

HARVIA PLC

**FINANCIAL  
STATEMENTS BULLETIN  
2023**

**HARVIA**

Sauna & Spa

*Healing with heat*

HARVIA

# HARVIA Q4 2023: REVENUE BACK TO GROWTH WITH STRONG PROFITABILITY AND CASH FLOW

## HIGHLIGHTS OF THE REVIEW PERIOD

### OCTOBER–DECEMBER 2023:

- Revenue increased by 3.4% to EUR 39.4 million (38.1). At comparable exchange rates, revenue increased by 5.2% to EUR 40.1 million. Organic revenue growth was 5.2%.
- Operating profit was EUR 9.2 million (6.6), making up 23.4% (17.2) of the revenue.
- Adjusted operating profit reached EUR 9.5 million (7.9), making up 24.2% (20.8) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 9.8 million (24.5% of the revenue).
- Operating free cash flow amounted to EUR 15.5 million (15.1) and cash conversion was 138.9% (158.9).

### JANUARY–DECEMBER 2023:

- Revenue decreased by 12.7% to EUR 150.5 million (172.4). At comparable exchange rates, revenue decreased by 11.7% to EUR 152.2 million. Organic revenue growth was -9.4%.
- Operating profit was EUR 33.0 million (34.7), making up 21.9% (20.1) of the revenue.
- Adjusted operating profit reached EUR 33.7 million (36.5), making up 22.4% (21.1) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 34.4 million (22.6% of the revenue).
- Operating free cash flow amounted to EUR 44.6 million (34.0) and cash conversion was 111.7% (79.1). The change in net working capital increased the operating free cash flow and cash conversion.
- Net debt amounted to EUR 37.6 million (54.5) and leverage, calculated as net debt divided by 12 months' adjusted EBITDA, was 0.9 (1.3).
- Equity ratio was 51.0% (47.3).
- Earnings per share were EUR 1.25 (1.45).
- The Board of Directors' dividend proposal is EUR 0.68 (0.64) per share in total, to be paid in two instalments.
- On 28 March 2023, the Board of Directors of Harvia plc appointed Matias Järnefelt as Harvia's CEO. Järnefelt started in his position on 1 June 2023.

## KEY FIGURES

EUR million	10-12/2023	10-12/2022	Change	1-12/2023	1-12/2022	Change
Revenue	39.4	38.1	3.4%	150.5	172.4	-12.7%
EBITDA	10.8	8.2	32.8%	39.3	41.2	-4.6%
% of revenue	27.5%	21.4%		26.1%	23.9%	
Items affecting comparability *	0.3	1.4	-78.0%	0.6	1.8	-64.7%
Adjusted EBITDA **	11.1	9.5	16.9%	39.9	42.9	-7.0%
% of revenue	28.3%	25.0%		26.5%	24.9%	
Operating profit	9.2	6.6	40.5%	33.0	34.7	-4.7%
% of revenue	23.4%	17.2%		21.9%	20.1%	
Adjusted operating profit **	9.5	7.9	20.1%	33.7	36.5	-7.6%
% of revenue	24.2 %	20.8%		22.4%	21.1%	
Basic EPS (EUR)	0.39	0.22	78.3%	1.25	1.45	-14.1%
Operating free cash flow	15.5	15.1	2.2%	44.6	34.0	31.2%
Cash conversion	138.9%	158.9%		111.7%	79.1%	
Investments in tangible and intangible assets	-1.4	-0.7	104.2%	-3.1	-3.6	-12.9%
Net debt	37.6	54.5	-31.1%	37.6	54.5	-31.1%
Leverage	0.9	1.3		0.9	1.3	
Net working capital	36.1	45.3	-20.3%	36.1	45.3	-20.3%
Adjusted return on capital employed (ROCE)	44.2%	54.5%		44.2%	54.5%	
Equity ratio	51.0%	47.3%		51.0%	47.3 %	
Number of employees at end of period	605	633	-4.4%	605	633	-4.4%

\* 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.

## 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 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 fourth quarter of 2023, Harvia's revenue returned to growth while we continued to deliver strong profitability and strengthen the foundations for future growth.

During the fourth quarter, our revenue reached EUR 39.4 million, an increase of 3.4% compared to the previous year. This was driven by the strong growth in North America and improving sales performance in Central Europe. Organic growth was 5.2%. The exit from Russia in 2022 and some exchange rate developments, mainly due to USD to EUR exchange rate changes, impacted our revenue negatively.

The market conditions continued to differ also in the fourth quarter, with the European markets generally weaker than the markets outside Europe. However, Central Europe started to show some signs of stabilization after a long, weak period. The sales channel inventory levels were decreasing to a normal level and our B2B customers were more confident in ordering products. However, the market conditions were tough in Finland and Scandinavia, where high interest rates, low consumer confidence and challenges in the construction sector still continued to have a negative impact on sales in all product groups.



Outside Europe, Harvia maintained and even accelerated its already strong growth. The North American market continued to grow at a fast pace, which supported our excellent sales performance in the region. The majority of our business in North America comes from selling complete solutions to customers rather than selling only heaters. This is visible in the increasing share of sauna rooms of our total sales. Our sales efforts were successful also in Asia-Pacific, where our sales developed very favorably and according to plan. Excluding sales in Russia in 2022, the revenue of the "Other countries" market area grew by 33% in the fourth quarter, driven by the Asia-Pacific countries.

The fourth quarter's adjusted operating profit reached EUR 9.5 million, increasing by 20.1% from the comparison period and amounting to 24.2% of revenue. Our profitability was supported by the increased revenue, but it also reflects the systematic work we have done to adjust pricing, improve supply chain efficiency and optimize our operations. Additionally, inflationary cost pressures have eased in some of our key materials and components. Harvia's operating cash flow was again strong at EUR 15.5 million. We also managed to further reduce our inventories, which is visible in the unusually high cash conversion of 138.9%. I would like to thank the entire team Harvia and our partners for their great work in the fourth quarter and the full year 2023.

