
- Other members of the Board EUR 3,000 (EUR 2,500 resolved by the Annual General Meeting 2023).

According to the Annual General Meeting's resolution in 2024, the monthly remuneration of the Board members is paid in company shares and in cash in such a way that 40% of the total monthly remuneration will be paid in company shares purchased at a price determined in public trading on Nasdaq Helsinki Ltd and 60% will be paid in cash. All the remuneration shares will be acquired within two weeks from the day following the publication of the company's interim report for the period 1 January-31 March 2024. The company acquires the shares to the account of the members of the Board

of Directors and will pay any trading costs and transfer tax related to the purchase of the shares.

According to the Annual General Meeting's resolution, the remuneration will be paid in cash in case the remuneration cannot be paid in the company's shares due to legal or other regulatory restrictions or due to other reasons related to the company or a member of the Board of Directors or if the payment of the remuneration in shares would prove to be unreasonably difficult in practice. A member of the Board of Directors may not assign the shares received as remuneration for Board membership in 2024 until two years have passed since the date of the receipt of the shares.

For the term 2024-2025, the remuneration for the Board of Directors is paid fully in cash due to the insider project related to the ThermaSol acquisition at the time of the potential remuneration payment, and thus there were regulatory restrictions on the payment in shares.

In addition, the Shareholders' Nomination Board had proposed as a new element that the remuneration of the Board committee members be paid as meeting fees instead of a monthly fee as follows: EUR 1,000 per meeting for the Chair of a committee and EUR 600 per meeting for the other members. The remuneration for the Board committee work is paid in cash.

The Annual General Meeting also resolved that the members of the Board of Directors living outside Finland will be paid EUR 900 per meeting if the member travels to Finland only for that meeting. The fee will be paid in cash. If a member participates in a meeting via phone or other electronic device, no separate meeting fee will be paid. No fee is paid for decisions made without convening a meeting.

The travel expenses of the members of the Board of Directors are compensated in accordance with the company's travel policy.

Remuneration for the company's Board members does not include pension payments, and Board members are not paid other fringe benefits. The members of the Board of Directors are not included in Harvia's short- or long-term incentive programs. The Board members have not received any rewards from other Harvia Group companies.

## REMUNERATION PAID TO THE BOARD OF DIRECTORS IN 2024

Due to the decision-making cycle, Board remuneration from 1 January 2024 until the Annual General Meeting on 26 April 2024 was based on the decision made by the Annual General Meeting 2023. From the Annual General Meeting 2024 until 31 December 2024, the remuneration was based on the Annual General Meeting 2024 decision. In all, the members of the Board of Directors were paid EUR 245,586 (254,221) in 2024.

REMUNERATION OF THE BOARD OF DIRECTORS IN 2024

Member	Total monthly remuneration, paid in cash, EUR <sup>1)</sup>	Remuneration for Audit Committee membership, EUR <sup>2)</sup>	Remuneration for Personnel and Remuneration Committee membership, EUR	Meeting fees, EUR <sup>3)</sup>	Remuneration in financial year 2024 in total, EUR
<b>Heiner Olbrich</b> Chair of the Board from 26 April 2024	50,357	2,893	2,000	2,700	57,950
<b>Catharina Stackelberg-Hammarén</b> Deputy Chair of the Board from 26 April 2024	34,286		1,200		35,486
<b>Anders Holmén</b>	30,214	5,893			36,107
<b>Hille Korhonen</b>	30,214	10,014			40,229
<b>Markus Lengauer</b>	34,071	3,000		2,700	39,771
<b>Olli Liitola</b> Chair of the Board until 26 April 2024	34,843		1,200		36,043
<b>Total</b>	<b>213,986</b>	<b>21,800</b>	<b>4,400</b>	<b>5,400</b>	<b>245,586</b>

1) For the term 2024–2025, the remuneration for the Board of Directors is paid fully in cash due to the insider project related to the ThermaSol acquisition at the time of the potential remuneration payment.

2) The Audit Committee fees include monthly remuneration for the Audit Committee membership for 1 January–26 April 2024 as per the resolution of the Annual General Meeting 2023 and meeting fees for 26 April–31 December 2024 as per the resolution of the Annual General Meeting 2024.

3) The members of the Board of Directors living outside Finland were paid EUR 900 per meeting if the member traveled to Finland only for that meeting.

## CEO REMUNERATION IN 2024

The Board of Directors decides on the remuneration of the CEO as well as on the key terms and conditions of the CEO's service. The target levels and maximum levels of the variable remuneration-related measures are based on the long-term strategic objectives defined by the Board of Directors.

According to the Remuneration Policy 2024, the remuneration of the CEO consists of a fixed monthly salary, fringe benefits, and performance-based incentive systems. The incentive systems consist of an annual short-term performance incentive scheme and a

long-term share incentive scheme. The remuneration of the CEO may also include a supplementary pension arrangement and a severance payment.

In 2024, CEO Matias Järnefelt was paid a total remuneration of EUR 580,776 (EUR 251,882; Järnefelt assumed his role on 1 June 2023). Variable remuneration constituted 12% of the overall remuneration and fixed pay 88%.

### FIXED SALARY

CEO Matias Järnefelt's monthly salary during 2024 totaled to EUR 510,639 (251,882) including taxable benefits.

