

HARVIA PLC

INTERIM REPORT

JANUARY–SEPTEMBER 2022

HARVIA

HARVIA

Sauna & Spa

#healingwithheat

HARVIA Q3: MARKET CONDITIONS IMPACTING BOTH NET SALES AND PROFITABILITY

HIGHLIGHTS OF THE REVIEW PERIOD

JULY–SEPTEMBER 2022:

- Revenue decreased by 18.9% to EUR 37.4 million (46.2). At comparable exchange rates, revenue decreased by 23.3% to EUR 35.4 million. Organic revenue growth was -19.6% compared to July–September 2021.
- International business amounted to EUR 30.5 million (36.1), making up 81.4% (78.2) of the revenue.
- Operating profit was EUR 7.3 million (11.6), making up 19.5% (25.1) of the revenue.
- Adjusted operating profit reached EUR 7.6 million (11.8), making up 20.4% (25.5) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 7.1 million (20.0% of the revenue).
- Operating free cash flow amounted to EUR 9.8 million (4.4) and cash conversion was 105.6% (32.9).

JANUARY–SEPTEMBER 2022:

- Revenue increased by 1.2% to EUR 134.3 million (132.6). At comparable exchange rates, revenue decreased by 2.2% to EUR 129.8 million. Organic revenue growth was -4.7%.
- International business amounted to EUR 105.2 million (104.2), making up 78.4% (78.6) of the revenue.
- Operating profit was EUR 28.1 million (35.5), making up 20.9% (26.8) of the revenue.
- Adjusted operating profit reached EUR 28.5 million (36.1), making up 21.2% (27.2) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 27.0 million (20.8% of the revenue).
- Operating free cash flow amounted to EUR 18.9 million (16.6) and cash conversion was 56.4% (41.1)
- Net debt amounted to EUR 60.1 million (38.9) and leverage was 1.3 (0.8).
- Equity ratio was 44.9% (41.4).
- Earnings per share was EUR 1.23 (1.37).

KEY FIGURES

EUR million	7-9/2022	7-9/2021	Change	1-9/2022	1-9/2021	Change	1-12/2021
Revenue	37.4	46.2	-18.9%	134.3	132.6	1.2%	179.1
EBITDA	8.9	13.3	-32.6%	33.0	39.8	-17.1%	52.5
% of revenue	23.9%	28.7%		24.6%	30.0%		29.3%
Items affecting comparability *	0.3	0.2	83.8%	0.4	0.6	-31.7%	0.6
Adjusted EBITDA **	9.3	13.4	-31.0%	33.4	40.4	-17.3%	53.1
% of revenue	24.8%	29.1%		24.9%	30.5%		29.7%
Operating profit	7.3	11.6	-37.0%	28.1	35.5	-20.9%	46.6
% of revenue	19.5%	25.1%		20.9%	26.8%		26.0%
Adjusted operating profit **	7.6	11.8	-35.1%	28.5	36.1	-21.1%	47.3
% of revenue	20.4%	25.5%		21.2%	27.2%		26.4%
Basic EPS (EUR)	0.34	0.44	-22.7%	1.23	1.37	-9.7%	1.80
Operating free cash flow	9.8	4.4	121.5%	18.9	16.6	13.5%	20.4
Cash conversion	105.6%	32.9%		56.4%	41.1%		38.5%
Investments in tangible and intangible assets	-0.8	-2.5	-68.9%	-2.9	-8.0	-64.0%	-11.8
Net debt	60.1	38.9	54.5%	60.1	38.9	54.5%	43.8
Leverage	1.3	0.8		1.3	0.8		0.8
Net working capital	49.1	36.7	33.9%	49.1	36.7	33.9%	41.9
Adjusted return on capital employed (ROCE)	61.5%	112.4%		61.5%	112.4%		112.6%
Equity ratio	44.9%	41.4%		44.9%	41.4%		42.4%
Number of employees at end of period	731	810	-9.8%	731	810	-9.8%	824

* Consists of items outside the ordinary course of business, relating to the Group's strategic development projects, acquisitions, restructuring expenses and loss on sale of fixed assets, and affecting comparability.

** Adjusted by items affecting comparability.

FINANCIAL TARGETS AND OUTLOOK

The company has set long-term targets related to growth, profitability and leverage. Harvia targets an average annual revenue growth of more than 5%, an adjusted operating profit margin exceeding 20% and a net debt/adjusted EBITDA between 1.5x–2.5x in the long term. The future impacts of changes in IFRS reporting standards have been excluded in the net debt/adjusted EBITDA ratio target.

The company's management estimates that due to the special circumstances caused by the COVID-19 pandemic, the sauna and spa market experienced exceptionally high demand. The ending of advance demand in the first half of 2022 is not expected to have an impact on the long-term growth expectations of the sauna and spa market, nor on Harvia's long-term financial targets.

Harvia does not publish a short-term outlook.

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

TAPIO PAJUJARJU, CEO:

During the third quarter of 2022, we continued to experience extensive direct and indirect impacts of the Russian invasion of Ukraine. In the period, Harvia's revenue landed at EUR 37.4 million, with decline of 18.9% from Q3 2021. Especially in Europe, high inflation combined with emerging energy shortage reduced consumer confidence. This has impacted the demand of saunas as well as heaters and equipment. In addition, the so-called advance demand caused by the pandemic faded away.

The unfavorable sales development in the third quarter was mainly driven by the demand slowdown in Germany and adjacent markets, combined with the economic uncertainty in Europe. The slowdown has been experienced especially with our wholesalers, sauna builders and major e-commerce clients who have been mainly focused on the entry-level offering. In some other European markets, strong destocking and net working capital programs, especially by our large partners, impacted the volume of the business. This was seen even in markets where the underlying market demand was rather solid. Demand in the European luxury and the professional market has continued close to normal level.