Harvia continues to work systematically to strengthen the foundations for the company's future profitable growth. Ensuring continued strong sales performance in North America is very important for us. Moreover, we continue to actively drive growth in Japan and more widely in Asia-Pacific. We will also be working hard to maximize opportunities in our home markets in Europe. While we drive top-line activities, we are also focusing on maintaining our very good operative performance, a key competitive advantage of Harvia. We are also increasing our level of ambition in delivering exciting innovations to the market. Our new organizational structure, supporting the implementation of our strategy, came into effect on 1 January 2024. In addition, we have continued to work determinedly to further develop the sustainability of Harvia's products and operations and prepare for the upcoming EU sustainability reporting requirements.

For Harvia, year 2023 was characterized by achieving strong profitability and cash flow in a mixed market environment. Our growth was strong in North America throughout the year, and it became our largest reported market area in 2023. Towards the end of the year, our sales development in North America and our improving sales performance in Central Europe helped us to turn our revenue back to growth. Looking at the future, the sauna and spa industry continues to offer several opportunities for Harvia in both short and long term. We continue to advance industry consolidation and seek growth opportunities actively also on the M&A front. Harvia is well positioned to strengthen its standing as industry leader.

## MARKET REVIEW

According to Harvia's estimate, there are approximately 18 million saunas in the world, which generates a significant aftermarket for saunas and sauna heaters. 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 has been true especially for the more mature sauna markets.

Historically, the sauna and spa market has grown annually by an average of 5%. However, the market growth was significantly higher during the COVID-19 induced lockdowns prior to 2022, when the demand was fueled by increasing awareness of the health benefits of sauna and the home improvement boom. The awareness of sauna and its health benefits has continued to grow also after the pandemic.

In general, the sauna and spa market tends to witness some seasonality with slightly stronger demand in the early and late part of the year and lower during the summer months. During the pandemic, this was hardly visible, but in 2023 there were signs that the seasonality in demand is returning closer to the historical patterns.

Especially in Europe, the sauna and spa market has been heavily impacted by the Russian invasion of Ukraine in February 2022 and the wider economic development afterwards. At the end of 2022 and during 2023, high economic uncertainty, elevated inflation and interest rates, as well as eroded consumer confidence widely affected the European sauna and spa market across product segments. However, the negative impacts have not been equally strong in all European countries. During the fourth quarter, the market conditions started to show signs of stabilization in Central Europe. In Finland and Scandinavia, where the demand has traditionally been very resilient in economic downturns, the market conditions remained challenging as high interest rates, challenges in the construction sector and weak consumer confidence continued to prevail.

Outside Europe, especially in North America and Asia, the sauna and spa market has continued to grow also after the pandemic. The strong growth in North America has been heavily supported by the growing awareness of sauna and its health benefits as well as strong consumer confidence and economic conditions. The demand in market areas outside Europe 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 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. In 2023, Harvia's share of the sauna and spa market was estimated to be 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 and spa market.

## REVENUE

Starting from the first quarter of 2023, Harvia has reported its revenue by market area and by product group in accordance with the tables below.

### REVENUE BY MARKET AREA

EUR thousand	10-12/2023	10-12/2022	Change	1-12/2023	1-12/2022	Change
Finland	6,253	7,364	-15.1%	30,238	36,414	-17.0%
Scandinavia	1,785	2,517	-29.1%	7,734	9,530	-18.9%
Germany	5,322	5,401	-1.5%	17,101	26,109	-34.5%
Other European countries	11,057	10,345	6.9%	41,019	46,404	-11.6%
North America	12,397	9,683	28.0%	43,449	36,112	20.3%
Other countries*	2,592	2,809	-7.7%	11,007	17,838	-38.3%
<b>Total</b>	<b>39,406</b>	<b>38,119</b>	<b>3.4%</b>	<b>150,547</b>	<b>172,408</b>	<b>-12.7%</b>

\* The largest of which: Asia and Middle East and Africa. Other countries also include Russia. There was no revenue in Russia in the reporting period, but the revenue was EUR 857 thousand in 10-12/2022 and EUR 7,454 thousand in 1-12/2022.

### REVENUE BY PRODUCT GROUP

EUR thousand	10-12/2023	10-12/2022	Change	1-12/2023	1-12/2022	Change
Heating equipment *	21,666	20,833	4.0%	82,128	93,719	-12.4%
Saunas and Scandinavian hot tubs	11,015	10,229	7.7%	42,952	47,950	-10.4%
Steam generators	1,189	1,456	-18.3%	4,573	4,989	-8.3%
Accessories and heater stones	2,697	2,421	11.4%	8,812	8,187	7.6%
Spare parts and services	2,840	3,180	-10.7%	12,083	17,564	-31.2%
<b>Total</b>	<b>39,406</b>	<b>38,119</b>	<b>3.4%</b>	<b>150,547</b>	<b>172,408</b>	<b>-12.7%</b>

\* Sauna heaters, control units, IR components

## OCTOBER–DECEMBER 2023

The Group's revenue increased in October–December by 3.4% to EUR 39.4 million (38.1), driven especially by the growth in North America. At comparable exchange rates, revenue increased by 5.2% to EUR 40.1 million. Organic revenue growth was 5.2%. Revenue increased in North America and Other European countries compared to the previous year but decreased in all other market areas, especially in Scandinavia and Finland. The decrease in revenue in Other countries was driven by the exit of Russia in 2022, as excluding the impact, the revenue grew.

Revenue increased in heating equipment, saunas and Scandinavian hot tubs as well as in accessories and heater stones in October–December. Decline in the sales of spare parts and services was driven by the exit from Russia. In the fourth quarter, also the sales of steam generators decreased, especially due to the decline in demand in many European markets. The growth in North America supported especially the group-level sauna room sales, as sauna rooms form the majority of sales in North America.