## SUMMARY OF CEO REMUNERATION COMPONENTS IN 2024

Remuneration component	Description of remuneration
<b>Fixed:</b> Salary	Fixed monthly salary including taxable benefits: car benefit and telephone benefit
<b>Fixed:</b> Pension	Statutory pension in Finland
<b>Variable:</b> Short-term incentive scheme	The purpose is to support the achievement of the company's short-term financial and strategic objectives. The performance period for the CEO's short-term incentive scheme is one year. The payment of the bonus is based on achieving the target level for Harvia's consolidated adjusted operating profit and personal targets.
<b>Variable:</b> Performance bonus	The payment of the bonus is based on achieving certain profitability target of Harvia companies in Finland.
<b>Variable:</b> Long-term incentive program	The share-based long-term incentive program aims to support the implementation of the company's strategy, align the objectives of the management and the company's shareholders to increase the value of the company and improve the performance of the company, and commit the CEO to the company.





**SHORT-TERM INCENTIVE SCHEME**

In 2024, the bonus payable based on the short-term incentive scheme can account for a maximum of 50 percent of the CEO's fixed salary including benefits, which was equal to that in 2023.

In the financial year 2024, personal targets related to Harvia's growth as well as to developing the Group strategy, implementation of the new operational model as well as the development of the US business. In 2023 Järnefelt's personal targets related to managing net working capital, developing the company's capacity to make profits and improving occupational safety.

**PERFORMANCE BONUS**

In 2024, Järnefelt was part of a performance bonus system that covers the entire personnel of Harvia's companies in Finland (Harvia Plc, Harvia Group Oy, and Harvia Finland Oy). In the system, the performance bonus is a maximum of six percent of the annual salary, based on the achievement of certain profitability targets.

The 2024 bonus to be paid to the CEO in 2025 will be 6% of the CEO's salary.

**SHORT-TERM INCENTIVE SCHEME'S CRITERIA**

<b>Criteria in 2024</b>	<b>Weighting</b>	<b>Performance outcome</b>
Consolidated adjusted operating profit	66.7%	66.7%
Personal targets	33.3%	29.5%
<b>Total</b>	<b>100%</b>	<b>96.2%</b>
<b>Bonus payment for 2024</b>		<b>EUR 243,556</b> (to be paid in 2025)
<hr/>		
<b>Criteria in 2023</b>		
Consolidated adjusted operating profit	66.7%	5.5% (7/12 parts of the year)
Personal targets	33.3%	19.4% (7/12 parts of the year)
<b>Total</b>	<b>100%</b>	<b>24.9%</b>
<b>Bonus payment for 2023</b>		<b>EUR 55,437</b> (paid in 2024)

### LONG-TERM INCENTIVE SCHEME

For each performance period, the Board of Directors separately decides the performance criteria and related targets, as well as the minimum, target, and maximum reward potentially payable based on target attainment. The payment of rewards based on the performance criterion concerning organic revenue growth requires that Harvia achieves a certain EBIT margin in the performance period.

If the targets of the plan are reached, rewards will be paid to the participants during the spring following the end of the given performance period. If the CEO's service contract would have terminated before the payment of the reward, no reward would be paid as a rule.

The program has no commitment period or terms and conditions associated with the number of shareholdings.

The potential rewards paid through the incentive program represent gross earning from which withholding 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.

### PERFORMANCE PERIODS OF THE SHARE-BASED INCENTIVE PROGRAM

Performance period	Performance criteria and their weighting	Payment date	The maximum number of shares to be paid to the CEO, gross	The reward earned by the CEO in relation to the maximum
2021-2023	<ul style="list-style-type: none"> <li>Absolute TSR (50%)</li> <li>Organic revenue growth (40%)</li> <li>Sustainability: sustainability strategy and metrics (10%)</li> </ul>	Spring 2024	7,910	<ul style="list-style-type: none"> <li>Järnefelt not covered by the performance period</li> </ul>
2022-2024	<ul style="list-style-type: none"> <li>Absolute TSR (50%)</li> <li>Organic revenue growth (35%)</li> <li>Sustainability: reducing CO<sub>2</sub> emissions (15%)</li> </ul>	Spring 2025	16,889	<ul style="list-style-type: none"> <li>Järnefelt not covered by the performance period</li> </ul>
2023-2025	<ul style="list-style-type: none"> <li>Absolute TSR (50%)</li> <li>Organic revenue growth (35%)</li> <li>Reducing CO<sub>2</sub> emissions (15%)</li> </ul>	Spring 2026	13,835	<ul style="list-style-type: none"> <li>Ongoing performance period</li> <li>Järnefelt covered by the performance period</li> </ul>
2024-2026	<ul style="list-style-type: none"> <li>Absolute TSR (50%)</li> <li>Revenue growth (40%)</li> <li>Reducing CO<sub>2</sub> emissions (10%)</li> </ul>	Spring 2027	11,893	<ul style="list-style-type: none"> <li>Ongoing performance period</li> <li>Järnefelt covered by the performance period</li> </ul>

The payment of rewards based on the performance criterion concerning organic revenue growth requires that Harvia achieves a certain EBIT margin in the performance period.

**REMUNERATION PAID TO THE CEO IN 2024**

Remuneration component	EUR
fixed monthly salary, in total <sup>1)</sup>	510,639
Short-term incentives from 2023	55,437
Performance bonus from 2023	14,700
<b>Total</b>	<b>580,776</b>

1) Including taxable benefits (car and telephone benefit).

**THE REWARD TO BE PAID TO THE CEO IN 2025 BASED ON 2024 PERFORMANCE**

Remuneration component	EUR
Short-term incentives from 2024	243,556
Performance bonus from 2024	29,052
<b>Total</b>	<b>272,608</b>

**THE KEY TERMS OF SERVICE OF THE CEO**

The management contract of CEO Järnefelt is valid until further notice. The CEO's contract contains a mutual six-month period of notice and a 12-month non-compete period upon its termination.

If the company terminates the service contract, the CEO is entitled to a severance payment corresponding to six months' basic salary. The CEO's retirement age is determined by the statutory pension system.