Outside Europe, business continued strong in the third quarter. We maintained strong growth in the large and high-potential North American market. We have also amplified our efforts in the newer sauna markets and are seeing great progress in e.g. Arab countries, Japan and selected other markets. Even in the demanding and complex business environment, we have maintained our ability to take market share, and the awareness and popularity of sauna and its health benefits are still on the rise. Team Harvia and our long-term partners have approached the demanding market situation with a strong professional grip and good spirit.

In Russia, we have discontinued Harvia branded business completely. EOS Russia is finishing the strong base of ongoing and prepaid projects. We aim to finish the projects and aim to exit the Russian business at the year end.

The third quarter's adjusted operating profit amounted to EUR 7.6 million, decreasing from the high figure of EUR 11.8 million in the comparison period and totaling 20.4% of revenue. Declined sales volume and somewhat unfavorable sales mix lowered relative profitability. The sales of complete saunas developed favorably, which supports Harvia's strategy, but the more profitable heater and component sales remained soft. However, when comparing our performance to the pre-pandemic times, we have grown very strongly both in terms of net sales and adjusted operating profit, also in pro forma terms.

To adapt to the changes in market environment, demand and inflation, we have already adjusted our capacity, cost levels and net working capital during the period. Most of these taken actions will become fully visible during the remaining part of the year, yet the first results of these actions were already seen at the end of Q3. The decreased net working capital supported our healthy cash conversion of 105.6%. In addition, we have remained proactive and addressed cost increases to the full in our pricing. On top of this, we have increased the efforts in new markets as well as targeting to more professional and premium offering & customer base on our existing markets. We remain very active in adjusting our capacity and cost base when needed. Moving forward, inflation remains high globally for the time being, yet it seems to be balancing in some of the key raw materials.

While the market environment is challenging, it does not affect Harvia's strategic cornerstones or long-term financial targets. We continue to have full focus on our strategic cornerstones of geographical expansion, increasing the value of average purchase, and improving our productivity. On top of the organic business growth path, we remain active in seeking strategic opportunities on the M&A front. Our innovation pipeline continues to deliver excellent products to the market and we are working on addressing business opportunities connected to energy efficiency and smart energy sauna.

Our mission of healing with heat and providing long and good quality of life has been further supported and amplified by new research and evidence. In recent research by the University of Jyväskylä in Finland, it was shown that combining



physical exercise with sauna bathing delivers incremental health benefits.

The sauna and spa market has traditionally been very resilient during economically challenging times, and the positive long-term growth outlook for sauna awareness and the sauna and spa market as a whole is intact.

MARKET REVIEW

According to Harvia's estimate, there are approximately 18 million saunas in the world. This large sauna base provides significant business arising from the replacement of saunas and sauna heaters. Historically, the sauna and spa market has grown annually by an average of 5%. Due to the stable demand that arises from the need to replace sauna heaters regularly, the sauna and spa market has been traditionally resilient to economic downturns. This is true especially for the more mature sauna markets.

During the past few years, the sauna and spa market enjoyed growth significantly above its historical average. The growth was fueled by increasing awareness of the health benefits of sauna and the home improvement boom boosted by the COVID-19 pandemic. This so-called advance demand was driven by the increased demand for new saunas and equipment, and to lesser extent by the replacement demand.

In 2022, the sauna and spa market has witnessed two key developments. Firstly, the pandemic-driven advance demand faded away in the second quarter of 2022 as pandemic restrictions in key markets were lifted and consumer behavior shifted away from the pandemic patterns. Secondly, the economic uncertainty has increased, and consumer confidence has eroded significantly throughout 2022 after the Russian invasion of Ukraine.

The direct impact of the invasion is focused on Russia, Ukraine and adjacent markets, but the indirect impacts have been felt throughout Europe and to a smaller extent globally. Increased economic uncertainty, reduced consumer confidence and enhanced energy saving measures, especially in Germany and adjacent markets, can be seen most clearly in entry-level products, which are traditionally also the most sensitive to the negative demand effect of price increases. The professional and premium market has remained more stable and appears to be less sensitive to the current high-inflation environment, even if somewhat affected by the rising energy costs and resulting energy saving measures that limit the use of saunas.

Outside Europe, especially in North America and Asia, the sauna and spa market has continued growing, even if the growth pace has settled from the pandemic-fueled pace. In general, these markets have not seen similar negative economic and energy price development as witnessed in Europe, even though they are not immune to the global economic uncertainty. The demand in emerging market areas continues to be skewed towards more high-end products, especially compared to Finland. The increase in the popularity of sauna, low but increasing sauna penetration and resilient high-end demand continue to support market growth in the more emerging sauna and spa markets.

According to the management's estimate, Harvia's share of the sauna and spa market has increased during the last few years and the development has continued also in 2022. In 2021, Harvia's share of the sauna and spa market was estimated to be 5%, and the company's share of the sauna heater and sauna component market was estimated to be 20%. With the revenue reached in 2021, the company's management estimates that Harvia has taken the leading position in the global sauna and spa market.

REVENUE

REVENUE BY MARKET AREA

EUR thousand	7-9/2022	7-9/2021	Change	1-9/2022	1-9/2021	Change	2021
Finland	6,971	10,053	-30.7%	29,050	28,395	2.3%	36,900
Scandinavia	2,312	2,589	-10.7%	7,013	6,693	4.8%	9,357
Germany	5,717	9,094	-37.1%	20,708	26,677	-22.4%	35,351
Other European countries	10,710	13,148	-18.5%	36,060	36,358	-0.8%	49,674
Russia	1,655	2,913	-43.2%	6,597	7,874	-16.2%	11,549
North America	7,894	6,590	19.8%	26,430	21,726	21.6%	29,132
Other countries*	2,182	1,789	22.0%	8,432	4,919	71.4%	7,160
Total	37,441	46,176	-18.9%	134,289	132,641	1.2%	179,123

* The largest of which: Arab countries and Asia.