## JANUARY–DECEMBER 2023

The Group's revenue decreased in January–December by 12.7% to EUR 150.5 million (172.4). At comparable exchange rates, revenue decreased by 11.7% to EUR 152.2 million. Organic revenue growth was -9.4%. Revenue increased in North America but decreased compared to the previous year in all other market areas. The revenue decrease in Other countries was driven by the exit from Russia in 2022.

Revenue decreased in all product groups in January–December, excluding accessories and heater stones, where sales increased, driven by heater stone sales. The decline in the sales of spare parts and services was driven by the general market development as well as by the exit from Russia in 2022.

## RESULT

### OCTOBER–DECEMBER 2023

Operating profit for October–December increased to EUR 9.2 million (6.6), while the operating profit margin increased to 23.4% (17.2). The increase in operating profit was especially due to the material and services costs and to a lesser extent due to decreased personnel costs. Additionally, during the comparison period the company's operating profit was weakened by impairment of assets related to EOS Russia. The operating profit included EUR 0.3 million (1.4) of items affecting comparability, mainly related to business transactions and restructuring. Changes in exchange rates weakened the operating profit by approximately EUR 0.3 million, which was caused mainly by the weakening of the U.S. dollar.

Adjusted operating profit increased to EUR 9.5 million (7.9) and the adjusted operating profit margin was 24.2% (20.8). The net financial items for October–December were EUR -1.0 million (-0.8).

Profit before taxes was EUR 8.2 million (5.8). The Group's taxes amounted to EUR -1.0 million (-1.7).

The result for October–December was EUR 7.2 million (4.1) and undiluted earnings per share were EUR 0.39 (0.22).

### JANUARY–DECEMBER 2023

Operating profit for January–December decreased to EUR 33.0 million (34.7), while the operating profit margin increased to 21.9% (20.1). The operating profit included EUR 0.6 million (1.8) of items affecting comparability, mainly related to acquisitions and restructuring. Changes in exchange rates weakened the operating profit by approximately EUR 0.8 million, which was caused mainly by the value changes of the U.S. dollar.

Adjusted operating profit decreased to EUR 33.7 million (36.5) and the adjusted operating profit margin was 22.4% (21.1). The net financial items for the review period were EUR -3.5 million (2.1). Harvia has an interest rate swap with a nominal value of 36.5 million that matures on 15 December 2026. Hedging produces clear savings on interest payments of Harvia in terms of cash flows. Fair value of the interest rate swap fluctuates according to interest rate market expectations, and the change in value is recorded in net financial items as changes in fair value. Changes in the fair value of the swap do not have a cash flow impact.

Profit before taxes was EUR 29.5 million (36.8). The Group's taxes amounted to EUR -6.3 million (-8.7).

The result for January–December was EUR 23.3 million (28.1) and undiluted earnings per share were EUR 1.25 (1.45).

## FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of December 2023 was EUR 214.2 million (31 December 2022: 208.8), of which equity accounted for EUR 108.7 million (98.3).

At the end of December 2023, the company's net debt amounted to EUR 37.6 million (54.5). Loans from credit institutions were EUR 75.4 million (77.4) and lease liabilities were EUR 2.7 million (2.4). Harvia renegotiated the terms of its term loans totaling EUR 75.5 million and its EUR 8.0 million revolving credit limit at the end of 2023. In addition, the revolving credit limit was increased to EUR 10,0 million. Cash and cash equivalents at the end of the review period amounted to EUR 40.6 million (25.3). Leverage was 0.9 (1.3) at the end of the review period.

Equity ratio was 51.0% (47.3) at the end of the review period. The adjusted return on capital employed (ROCE) was 44.2% (54.5).

In January–December, Harvia’s operating free cash flow was EUR 44.6 million (34.0) and cash conversion was 111.7% (79.1).

## INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

Harvia Group’s investments in tangible and intangible assets in January–December amounted to EUR 3.1 million (3.6). During the review period, Harvia made only minor investments to maintain and improve its factories. Harvia continued to improve its energy efficiency in several factories and increased automation in its factories in the United States and Germany. In addition, Harvia optimized its production processes with layout changes at the Muurame factory and continued to upgrade air conditioning and lighting to improve working conditions at the factories in Muurame and the United States. A production line for wood burning heater frames was completed in Muurame.

The Group’s research and development expenditure recognized as expenses amounted to EUR 1.7 million (2.2). In 2023, Harvia focused on its strategic priorities: increasing the average purchase value by launching new products especially in the sauna category, expanding geographically by developing, getting approvals and launching new products to markets especially outside Europe, and improving productivity by focusing on quality, increasing automation and improving the efficiency of production processes.

## ACQUISITIONS AND DIVESTMENTS

On 10 March 2023, Harvia announced that it had received the necessary approvals from Russian authorities to close the divestment of its ownership in EOS Group’s Russian operations. On 7 November 2022, Harvia had signed an agreement to sell its 80.0% shareholding of EOS Russia to Mr. Vasilij Sosnkov. The company has not been consolidated in the Harvia Group figures as of November 2022.

On 7 March 2023, Harvia Plc and Bergman Ltd signed a letter of intent to create a joint venture in Japan with the mission to become a substantial local player in the attractive and growing Japanese sauna and spa market. The joint venture Harvia Japan Ltd. was registered on 21 August 2023. The operations of the joint venture are being gradually ramped up, but the established company was not yet operational in 2023. Harvia owns 51% and Bergman 49% of the established company.

On 29 September 2023, Harvia signed and closed an agreement to acquire Phoenix El-Mec srl in Italy, a manufacturer of electromechanical timers for sauna heaters. The acquisition helps Harvia to further strengthen the supply chain and ensure the availability of key components in sauna heater production. Phoenix El-Mec’s revenue totaled approximately EUR 1.4 million in 2022. The company has been consolidated with Harvia’s figures starting from 1 October 2023.

On 21 December 2023, Harvia announced that it will pay the additional purchase price of the Kirami acquisition in advance. The original purchase price was EUR 7 million at closing and on top of this, a delayed purchase price of EUR 0–4 million after a three years’ period based on Kirami’s EBITDA development. Harvia and the sellers of Kirami agreed that Harvia will pay the additional purchase price of EUR 2.5 million earlier than previously announced, on 21 December 2023. Paying the additional purchase price in advance enables closer integration of Kirami into Harvia’s other business operations in conjunction with the reorganization of Harvia’s organizational structure as of 1 January 2024.

Harvia financed the payment of the additional purchase price with cash funds. The paid amount was approximately EUR 1.2 million smaller than the provision Harvia made in connection with the acquisition. This difference improves Harvia’s 2023 result, and it is presented as changes in the fair value of financial items in the income statement.

## 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 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 the commitments. Harvia’s corporate responsibility and the commitments will be presented in more detail in the Annual Report 2023.

Harvia follows its sustainability targets with various KPIs, and management remuneration is tied to the company’s sustainability targets. In 2023, Harvia improved group-wide work safety reporting, launched new wellbeing at work projects, took actions to reduce energy consumption at its factories, and decreased its transportation carbon footprint by paying for more sustainable marine fuels. Harvia also carried out a double materiality assessment to identify the most significant sustainability topics, looking at Harvia Group’s impact on the world as well as how different aspects of sustainability impact Harvia Group. The double materiality analysis is one step in the process of meeting the requirements of the CSRD reporting, which will become effective in 2024. In addition, Harvia extended its customer satisfaction survey to include all reseller customers. The survey confirmed that Harvia’s customers are very satisfied with working with the company, as the Group’s average Net Promoter Score was 69.

## PERSONNEL

The number of personnel employed by the Group at the end of December 2023 was 605 (633) and averaged 612 (768) in January–December. Of the personnel at the end of December, 238 (240) worked in Finland, 116 (136) in Germany, 76 (66) in the United States, 67 (89) in Romania, 57 (58) in China and Hong Kong, 31 (32) in Austria, 12 (0) in Italy, 6 (9) in Estonia, 2 (2) in Sweden and 0 (1) in Russia.

The decrease in the number of personnel at the end of December compared to the previous year was mainly due to restructuring outside of Finland during 2022 and 2023, but also due to change negotiations carried out in Finland. In addition, the exit from Russia in 2022 and the acquisition of Italian Phoenix El-Mec in 2023 impacted the personnel figures.

In October 2023, Harvia completed change negotiations in the Muurame unit in accordance with the Finnish Cooperation Act. As a result of the negotiations, Harvia confirmed the reduction need to be 10 persons. The change negotiations were based on production and financial reasons.

## SHARES AND SHAREHOLDERS

Harvia’s registered share capital is EUR 80,000 and at the end of December 2023, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume in January–December was EUR 205.2 million (749.5) and 8,997,433 shares (27,500,497). The share’s volume weighted average price during the review period was EUR 22.81 (27.36), the highest price was EUR 28.08 (60.70) and the lowest EUR 17.41 (12.69). The closing price of the share at the end of December 2023 was EUR 27.20 (17.68). The market value of the share capital on 31 December 2023 was EUR 508.5 million (330.5) including treasury shares. At the end of December 2023, Harvia Plc held a total of 5,072 own shares, corresponding to 0.03% of the total number of shares.

At the end of December 2023, the number of registered shareholders was 41,328 (46,011), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 44.1% (39.5) of the company’s shares. The ten largest shareholders held a total of 21.1% (21.3) of Harvia’s shares and votes at the end of December 2023.

## GOVERNANCE

### Annual General Meeting

The Annual General Meeting of Harvia, held on 20 April 2023, approved the financial statements and discharged the members of the Board of Directors and the company's CEO from liability for the financial year 2022. The Annual General Meeting approved in an advisory decision the remuneration report for the governing bodies.

The Annual General Meeting approved the Board of Directors' proposal that EUR 0.64 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 0.32 per share, was paid on 2 May 2023. The second installment, EUR 0.32 per share, was paid on 30 October 2023. The record date of the dividend date was 23 October 2023.

The Annual General Meeting resolved that the Board of Directors consists of six members. Olli Liitola, Anders Holmén, Hille Korhonen and Heiner Olbrich were re-elected to the Board of Directors and Markus Lengauer and Catharina von Stackelberg-Hammarén were elected as new members of the Board of Directors. Authorized Public Accounting firm PricewaterhouseCoopers Oy was elected as the Auditor of the company and Markku Katajisto, Authorized Public Accountant, acts 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 for the purposes of the company's share-based incentive systems 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 2024.

### Board of Directors' organizational meeting

Olli Liitola was elected Chair and Heiner Olbrich Vice Chair of the Board of Directors at the Board of Directors' organizing meeting on 20 April 2023. The Board of Directors elected from among its members Hille Korhonen (Chair), Anders Holmén and Heiner Olbrich as members of the Audit 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 20 April 2023.

### Directed share issue

On 3 May 2023, 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 2020–2022 of the company's share-based incentive program launched in 2020. In the share issue conducted on 30 May 2023, 9,109 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. On the same day, based on the decision of the General Meeting, Harvia Oyj transferred a total of 2,328 own shares possessed by the company to members of the Board of Directors of Harvia Oyj as part of the Board's remuneration. On 21 September 2023, relating to the same decision, Harvia transferred 3,424 own shares held by the company without consideration to the key employees participating in the share-based incentive program.

### Long-term Performance Share Plan

The Board of Directors of Harvia Plc decided on 26 June 2023 to continue the Long-term Performance Share Plan for the management team and other key employees for the performance period 2023–2025. In the performance period 2023–2025, the plan has 16 participants at most and the targets for the performance period relate to the company's total shareholder return, revenue growth, CO<sub>2</sub> emissions and EBIT margin. The maximum number of Harvia Plc shares to be paid based on the performance period 2023–2025 is 61,600. 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 2023–2025 will be paid out during spring 2026.