REVENUE BY PRODUCT GROUP

EUR thousand	7-9/2022	7-9/2021	Change	1-9/2022	1-9/2021	Change	2021
Sauna heaters	16,841	21,598	-22.0%	58,913	66,573	-11.5%	88,177
Sauna rooms & Scandinavian hot tubs	9,961	12,444	-20.0%	35,940	29,965	19.9%	41,185
Control units	3,088	4,134	-25.3%	12,193	13,261	-8.1%	17,578
Steam generators	1,059	1,303	-18.7%	3,815	3,743	1.9%	5,129
Other product groups, spare parts and services	6,493	6,698	-3.1%	23,428	19,099	22.7%	27,053
Total	37,441	46,176	-18.9%	134,289	132,641	1.2%	179,123

JULY–SEPTEMBER 2022

The Group's revenue decreased in July–September by 18.9% to EUR 37.4 million (46.2). At comparable exchange rates, revenue decreased by 23.3% to EUR 35.4 million. Organic revenue growth was -19.6%. Revenue decreased in Finland, Scandinavia, Germany and other European countries. Ongoing high inflation decreased consumer confidence and end of the so-called advance demand caused by the pandemic affected the revenue in the aforementioned markets negatively. Revenue increased in North America and in the market area other countries. The growth in other countries was driven mainly by Arab countries. In Q3, the revenue in Russia decreased by 43.2% following the suspension decision in March 2022. The revenue booked in Q3 in Russia is due to EOS Russia finishing the strong base of ongoing prepaid projects.

Revenue decreased in all product groups in July–September. Sauna room sales continued strong development in North America, but the revenue of Scandinavian hot tubs declined in all market areas. In addition to growing economic uncertainty, the Scandinavian hot tub market was especially hit by the post-pandemic trend of private consumption shifting away from home improvement to other areas, for example traveling. Sauna heater sales slowed down in all major markets, especially in Germany, Finland and other European countries and in the entry-level heaters. The decline in sales of control units was especially due to the German market. Sales of other product groups, spare parts, and services were close to the comparison period level.

JANUARY–SEPTEMBER 2022

The Group's revenue increased in January–September by 1.2% to EUR 134.3 million (132.6). At comparable exchange rates, revenue decreased by 2.2% to EUR 129.8 million. Organic revenue growth was -4.7%. Revenue increased in North America, Finland, Scandinavia and especially in other countries. The growth in other countries was driven mainly by Asian and Arab countries.

Revenue increased especially in saunas and other product groups in January–September. The growth of sauna room sales continued especially in North America, but also in Central Europe. The revenue of Scandinavian hot tubs decreased significantly in all market areas. Sauna heater sales declined in all market areas, especially in Germany and in entry-level heaters. Sales of control units grew in all other markets except Germany and Russia. The revenue growth of steam generators was driven by Arab countries. Sales of other product groups, spare parts and services developed well especially in heater stones due the acquisition of Sauna Eurox in August 2021.

RESULT

JULY–SEPTEMBER 2022

Operating profit for July–September decreased to EUR 7.3 million (11.6) and the operating profit margin was 19.5% (25.1). The operating profit included EUR 0.3 million (0.2) of items affecting comparability, mainly related to acquisitions and restructuring. Changes in exchange rates strengthened the operating profit by approximately EUR 0.6 million compared to the previous year. The favorable effect from exchange rates mainly resulted from the strong U.S. dollar.

Adjusted operating profit decreased to EUR 7.6 million (11.8) and the adjusted operating profit margin was 20.4% (25.5). The net financial items for the review period were EUR 1.1 million (-0.4). The net financial items were positive mainly due to change of fair value of the interest rate swap.

Profit before taxes was EUR 8.4 million (11.2). The Group's taxes amounted to EUR -1.9 million (-2.7).

The result for July–September was EUR 6.5 million (8.6) and undiluted earnings per share were EUR 0.34 (0.44).

JANUARY–SEPTEMBER 2022

Operating profit for January–September decreased to EUR 28.1 million (35.5) and the operating profit margin was 20.9% (26.8). The operating profit included EUR 0.4 million (0.6) of items affecting comparability, mainly related to acquisitions and restructuring. Changes in exchange rates strengthened the operating profit by approximately EUR 1.6 million, which was caused mainly by the strong U.S. dollar.

Adjusted operating profit decreased to EUR 28.5 million (36.1) and the adjusted operating profit margin was 21.2% (27.2). The net financial items for the review period were EUR 2.8 million (-1.1). The net financial items were positive mainly due to change of fair value of the interest rate swap.

Profit before taxes was EUR 31.0 million (34.5). The Group's taxes amounted to EUR -7.0 million (-8.1).

The result for January–September was EUR 24.0 million (26.4) and undiluted earnings per share were EUR 1.23 (1.37).

FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of September 2022 was EUR 215.9 million (30 September 2021: 201.3), of which equity accounted for EUR 95.5 million (82.0).

At the end of September 2022, the company's net debt amounted to EUR 60.1 million (38.9). The net debt increase in the third quarter was mainly due to the financing of Harvia acquiring a 21.4% minority shareholding of EOS Group's German operations in July. Loans from credit institutions were EUR 75.4 million (56.8) and lease liabilities were EUR 2.6 million (2.9). Cash and cash equivalents at the end of the review period amounted to EUR 17.9 million (20.9). Leverage was 1.3 (0.8) at the end of the review period.

Equity ratio was 44.9% (41.4) at the end of the review period. The adjusted return on capital employed (ROCE) was 61.5% (112.4).

In January–September, Harvia's operating free cash flow was EUR 18.9 million (16.6) and cash conversion was 56.4% (41.1). In the third quarter, operating free cash flow increased to EUR 9.8 million (4.4) and cash conversion improved to 105.6% (32.9). In the comparison period, Harvia's operating free cash flow and cash conversion were reduced by a large investment program and increasing net working capital.

INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

The Group's investments in January–September amounted to EUR 2.9 million (8.0). During the review period, Harvia invested in production machinery in Finland, North America, China and Romania. The Group's research and development expenditure recognized as expenses amounted to EUR 1.7 million (1.6).