## Composition of the Shareholders' Nomination Board

On 18 September 2023, Harvia Plc announced the composition of the Shareholders' Nomination Board, which is comprised of representatives appointed by the company's four largest shareholders. Juho Lipsanen, Jarno Käyhkö, Timo Harvia and Annika Ekman were appointed to Harvia Plc's Shareholders' Nomination Board. In addition, Olli Liitola, the Chair of the Board of Directors of Harvia, serves as an expert in the Nomination Board without being a member.

On 13 December 2023, the Nomination Board gave its proposal to the Company's Board of Directors for the 2024 Annual General Meeting.

## Changes in management and organization

On 28 March 2023, the Board of Directors of Harvia appointed Matias Järnefelt as Harvia's new CEO. On 17 November 2022, Harvia had announced that Tapio Pajuharju, CEO of Harvia Plc, had resigned from his position. Pajuharju continued in his role until 31 May 2023, and Järnefelt started in his position on 1 June 2023.

On 28 September 2023, Harvia announced that Rainer Kunz, Managing Director of EOS Group and a member of Harvia's Management Team, had decided to leave his position in Harvia Group. Kunz will continue to work in Harvia until the end of March 2024.

On 17 October 2023, Harvia announced that it is changing its organizational structure and making changes to its Group Management Team. The new organization consists of four geographical sales regions: North America, Northern Europe, Continental Europe, and Asia-Pacific-MEA (Middle East & Africa). 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. The new organizational structure is effective as of 1 January 2024. It will also be reflected in Harvia's financial reporting of revenue by market area as of Q1 2024.

## 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 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.

The Russian invasion of Ukraine has impacted Harvia, even if many of the impacts have been indirect. These indirect impacts have been visible in the higher raw material prices, increased inflation, reduced consumer confidence and increased energy prices. Related energy saving measures were notable especially in Europe between fall 2022 and spring 2023. Harvia suspended its operations in Russia at the beginning of March 2022 due to the war in Ukraine and completed its exit from Russia by selling its 80% share in EOS Russia in November 2022. The transaction was closed in March 2023 after receiving relevant approvals from Russian authorities. Developments related to the war and its impacts as well as other geopolitical events can further affect Harvia either directly or indirectly.

The increase in cyber threats worldwide alongside the growing dependency on digital infrastructure cause risks to Harvia's business and its critical data. While the Group continuously takes actions to prepare for these risks and protect its digital infrastructure, operations and people against them, cyber threats in many forms can potentially affect Harvia. This could 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 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.

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. 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 principles of Harvia's financing risk management will be described in the Consolidated Financial Statements 2023 and the general principles of risk management on the company's website at [www.harviagroup.com](http://www.harviagroup.com).

## **EVENTS AFTER THE REVIEW PERIOD**

On 26 January 2024 Harvia published the appointment of Jennifer Thayer as Head of Region, North America and President of Harvia US Inc., and a member of the management team of Harvia Group. In her role, Thayer will be 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.

## **THE BOARD OF DIRECTORS' PROPOSAL ON THE USE OF PROFITS**

Harvia Plc's total unrestricted equity amounts to EUR 75,439,602 in total, of which profit for the financial period 2023 accounts for EUR 15,481,367. 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 0.68 (0.64) per share, EUR 12,712,080.48 in total, for the financial period ended 31 December 2023. The Board of Directors proposes the dividend to be paid in two instalments, EUR 0.34 in May 2024 and EUR 0.34 in October 2024.

## FINANCIAL RELEASES IN 2024

Harvia will publish its financial statements for 2023 and interim reports in 2024 as follows:

3 May 2024, January–March 2024 interim report

8 August 2024, Half-year (January–June) 2024 financial report

7 November 2024, January–September 2024 interim report

Harvia's electronic annual report which contains the complete Financial Statements 2023, will be published during the week starting 11 March 2024 (week 11/2024).

Harvia Plc's Annual General meeting is planned to be held on 26 April 2024 at 10.00 a.m. EET in Helsinki. The Board of Directors will convene the Annual General Meeting.

### MUURAME, 7 FEBRUARY 2024

HARVIA PLC  
Board of Directors

For more information, please contact:

Matias Järnefelt, CEO, tel. +358 40 5056 080  
Ari Vesterinen, CFO, tel. +358 40 5050 440

### PRESS CONFERENCE ON FINANCIAL RESULTS

Harvia will hold a webcast for analysts, investors and media on 8 February 2024 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.videosync.fi/q4-2023>.

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 2023

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	10-12/2023	10-12/2022	1-12/2023	1-12/2022
<b>Revenue</b>	2.1	<b>39,406</b>	<b>38,119</b>	<b>150,547</b>	<b>172,408</b>
Other operating income		559	306	864	734
Materials and services		-14,392	-14,632	-56,101	-70,150
Employee benefit expenses		-7,295	-7,335	-28,919	-30,832
Other operating expenses	2.2	-7,442	-7,345	-27,093	-30,036
Depreciation and amortization		-1,611	-1,595	-6,254	-6,494
Impairment of assets of the sold subsidiary*			-952		-952
<b>Operating profit</b>		<b>9,225</b>	<b>6,564</b>	<b>33,044</b>	<b>34,678</b>
Share in profits and losses of associated companies		12	-42	-242	26
Finance income**		253	112	795	1,909
Finance costs**		-1,116	-1,089	-3,929	-3,553
Changes in fair values***		-169	250	-136	3,727
Financial items		-1,020	-769	-3,511	2,110
<b>Profit before income taxes</b>		<b>8,205</b>	<b>5,795</b>	<b>29,533</b>	<b>36,788</b>
Income taxes		-978	-1,685	-6,253	-8,719
<b>Profit for the period</b>		<b>7,227</b>	<b>4,110</b>	<b>23,280</b>	<b>28,068</b>
Attributable to:					
Owners of the parent		7,227	4,051	23,271	27,080
Non-controlling interests****		0	58	10	988
<b>Other comprehensive income</b>					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences		-874	-3,648	-1,785	326
Items that will not be reclassified to profit or loss:					
Actuarial gains and losses		124	598	124	598
<b>Other comprehensive income, net of tax</b>		<b>-750</b>	<b>-3,049</b>	<b>-1,662</b>	<b>925</b>
<b>Total comprehensive income</b>		<b>6,476</b>	<b>1,061</b>	<b>21,619</b>	<b>28,993</b>
Attributable to:					
Owners of the parent		6,477	1,002	21,609	28,005
Non-controlling interests****		0	58	10	988
Earnings per share for profit attributable to the owners of the parent:					
Basic EPS (EUR)	2.3	0.39	0.22	1.25	1.45
Diluted EPS (EUR)	2.3	0.38	0.21	1.24	1.44

\* Includes the fair value consideration of sold assets and translation differences related to EOS Russia divestment.

\*\* Amended financial income and expense derived from interest swap to correspond to disclosure in financial statements. No impact on net financial items.

\*\*\* Includes the change in fair value of interest rate swap EUR -1,347 thousand as well as EUR 1,238 thousand gain from Kirami earn-out. In the comparison period, the interest rate swap receivable grew considerably due to rise in interests.

\*\*\*\* Kirami AB non-controlling interests. The comparison period included also the non-controlling interest of EOS Group.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	31-Dec-2023	31-Dec-2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		8,704	10,463
Goodwill		73,402	73,438
Property, plant and equipment		26,904	27,098
Right-of-use assets		2,488	2,144
Investments in associated companies		460	727
Derivative financial instruments	4.1	1,869	3,243
Deferred tax assets		1,045	1,367
<b>Total non-current assets</b>		<b>114,872</b>	<b>118,481</b>
<b>Current assets</b>			
Inventories	3	35,480	45,324
Trade and other receivables	3	18,697	18,674
Income tax receivables		4,634	1,010
Cash and cash equivalents	4	40,581	25,310
<b>Total current asset</b>		<b>99,392</b>	<b>90,318</b>
<b>Total assets</b>		<b>214,264</b>	<b>208,799</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		80	80
Other reserves		32,414	33,426
Retained earnings		51,810	36,687
Profit for the period		23,271	27,080
<b>Equity attributable to owners of the parent</b>		<b>107,575</b>	<b>97,273</b>
Non-controlling interests		1,082	1,072
<b>Total equity</b>		<b>108,656</b>	<b>98,345</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans from credit institutions	4	75,404	75,389
Lease liabilities	4	1,981	1,848
Deferred tax liabilities		1,182	1,673
Employee benefit obligations		1,671	1,897
Other non-current liabilities		202	3,609
Provisions		277	331
<b>Total non-current liabilities</b>		<b>80,716</b>	<b>84,747</b>
<b>Current liabilities</b>			
Loans from credit institutions	4	6	2,028
Lease liabilities	4	760	574
Employee benefit obligations		176	174
Income tax liabilities		5,662	3,960
Trade and other payables	3	18,045	18,679
Provisions		242	292
<b>Total current liabilities</b>		<b>24,891</b>	<b>25,707</b>
<b>Total liabilities</b>		<b>105,607</b>	<b>110,454</b>
<b>Total equity and liabilities</b>		<b>214,264</b>	<b>208,799</b>

\* Previously "leased assets"

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
<b>Equity at 1 January 2022</b>	<b>80</b>	<b>32,047</b>	<b>539</b>	<b>47,886</b>	<b>80,552</b>	<b>3,598</b>	<b>84,149</b>
Share-based incentive plan		557			557		557
Dividend distribution				-11,200	-11,200	-127	-11,327
Revaluation of minority redemption liabilities		1,516			1,516		1,516
Redemption of the share of non-controlling interest						-3,387	-3,387
Repurchase of own shares		-313			-313		-313
Share-based payments		-1,844			-1,844		-1,844
<b>Total transactions with shareholders</b>		<b>-83</b>		<b>-11,200</b>	<b>-11,283</b>	<b>-3,514</b>	<b>-14,798</b>
Profit for the period				27,080	27,080	988	28,068
Actuarial gains and losses		598			598		598
Translational differences			326		326		326
<b>Total comprehensive income</b>		<b>598</b>	<b>326</b>	<b>27,080</b>	<b>28,005</b>	<b>988</b>	<b>28,993</b>
<b>Equity at 31 December 2022</b>	<b>80</b>	<b>32,562</b>	<b>865</b>	<b>63,766</b>	<b>97,273</b>	<b>1,072</b>	<b>98,345</b>
<b>Equity at 1 January 2023</b>	<b>80</b>	<b>32,562</b>	<b>865</b>	<b>63,766</b>	<b>97,273</b>	<b>1,072</b>	<b>98,345</b>
Share-based incentive plan		995			995		995
Dividend distribution				-11,956	-11,956		-11,956
Repurchase of own shares							
Share-based payments		-346			-346		-346
<b>Total transactions with shareholders</b>		<b>649</b>		<b>-11,956</b>	<b>-11,307</b>		<b>-11,307</b>
Profit for the period				23,271	23,271	10	23,280
Acquisition of minority shares							
Actuarial gains and losses		124			124		124
Translational differences			-1,785		-1,785		-1,785
<b>Total comprehensive income</b>		<b>124</b>	<b>-1,785</b>	<b>23,271</b>	<b>21,609</b>	<b>10</b>	<b>21,619</b>
<b>Equity at 31 December 2023</b>	<b>80</b>	<b>33,334</b>	<b>-921</b>	<b>75,081</b>	<b>107,575</b>	<b>1,082</b>	<b>108,656</b>