ACQUISITIONS

On 27 July 2022, Harvia Plc acquired a 21.4% minority shareholding of EOS Group's German operations from Mr. Rainer Kunz, Managing Director of EOS Group. After the transaction, EOS Group's German operations are fully owned by Harvia.

The purchase price was EUR 19.0 million. The purchase price of the minority shareholding was based on the same adjusted EBITDA multiple as in the original transaction in 2020, when Harvia acquired the majority of EOS shares. Harvia financed the acquisition of the minority shareholding with long-term interest-bearing debt. Mr. Kunz continues as Managing Director of EOS Group and a member of Harvia's management team after the transaction.

Harvia owns 80.0% of EOS Russia and aims to exit the ownership at the year end. The options for this are currently being evaluated.

CORPORATE RESPONSIBILITY

Sustainability is a part of everyday life at Harvia – the company’s operations and products have been developed sustainably already for over 70 years, as Harvia has developed from a traditional sauna and heater manufacturer into a leading player in the international sauna and spa market.

Harvia manufactures durable and safe products in a sustainable manner. For a long time, the company has invested in taking environmental aspects into consideration all the way from design to production, logistics, use and recycling of the products. Harvia has an environmental manual summarizing the company’s sustainability values in four areas: environmental impacts of production, personnel, products and a responsible code of conduct.

During the year 2021, Harvia created the company’s sustainability program for years 2022–2025. Harvia also partnered with a well-established ESG expert in order to carry out a review of its current group-level CO₂ impact. The results indicated that Harvia’s starting point with CO₂ footprint is good, and the company is committed to continuous improvement. Harvia has a sustainability action plan for year 2022 and has continued developing sustainability KPIs and reporting.

Harvia’s corporate responsibility was presented in more detail in the Annual Report 2021.

PERSONNEL

The number of personnel employed by the Group at the end of September was 731 (810) and averaged 806 (749) in January–September. Of the personnel at the end of September, 266 (309) worked in Finland, 147 (143) in Germany, 131 (119) in Romania, 57 (95) in China and Hong Kong, 57 (57) in the United States, 36 (43) in Austria, 26 (27) in Russia, 9 (15) in Estonia and 2 (2) in Sweden.

The increase in the average number of personnel resulted from the acquisition of Kirami at the end of May 2021 and the acquisition of Sauna-Eurox at the end of August 2021.

The decrease in the number of personnel at the end of September compared to the previous year was mainly due to personnel reductions after change negotiations in Finland and restructuring in other countries as well. In June 2022, Harvia concluded its change negotiations and confirmed the reduction of nine full-time equivalents. Additional adjustments were carried out through temporary layoffs of up to 90 days and annual leave arrangements at Harvia Finland Oy, Velha Oy, and Harvia Group Oy. The reason for the change negotiations was the suspension of Harvia’s operations in Russia due to the war in Ukraine combined with the growing general uncertainty. Kirami Oy finalized its change negotiations in July 2022 and confirmed the reduction of three full-time equivalents. Additional adjustments were carried out through temporary layoffs of over 90 days and annual leave arrangements in Kirami Oy.

In October 2022, Harvia decided to initiate change negotiations. According to Harvia’s estimate, the personnel reduction need at Harvia Finland Oy would be approximately 20 full-time equivalents. Additional adjustments are planned to be carried out through temporary layoffs of potentially over 90 days and annual leave arrangements at Harvia Finland Oy, Velha Oy, and Harvia Group Oy.

SHARES AND SHAREHOLDERS

Harvia's registered share capital is EUR 80,000 and at the end of September, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume in January–September was EUR 623.9 million (592.0) and 19,828,285 shares (13,362,505). The share's volume weighted average price during the review period was EUR 31.58 (44.33), the highest price was EUR 60.70 (64.10) and the lowest EUR 13.39 (22.00). The closing price of the share at the end of September was EUR 14.02 (46.00). The market value of the share capital on 30 September 2022 was EUR 262.1 million (859.9) including treasury shares. At the end of September, Harvia Plc held a total of 5,074 own shares, corresponding to 0.03% of the total number of shares.

The number of registered shareholders at the end of September was 45,755 (33,351), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 39.9 % (48.5) of the company's shares. The ten largest shareholders held a total of 20.4% (19.0) of Harvia's shares and votes at the end of September.

GOVERNANCE

Harvia Plc's Annual General Meeting, held on 7 April 2022, approved the financial statements and discharged the members of the Board of Directors and the company's CEO from liability for the financial year 2021. The Annual General Meeting approved in an advisory decision the remuneration report for governing bodies.

The Annual General Meeting approved the Board of Directors' proposal that EUR 0.60 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 instalments. The first instalment, EUR 0.30 per share, was paid on 20 April 2022. The second instalment, EUR 0.30 per share, was paid on 25 October 2022 to the shareholders who were registered in the shareholders' register on the record date for the dividend 18 October 2022.

The Annual General Meeting resolved that the Board of Directors consists of five members. Anders Holmén, Hille Korhonen, Olli Liitola and Sanna Suvanto-Harsaae were re-elected to the Board of Directors and Heiner Olbrich was elected as a new member of the Board of Directors. Authorized Public Accountants PricewaterhouseCoopers Oy was elected as the Auditor of the company and Markku Katajisto, Authorized Public Accountant, 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 authorization is valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2023.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares as referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act in one or several tranches, either against payment or without payment. The aggregate number of shares to be issued, including the shares to be received based on special rights, must not exceed 1,869,423 shares. The Board of the Directors may resolve to issue new shares or to transfer own shares possibly held by the company. The authorization is valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2023.

The organizational meeting of the Board of Directors elected from among its members Olli Liitola as its Chair and Sanna Suvanto-Harsaae as its Deputy Chair. The Board of Directors elected from among its members Anders Holmén and Hille Korhonen as members and Sanna Suvanto-Harsaae as Chair of the Audit Committee. All members of the Board of Directors are independent of the company and its major shareholders.