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	10-12/2023	10-12/2022	1-12/2023	1-12/2022
<b>Cash flows from operating activities</b>					
Profit before taxes		8,213	5,795	29,533	36,788
Adjustments					
Depreciation and amortization		1,611	2,547	6,254	7,446
Finance income and finance costs		1,020	769	3,511	-2,110
Other adjustments		-307	847	310	311
Cash flows before changes in working capital		10,538	9,958	39,608	42,436
Change in working capital					
Increase (-) / decrease (+) in trade and other receivables	3	590	1,967	-1,395	495
Increase (-) / decrease (+) in inventories	3	4,191	4,027	10,108	-852
Increase (+) / decrease (-) in trade and other payables	3	998	327	-912	-5,014
Cash flows from operating activities before financial items and taxes		16,316	16,278	47,409	37,065
Interest and other finance costs paid		98	8	-26	-39
Interest and other finance income received		-27	-61	100	6
Income taxes paid/received		-1,718	-2,358	-8,343	-12,697
<b>Net cash from operating activities</b>		<b>14,670</b>	<b>13,867</b>	<b>39,139</b>	<b>24,335</b>
<b>Cash flows from investing activities</b>					
Purchases of tangible and intangible assets		-1,446	-708	-3,124	-3,587
Sale of tangible and intangible assets			6	89	48
Acquisition of subsidiaries, net of cash acquired		-2,356		-2,801	
Proceeds from sale of subsidiaries, net of cash			104		104
<b>Net cash from investing activities</b>		<b>-3,802</b>	<b>-598</b>	<b>-5,835</b>	<b>-3,435</b>
<b>Cash flows from financing activities</b>					
Acquisition of treasury shares			-312		-312
Transactions with non-controlling interests					-19,000
Proceeds from non-current loans	4	925		925	19,000
Repayment of non-current liabilities	4	-839	-88	-850	-101
Proceeds from current loans	4		2,000		2,000
Repayment of current liabilities	4	-7	-7	-2,011	-17
Repayment of lease liabilities	4	-271	-213	-765	-518
Interest and other finance costs paid	4	-1,434	-897	-2,928	-1,022
Dividends paid		-5,981	-5,651	-11,956	-11,327
<b>Net cash from financing activities</b>		<b>-7,606</b>	<b>-5,168</b>	<b>-17,585</b>	<b>-11,297</b>
<b>Net change in cash and cash equivalents</b>		<b>3,262</b>	<b>8,101</b>	<b>15,718</b>	<b>9,604</b>
Cash and cash equivalents at beginning of period		37,428	17,929	25,310	15,488
Exchange gains/losses on cash and cash equivalents		-108	-721	-447	218
<b>Cash and cash equivalents at end of period</b>		<b>40,581</b>	<b>25,310</b>	<b>40,581</b>	<b>25,310</b>

# NOTES TO THE GROUP'S FINANCIAL STATEMENTS BULLETIN 2023

## 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 2022 and should therefore be read in conjunction with the Consolidated Financial Statements 2022 prepared in accordance with IFRS Accounting Standards. 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 financial statements bulletin in its meeting on 7 February 2024. The figures in this bulletin as well as the actual financial statements have been audited. 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 2023. The consolidated financial statements 2023 will be published together with the Annual Report in week 11/2024.

## 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: heating equipment, saunas and Scandinavian hot tubs, steam generators, 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	10-12/2023	10-12/2022	Change	1-12/2023	1-12/2022	Change
Finland	6,253	7,364	-15.1%	30,238	36,414	-17.0%
Scandinavia	1,785	2,517	-29.1%	7,734	9,530	-18.9%
Germany	5,322	5,401	-1.5%	17,101	26,109	-34.5%
Other European countries	11,057	10,345	6.9%	41,019	46,404	-11.6%
North America	12,397	9,683	28.0%	43,449	36,112	20.3%
Other countries*	2,592	2,809	-7.7%	11,007	17,838	-38.3%
<b>Total</b>	<b>39,406</b>	<b>38,119</b>	<b>3.4%</b>	<b>150,547</b>	<b>172,408</b>	<b>-12.7%</b>

\* The largest of which: Asia and Middle East and Africa. Other countries also include Russia. There was no revenue in Russia in the reporting period, but the revenue was EUR 0,857 thousand in 10-12/2022 and EUR 7,454 thousand in 1-12/2022.

## Revenue by product group

EUR thousand	10-12/2023	10-12/2022	Change	1-12/2023	1-12/2022	Change
Heating equipment *	21,666	20,833	4.0%	82,128	93,719	-12.4%
Saunas and Scandinavian hot tubs	11,015	10,229	7.7%	42,952	47,950	-10.4%
Steam generators	1,189	1,456	-18.3%	4,573	4,989	-8.3%
Accessories and heater stones	2,697	2,421	11.4%	8,812	8,187	7.6%
Spare parts and services	2,840	3,180	-10.7%	12,083	17,564	-31.2%
<b>Total</b>	<b>39,406</b>	<b>38,119</b>	<b>3.4%</b>	<b>150,547</b>	<b>172,408</b>	<b>-12.7%</b>

\* Sauna heaters, control units, IR components

## 2.2 OPERATING EXPENSES

Other operating expenses for the period 1 January – 31 December 2023 include items affecting comparability of EUR 626 thousand (1,774) that are related to the Group's strategic development projects, acquisitions, divestments or loss on sales of fixed assets, 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	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Profit for the period attributable to the owners of the parent company, EUR thousand	7,227	4,051	23,271	27,080
Weighted average number of shares outstanding during the financial period, '000	18,694	18,686	18,687	18,672
<b>Basic earnings per share, EUR</b>	<b>0.39</b>	<b>0.22</b>	<b>1.25</b>	<b>1.45</b>
Share-based long-term incentive plan	81	138	77	167
Weighted average number of shares outstanding during the year, diluted, '000	18,776	18,824	18,764	18,839
<b>Diluted earnings per share, EUR</b>	<b>0.38</b>	<b>0.22</b>	<b>1.24</b>	<b>1.44</b>

### 3. NET WORKING CAPITAL

EUR thousand	31-Dec-2023	31-Dec-2022
<b>Net working capital</b>		
Inventories	35,480	45,324
Trade receivables	16,336	16,408
Other receivables	2,361	2,266
Trade payables	-8,690	-8,737
Other payables	-9,355	-9,942
<b>Total</b>	<b>36,132</b>	<b>45,319</b>
Change in net working capital in the statement of financial position	-9,187	3,388
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*	1,386	1,983
Change in net working capital in the statement of cash flows	-7,801	5,371

\* 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-2023	31-Dec-2022
Interest-bearing debt	75,409	77,417
Lease liabilities	2,741	2,421
Less cash and cash equivalents	-40,581	-25,310
<b>Net debt</b>	<b>37,569</b>	<b>54,529</b>

At the end of 2023, Harvia renegotiated the terms of its term loans totaling 75,500 thousand and its EUR 8,000 thousand revolving credit limit. In addition, the revolving credit limit was increased to EUR 10,000 thousand. The term loan amounting to EUR 36,500 thousand and the revolving credit limit of EUR 5,000 thousand mature in December 2026 and the term loan amounting 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.

#### 4.1 DERIVATIVES

Harvia has an interest rate swap with a nominal value of 36.5 million that matures on 15 December 2026. Hedging produces clear savings on interest payments of Harvia in terms of cash flows. Fair value of the interest rate swap fluctuates according to interest rate market expectations, and the change in value is recorded in net financial items as changes in fair value.

## 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	1-12/2023	1-12/2022
Sales	86	7
Purchases	22	1

## APPENDIX 1: KEY FIGURES AND CALCULATION OF KEY FIGURES

EUR thousand	10-12/2023	10-12/2022	1-12/2023	1-12/2022
<b>Key statement of comprehensive income indicators</b>				
Revenue	39,406	38,119	150,547	172,408
EBITDA	10,836	8,160	39,298	41,173
% of revenue	27.5	21.4	26.1	23.9
Adjusted EBITDA	11,137	9,526	39,924	42,947
% of revenue	28.3	25.0	26.5	24.9
Operating profit	9,225	6,564	33,044	34,678
% of revenue	23.4	17.2	21.9	20.1
Adjusted operating profit	9,526	7,931	33,670	36,452
% of revenue	24.2	20.8	22.4	21.1
Adjusted profit before income taxes	8,506	7,162	30,159	38,562
Basic EPS (EUR)	0.39	0.22	1.25	1.45
Diluted EPS (EUR)	0.38	0.22	1.24	1.44
<b>Key cash flow indicators</b>				
Cash flow from operating activities	14,670	13,867	39,139	24,335
Operating free cash flow	15,470	15,138	44,601	33,989
Cash conversion	138.9 %	158.9 %	111.7 %	79.1 %
Investments in tangible and intangible assets	-1,446	-708	-3,124	-3,587
<b>Key balance sheet indicators</b>				
Net debt	37,569	54,529	37,569	54,529
Leverage	0.9	1.3	0.9	1.3
Net working capital	36,132	45,319	36,132	45,319
Capital employed excluding goodwill	76,129	66,836	76,129	66,836
Adjusted return on capital employed (ROCE)	44.2 %	54.5 %	44.2 %	54.5 %
Equity ratio	51.0 %	47.3 %	51.0 %	47.3 %
Number of employees at end of period	605	633	605	633
Average number of employees during the period	600	655	612	768

## 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 2023.

EUR thousand	10-12/2023	10-12/2022	1-12/2023	1-12/2022
<b>Operating profit</b>	9,225	6,564	33,044	34,678
Depreciation and amortization	1,611	1,595	6,254	6,494
<b>EBITDA</b>	10,836	8,160	39,298	41,173
<b>Items affecting comparability</b>				
Business transactions related expenses	73	1,021	231	1,105
Restructuring expenses	228	346	395	622
<b>Total items affecting comparability</b>	301	1,367	626	1,774
<b>Adjusted EBITDA</b>	11,137	9,526	39,924	42,947
Depreciation and amortization	-1,611	-1,595	-6,254	-6,494
<b>Adjusted operating profit</b>	9,526	7,931	33,670	36,452
Finance costs, net	-1,020	-769	-3,511	2,110
<b>Adjusted profit before income taxes</b>	8,506	7,162	30,159	38,562

## CALCULATION OF KEY FIGURES

<b>Key figure</b>	<b>Definition</b>
<b>Operating profit</b>	Profit before income taxes, finance income and finance costs.
<b>EBITDA</b>	Operating profit before depreciation and amortization
<b>Items affecting comparability</b>	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.
<b>Adjusted operating profit</b>	Operating profit before items affecting comparability.
<b>Adjusted EBITDA</b>	EBITDA before items affecting comparability.
<b>Adjusted profit before income taxes</b>	Profit before income taxes excluding items affecting comparability.
<b>Earnings per share, undiluted</b>	Profit for the period attributable to the owners of the parent divided by weighted average number of shares outstanding.
<b>Earnings per share, diluted</b>	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.
<b>Net debt</b>	Lease liabilities and current and non-current loans from credit institutions less cash and cash equivalents.
<b>Leverage</b>	Net debt divided by adjusted EBITDA (12 months).
<b>Net working capital</b>	Inventories, trade and other receivables less trade and other payables.
<b>Capital employed excluding goodwill</b>	Total equity and net debt less goodwill.
<b>Adjusted return on capital employed (ROCE)</b>	Adjusted operating profit (12 months) divided by average capital employed excluding goodwill.
<b>Operating free cash flow</b>	Adjusted EBITDA added/subtracted by the change in net working capital in consolidated statement of cash flows less investments in tangible and intangible assets.
<b>Cash conversion</b>	Operating free cash flow divided by adjusted EBITDA.
<b>Equity ratio</b>	Total equity divided by total assets less advances received.





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