On 4 May 2022, 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 concern the performance period 2019–2021 of the company's share-based incentive program launched in 2019. In the share issue, 45,983 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, the company held a total of 5,074 own shares.

Harvia Plc announced the composition of the Shareholders' Nomination Board on 28 September 2022. The shareholders' nomination board will be comprised of representatives appointed by the company's four largest shareholders. Each year,

those four shareholders that hold the largest share of the votes conferred by all shares in the company on the first working day of the September preceding the applicable Annual General Meeting pursuant to the shareholders' register maintained by Euroclear Finland Ltd will be entitled to appoint members that represent the shareholders. The following members were appointed to Harvia Plc's Shareholders' Nomination Board:

Juho Lipsanen, Onvest Oy, Member of the Board

Jarno Käyhkö, WestStar Oy, COO

Timo Harvia, Tiipeti Oy, Shareholder

Annika Ekman, Keskinäinen Eläkevakuutusyhtiö Ilmarinen, Head of Direct Equity Investments

In addition, Olli Liitola, the Chairman of the Board of Directors of Harvia, serves as an expert in the Nomination Board without being a member.

The Nomination Board will forward its proposals for the 2023 Annual General Meeting to the Board of Directors by 31 January 2023.

RISKS AND UNCERTAINTIES

General economic, social and political conditions impact Harvia's operating environment. Economic uncertainty in Finland, Europe, North America or more widely across the globe can affect the company's business in many ways and make accurate predictions and planning of future business more difficult than usual. Harvia is familiar with operating successfully in an environment shaped by changing market conditions, but the full impact of all changes in different markets is difficult to foresee, as the situation is in constant change.

Changes in consumer confidence and the resulting demand implications impact directly 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 lesser extent in postponing replacement demand. In addition, the availability of energy and energy prices may impact consumer confidence and the frequency of sauna usage.

The Russian invasion of Ukraine has impacted Harvia directly and indirectly. The direct impact relates to Russia, Ukraine and the adjacent markets. Harvia suspended its operations in Russia at the beginning of March due to the war in Ukraine. Sales in Russia accounted for 6.4 percent of Harvia Group's revenue in 2021 (EUR 11.5 million). The Group does not have a production facility in Russia, but it employs 26 people and has other assets in the country. The indirect impact of the war is visible in the higher raw material prices, inflation and reduced consumer confidence. In Russia, Harvia has discontinued its Harvia branded business completely. EOS Russia is finishing the strong base of ongoing and prepaid projects. Harvia aim to finish the projects and aim to exit the Russian business at the year end. The options for this are currently being evaluated.

The impacts of the pandemic on Harvia have largely ended, even though they are still somewhat evident especially in Asia. If the need to restrict operations arise, this may have a negative impact on the company's business volume, result or financial performance. The company continues to assess the COVID-19 situation constantly in terms of its business.

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 with the insurance company.

The Group's loans consist of long-term liabilities. The loans include covenants, which in unfavorable business conditions may require new financing negotiations with the bank. The company protects itself from interest risks arising from bank loans with interest rate swaps amounting to EUR 36.5 million.

Harvia has business operations in several countries. Harvia is exposed to transaction and translation risks mainly relating to the U.S. dollar and the Russian ruble. Exchange rate risks have thus far not been significant for the Group, and Harvia has not protected itself from these risks with currency derivatives. Harvia has suspended its operations in Russia, which limits the currency exposure for Russian ruble going forward.

The principles of Harvia's financing risk management are described in the Consolidated Financial Statements 2021 and the general principles of risk management on the company's website at www.harviagroup.com.

EVENTS AFTER THE REVIEW PERIOD

On 14 October 2022, the Board of Directors of Harvia Plc decided on the record date and payment date of the second dividend instalment for the financial year 2021, EUR 0,30 per share, based on the decision by the Annual General Meeting held on 7 April 2022. The dividend, EUR 0.30 per share, was paid to a shareholder registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date for the dividend 18 October 2022. The dividend was paid on 25 October 2022.

FINANCIAL RELEASES IN 2023

Harvia will publish its financial statements for 2022 and interim reports in 2023 as follows:

9 February 2023, Financial statements bulletin for 2022

4 May 2023, January–March 2023 interim report

10 August 2023, Half-year (January–June) 2023 financial report

2 November 2023, January–September 2023 interim report

Harvia's electronic annual report which contains the complete Financial Statements 2022 will be published during the week starting 13 March 2023 (week 11/2023).

Harvia's Annual General Meeting will be held on 20 April 2023 at 10.00 a.m. in Helsinki. The exact location will be announced later.

MUURAME, 2 NOVEMBER 2022

HARVIA PLC
Board of Directors

For more information, please contact:

Tapio Pajuharju, CEO, tel. +358 50 5774 200
Ari Vesterinen, CFO, tel. +358 40 5050 440

PRESS CONFERENCE ON FINANCIAL RESULTS

Harvia will hold a webcast for analysts, investors and media on 3 November 2022 at 11:00 a.m. EET. The conference will be held in English. Harvia's CEO Tapio Pajuharju and CFO Ari Vesterinen will host the event. The webcast can be followed at <https://harvia.videosync.fi/results-q3-2022/>.

You can also participate in the conference by calling:

Finland: +358 9 2319 5436
Sweden: +46 8 5051 0086
UK: +44 33 0551 0211
US: +1 646 843 4609

PIN: 1524215#

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

HARVIA PLC INTERIM REPORT JANUARY–SEPTEMBER 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Revenue	2.1	37,441	46,176	134,289	132,641	179,123
Other operating income		167	98	428	255	539
Materials and services		-15,272	-18,637	-55,517	-52,088	-70,114
Employee benefit expenses		-6,861	-7,720	-23,497	-22,431	-30,591
Other operating expenses	2.2	-6,536	-6,657	-22,690	-18,567	-26,469
Depreciation and amortization		-1,641	-1,671	-4,899	-4,277	-5,844
Operating profit		7,299	11,588	28,114	35,534	46,644
Share in profits and losses of associated companies		-17	16	68	33	57
Finance income		555	60	1,798	508	698
Finance costs		-853	-543	-2,464	-1,922	-2,601
Changes in fair values		1,415	102	3,477	309	418
Financial items, net		1,099	-365	2,879	-1,073	-1,428
Profit before income taxes		8,398	11,223	30,992	34,461	45,216
Income taxes		-1,870	-2,654	-7,034	-8,092	-10,427
Profit for the period		6,528	8,569	23,958	26,369	34,789
Attributable to:						
Owners of the parent		6,368	8,252	23,028	25,521	33,674
Non-controlling interests*		160	317	930	848	1,115
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Translation differences		1,568	409	3,974	863	1,197
Other comprehensive income, net of tax		1,568	409	3,974	863	1,197
Total comprehensive income		8,097	8,978	27,932	27,232	35,986
Attributable to:						
Owners of the parent		7,936	8,661	27,002	26,384	34,871
Non-controlling interests*		160	317	930	848	1,115
Earnings per share for profit attributable to the owners of the parent:						
Basic EPS (EUR)	2.3	0.34	0.44	1.23	1.37	1.80
Diluted EPS (EUR)	2.3	0.34	0.44	1.22	1.36	1.79

*EOS Group and Kirami Ab Non-controlling interests

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	30-Sep-2022	30-Sep-2021	31-Dec-2021
ASSETS				
Non-current assets				
Intangible assets		11,431	13,496	12,732
Goodwill		73,886	73,708	73,730
Property, plant and equipment		28,235	24,963	27,994
Leased assets		2,351	2,740	2,644
Investments in associated companies		794	702	726
Derivative financial instruments		2,993		
Deferred tax assets		1,494	1,463	1,488
Total non-current assets		121,184	117,072	119,313
Current assets				
Inventories	3	52,734	38,960	46,130
Trade and other receivables	3	23,724	24,210	20,447
Income tax receivables		312	171	113
Cash and cash equivalents	4	17,929	20,869	15,488
Total current asset		94,699	84,209	82,178
Total assets		215,883	201,282	201,492
EQUITY AND LIABILITIES				
Equity				
Share capital		80	80	80
Other reserves		34,483	35,292	32,585
Retained earnings		36,700	17,763	14,212
Profit for the period		23,028	25,521	33,674
Equity attributable to owners of the parent		94,291	78,656	80,551
Non-controlling interests		1,219	3,346	3,598
Total equity		95,510	82,002	84,149
Liabilities				
Non-current liabilities				
Loans from credit institutions	4	75,377	56,652	56,380
Lease liabilities	4	2,063	2,360	2,315
Derivative financial instruments			594	484
Deferred tax liabilities		1,915	2,341	2,260
Employee benefit obligations		2,595	2,845	2,595
Other non-current liabilities*		5,708	19,693	20,553
Provisions		346	372	345
Total non-current liabilities		88,004	84,858	84,932
Current liabilities				
Loans from credit institutions	4	39	180	48
Lease liabilities	4	572	588	562
Employee benefit obligations		188	188	188
Income tax liabilities		3,906	6,628	6,661
Trade and other payables	3	27,357	26,510	24,646
Provisions		307	328	305
Total current liabilities		32,368	34,422	32,411
Total liabilities		120,372	119,279	117,342
Total equity and liabilities		215,883	201,282	201,492

*Other non-current liabilities include minority redemption liabilities and purchase price liabilities resulting from acquisitions. The minority share of German EOS Group was acquired at the end of July 2022.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Invested unrestricted equity reserve	Translation differences	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
Equity at 1 January 2021	80	43,286	-658	23,729	66,437	2,423	68,859
Share-based incentive plan		558			558		558
Dividend distribution				-5,966	-5,966		-5,966
Revaluation of minority redemption liability		-6,871			-6,871		-6,871
Share-based payments		-1,886			-1,886		-1,886
Total transactions with shareholders		-8,199		-5,966	-14,165		-14,165
Profit for the period				25,521	25,521	848	26,369
Acquisitions						76	76
Other comprehensive income			863		863		863
Total comprehensive income			863	25,521	26,384	923	27,308
Equity at 30 September 2021	80	35,087	205	43,284	78,656	3,346	82,002
Equity at 1 January 2021	80	43,286	-658	23,729	66,437	2,423	68,859
Share-based incentive plan		806			806		806
Dividend distribution				-9,517	-9,517	-16	-9,532
Revaluation of minority redemption liability		-7,641			-7,641		-7,641
Repurchase of own shares		-2,518			-2,518		-2,518
Share-based payments		-1,886			-1,886		-1,886
Total transactions with shareholders		-11,239		-9,517	-20,756	-16	-20,772
Profit for the period				33,674	33,674	1,115	34,789
Acquisitions						76	76
Other comprehensive income			1,197		1,197		1,197
Total comprehensive income			1,197	33,674	34,871	1,191	36,062
Equity at 31 December 2021	80	32,047	539	47,886	80,552	3,598	84,149
Equity at 1 January 2022	80	32,047	539	47,886	80,552	3,598	84,149
Share-based incentive plan		437			437		437
Dividend distribution				-11,186	-11,186	-83	-11,269
Revaluation of minority redemption liabilities		-670			-670		-670
Redemption of minority interest						-3,226	-3,226
Share-based payments		-1,844			-1,844		-1,844
Total transactions with shareholders		-2,077		-11,186	-13,262	-3,309	-16,571
Profit for the period				23,028	23,028	930	23,958
Other comprehensive income			3,974		3,974		3,974
Total comprehensive income			3,974	23,028	27,002	930	27,932
Equity at 30 September 2022	80	29,970	4,513	59,729	94,292	1,219	95,510

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Cash flows from operating activities						
Profit before taxes		8,398	11,223	30,992	34,461	45,216
Adjustments						
Depreciation and amortisation		1,641	1,671	4,899	4,277	5,844
Finance income and finance costs		-1,099	365	-2,879	1,073	1,428
Other adjustments		931	0	-536	-1,337	-1,278
Cash flows before changes in working capital		9,871	13,260	32,477	38,474	51,210
Change in working capital						
Increase (-) / decrease (+) in trade and other receivables	3	1,805	408	-1,471	-5,876	-2,051
Increase (-) / decrease (+) in inventories	3	2,668	-6,193	-4,878	-15,510	-22,574
Increase (+) / decrease (-) in trade and other payables	3	-3,190	-778	-5,341	5,580	3,718
Cash flows from operating activities before financial items and taxes		11,153	6,696	20,787	22,668	30,303
Interest and other finance costs paid		-7	-26	-47	-177	-192
Interest and other finance income received		16	17	67	204	232
Income taxes paid/received		-4,415	-1,991	-10,338	-6,178	-8,527
Net cash from operating activities		6,747	4,696	10,468	16,517	21,816
Cash flows from investing activities						
Purchases of tangible and intangible assets		-764	-2,457	-2,878	-7,992	-11,762
Sale of tangible and intangible assets			96	42	98	98
Acquisition of subsidiaries, net of cash acquired		-19,000	-2,342	-19,000	-7,559	-7,559
Net cash from investing activities		-19,764	-4,702	-21,836	-15,453	-19,223
Cash flows from financing activities						
Acquisition of treasury shares						-2,518
Proceeds from non-current loans	4.1	19,000		19,000		56,500
Repayment of non-current loans	4.1	-4		-13		-56,761
Change in current interest-bearing liabilities	4.1	-4,006	-72	-10	-34	-142
Repayment of lease liabilities		-129	-96	-305	-301	-373
Interest and other finance costs paid	4.1	-38	-429	-125	-1,433	-1,885
Dividends paid				-5,676	-5,966	-9,532
Net cash from financing activities		14,823	-598	12,871	-7,734	-14,711
Net change in cash and cash equivalents		1,806	-604	1,503	-6,669	-12,118
Cash and cash equivalents at beginning of period		16,009	21,377	15,488	27,321	27,321
Exchange gains/losses on cash and cash equivalents		115	95	939	217	285
Cash and cash equivalents at end of period		17,929	20,869	17,929	20,869	15,488

NOTES TO THE GROUP'S INTERIM REPORT

JANUARY–SEPTEMBER 2022

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 for 2021 and should therefore be read in conjunction with the Consolidated Financial Statements for 2021 prepared in accordance with IFRS. The same accounting principles have been applied to the interim information as to the consolidated financial statements.

Harvia's Board of Directors has approved this interim report information in its meeting on 2 November 2022. This interim information is unaudited. 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 applied in the Consolidated Financial Statements for 2021.

2. GROUP PERFORMANCE

2.1 GROUP REVENUE

Harvia follows its revenue at the product group level. The Group's product and service offerings have been divided into five groups: sauna heaters, sauna rooms and Scandinavian hot tubs, control units, steam generators and spare parts, services and other products. Each product group includes products suitable for different customer categories to meet different customer needs. The largest customer category of the Group consists of retailers and wholesale customers who sell products to builders or end customers.

Revenue by market area

EUR thousand	7-9/2022	7-9/2021	Change	1-9/2022	1-9/2021	Change	2021
Finland	6,971	10,053	-30.7%	29,050	28,395	2.3%	36,900
Scandinavia	2,312	2,589	-10.7%	7,013	6,693	4.8%	9,357
Germany	5,717	9,094	-37.1%	20,708	26,677	-22.4%	35,351
Other European countries	10,710	13,148	-18.5%	36,060	36,358	-0.8%	49,674
Russia	1,655	2,913	-43.2%	6,597	7,874	-16.2%	11,549
North America	7,894	6,590	19.8%	26,430	21,726	21.6%	29,132
Other countries*	2,182	1,789	22.0%	8,432	4,919	71.4%	7,160
Total	37,441	46,176	-18.9%	134,289	132,641	1.2%	179,123

* The largest of which: Arab countries and Asia.

Revenue by product groups

EUR thousand	7-9/2022	7-9/2021	Change	1-9/2022	1-9/2021	Change	2021
Sauna heaters	16,841	21,598	-22.0%	58,913	66,573	-11.5%	88,177
Sauna rooms & Scandinavian hot tubs	9,961	12,444	-20.0%	35,940	29,965	19.9%	41,185
Control units	3,088	4,134	-25.3%	12,193	13,261	-8.1%	17,578
Steam generators	1,059	1,303	-18.7%	3,815	3,743	1.9%	5,129
Other product groups, spare parts and services	6,493	6,698	-3.1%	23,428	19,099	22.7%	27,053
Total	37,441	46,176	-18.9%	134,289	132,641	1.2%	179,123

2.2 OPERATING EXPENSES

Other operating expenses for the period 1 January – 30 September 2022 include items affecting comparability of EUR 407 thousand (596) that are related to the group's strategic development projects, acquisitions or loss on sales of fixed assets, and affect the comparability between the different periods. Further information on these items is given in Appendix 2 Key figures.

2.3 EARNINGS PER SHARE

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

EUR thousand	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Profit for the period attributable to the owners of the parent company, EUR thousand	6,368	8,252	23,028	25,521	33,674
Weighted average number of shares outstanding during the financial period, '000	18,668	18,687	18,656	18,666	18,668
Basic earnings per share, EUR	0.34	0.44	1.23	1.37	1.80
Share-based long-term incentive plan	142	148	153	143	150
Weighted average number of shares outstanding during the year, diluted, '000	18,810	18,835	18,809	18,809	18,818
Diluted earnings per share, EUR	0.34	0.44	1.22	1.36	1.79

3. NET WORKING CAPITAL

EUR thousand	30-Sep-2022	30-Sep-2021	31-Dec-2021
Net working capital			
Inventories	52,734	38,960	46,130
Trade receivables	18,438	20,252	16,222
Other receivables	5,286	3,958	4,225
Trade payables	-7,173	-13,040	-11,703
Other payables	-20,184	-13,470	-12,943
Total	49,101	36,660	41,931
Change in net working capital in the statement of financial position	7,170	18,708	23,979
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*	4,521	-2,902	-3,073
Change in net working capital in the statement of cash flows	11,691	15,806	20,906

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

4. NET DEBT

Interest-bearing net debt

EUR thousand	30-Sep-2022	30-Sep-2021	31-Dec-2021
Interest-bearing debt	75,415	56,832	56,428
Lease liabilities	2,634	2,949	2,877
Less cash and cash equivalents	-17,929	-20,869	-15,488
Net debt	60,120	38,912	43,817

At the end of 2021, Harvia renegotiated the terms of EUR 56,000 thousand term loans and EUR 8,000 thousand revolving credit limit, resulting in more favorable conditions. The term loan matures in two instalments. The term loan amounting to EUR 20,000 thousand and the revolving credit limit of EUR 8,000 thousand mature in December 2024, and the term loan amounting to EUR 36,500 thousand matures in December 2026.

In Q3, Harvia financed its acquisition of the minority of EOS Group's German operations with a new term loan amounting to EUR 19,000 thousand. The term loan matures in December 2024.

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

4.1 DERIVATIVES

In January 2022, Harvia signed an interest swap contract with nominal value of EUR 36,500 thousand, replacing the previous interest rate swap with nominal value of EUR 25,000 thousand. The interest rate swap contract matures on 15 December 2026.

5. OTHER NOTES

5.1 RELATED PARTY TRANSACTIONS

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

EUR thousand	1-9/2022	1-9/2021	2021
Sales	5	2	2
Purchases	1	18	26

APPENDIX 1: KEY FIGURES AND CALCULATION OF KEY FIGURES

EUR thousand	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Key statement of comprehensive income indicators					
Revenue	37,441	46,176	134,289	132,641	179,123
EBITDA	8,940	13,259	33,013	39,811	52,488
% of revenue	23.9	28.7	24.6	30.0	29.3
Adjusted EBITDA	9,278	13,443	33,420	40,406	53,116
% of revenue	24.8	29.1	24.9	30.5	29.7
Operating profit	7,299	11,588	28,114	35,534	46,644
% of revenue	19.5	25.1	20.9	26.8	26.0
Adjusted operating profit	7,637	11,772	28,521	36,130	47,272
% of revenue	20.4	25.5	21.2	27.2	26.4
Adjusted profit before income taxes	8,737	11,407	31,400	35,057	45,844
Basic EPS (EUR)	0.34	0.44	1.23	1.37	1.80
Diluted EPS (EUR)	0.34	0.44	1.22	1.36	1.79
Key cash flow indicators					
Cash flow from operating activities	6,747	4,696	10,468	16,517	21,816
Operating free cash flow	9,797	4,423	18,851	16,609	20,447
Cash conversion	105.6%	32.9 %	56.4%	41.1%	38.5%
Investments in tangible and intangible assets	-764	-2,457	-2,878	-7,992	-11,762
Key balance sheet indicators					
Net debt	60,120	38,912	60,120	38,912	43,817
Leverage	1.3	0.8	1.3	0.8	0.8
Net working capital	49,101	36,660	49,101	36,660	41,931
Capital employed excluding goodwill	64,475	41,648	64,475	41,648	41,984
Adjusted return on capital employed (ROCE)	61.5%	112.4 %	61.5%	112.4%	112.6%
Equity ratio	44.9%	41.4 %	44.9%	41.4%	42.4%
Number of employees at end of period	731	810	731	810	824
Average number of employees during the period	760	813	806	749	767

RECONCILIATION OF CERTAIN KEY FIGURES AND CALCULATION OF KEY FIGURES

Harvia presents alternative performance measures as additional information to measures presented in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In Harvia's view, alternative performance measures provide the management, investors, securities market analysts and other parties with significant additional information related to the Company's results from operations, financial position and cash flows and are widely used by analysts, investors and other parties.

The company presents its adjusted operating profit, adjusted EBITDA, adjusted return on capital employed (ROCE), operating free cash flow and cash conversion, which have been adjusted for material items outside the ordinary course of business, to improve comparability between periods.

Alternative performance measures should not be viewed in isolation or as a substitute to the measures under IFRS. All companies do not calculate alternative performance measures in a uniform way, and therefore the alternative performance measures presented in this report may not be comparable with similarly named measures presented by other companies.

Alternative performance measures are unaudited except for operating profit, net cash from operating activities, investments in tangible and intangible assets, net working capital and net debt in 2021.

EUR thousand	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Operating profit	7,299	11,588	28,114	35,534	46,644
Depreciation and amortization	1,641	1,671	4,899	4,277	5,844
EBITDA	8,940	13,259	33,013	39,811	52,488
Items affecting comparability					
Strategic development projects					
Acquisition related expenses	103	171	153	565	587
Restructuring expenses	236	13	254	30	41
Total items affecting comparability	338	184	407	596	628
Adjusted EBITDA	9,278	13,443	33,420	40,406	53,116
Depreciation and amortization	-1,641	-1,671	-4,899	-4,277	-5,844
Adjusted operating profit	7,637	11,772	28,521	36,130	47,272
Finance costs, net	1,099	-365	2,879	-1,073	-1,428
Adjusted profit before income taxes	8,737	11,407	31,400	35,057	45,844

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.

A close-up photograph of a person's hand holding a black ladle, pouring water into a wooden bucket. The background is a blurred sauna interior with wooden walls and a person's legs. The ladle and bucket are both covered in water droplets. The bucket has the word "HARVIA" engraved on its wooden rim.

HARVIA

Sauna & Spa

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