HARVIA PLC

INTERIM REPORT

JANUARY–MARCH 2021

HARVIA

Sauna & Spa

HARVIA'S REVENUE AND OPERATING RESULT EXCEPTIONALLY STRONG DURING THE FIRST QUARTER OF 2021

HIGHLIGHTS OF THE REVIEW PERIOD

JANUARY–MARCH 2021:

- Revenue increased by 94.6% to EUR 39.6 million (20.4). At comparable exchange rates, revenue increased by 100.3% to EUR 40.8 million. The impact of EOS on growth was substantial, but organic revenue growth was also strong at 61.9%.

- Adjusted operating profit increased to EUR 11.1 million (4.2), making up 28.1% (20.6) of the revenue. At comparable exchange rates, the adjusted operating profit increased to EUR 11.6 million (28.5% of the revenue).

- Operating profit was EUR 11.0 million (3.1), making up 27.9% (15.3) of the revenue.

- Operating free cash flow amounted to EUR 8.1 million (5.9).

- Net debt amounted to EUR 26.9 million (24.3) and leverage was 0.7 (1.4).

- Equity ratio was 44.2% (57.1).

- Harvia has taken special measures in all of its operating countries to ensure the safety of its personnel and safeguard the continuity of its operations and services in the exceptional situation caused by the COVID-19 pandemic. Despite the pandemic, we have maintained our operative and customer service capabilities close to their regular level.

KEY FIGURES

EUR million	1-3/2021	1-3/2020	Change, %	2020
Revenue	39.6	20.4	94.6%	109.1
EBITDA	12.3	3.9	212.2%	26.7
% of revenue	31.0%	19.3%		24.5%
Items affecting comparability*	0.1	1.1	-93.4%	2.1
Adjusted EBITDA**	12.3	5.0	145.7%	28.8
% of revenue	31.1%	24.7%		26.4%
Operating profit	11.0	3.1	255.5%	22.4
% of revenue	27.9%	15.3%		20.5%
Adjusted operating profit**	11.1	4.2	164.8%	24.4
% of revenue	28.1%	20.6%		22.4%
Basic EPS (EUR)	0.44	0.13	246.7%	0.83
Operating free cash flow	8.1	5.9	38.2%	28.7
Cash conversion	66.0%	117.4%		99.7%
Investments in tangible and intangible assets	-1.5	-0.3	383.8%	-2.6
Net debt	26.9	24.3	10.5%	31.9
Leverage	0.7	1.4		1.1
Net working capital	21.0	15.2	37.7%	18.0
Adjusted return on capital employed (ROCE)	91.0%	37.7%		73.3%
Equity ratio	44.2%	57.1%		42.0%
Number of employees at end of period***	686***	399	71.9%	617***

* 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.

*** Includes the personnel of EOS Group, totaling 168 employees on 31 March 2021.

FINANCIAL TARGETS AND OUTLOOK

The company targets an average annual revenue growth of more than 5%, an adjusted operating profit margin of 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 has set long-term targets related to growth, profitability and leverage. The company's management estimates that due to the special circumstances caused by the COVID-19 pandemic, the sauna and spa market has experienced exceptionally high demand. This, however, 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 targets.

Harvia does not publish a short-term outlook.

Harvia targets a regularly increasing dividend with a bi-annual dividend payout of at least 60% of Group net income, in total.

TAPIO PAJUHARJU, CEO:

Traditionally, the first quarter is very good in the sauna and spa industry. During the first quarter of 2021, we experienced exceptional demand in all of our key markets and product categories. Despite incremental challenges caused by the pandemic and limitations in availability of key raw materials and componentry, the whole Harvia team and especially operations and supply chain have done amazing work in ramping up production volumes and productivity during the first quarter. The outcome is best reflected in the substantial growth in our revenue as well as in improved profitability. I would like to pass my humble and sincere thanks to everyone involved in making this happen. Great work, all of you! Thank You.

Our revenue landed at EUR 39.6 million, representing a record growth of EUR 19.2 million, or 94.6%, year on year. The impact of the EOS acquisition is clear and visible, but having said this, we remain very happy that also our organic growth was an excellent 61.9%. Altogether, the sales performance was so strong that this level brings us on par, if not slightly ahead, of the largest player in the sauna and spa market. By the same token, it is good to reinforce the management judgement regarding the sauna and spa market. According to Harvia's estimate, the sauna and spa market is experiencing some incremental growth due to the increased awareness and appreciation of sauna and spa related health benefits. Furthermore, it is good to recognize that a part of the demand is so-called advance demand.

On top of the strong performance in sales, we continued our robust improvement of profitability, even somewhat ahead of plans. The first quarter's operating profit was EUR 11.0 million (operating profit margin 27.9%), which represents a staggering growth of 255% year on year.

Volatility in the availability of key raw materials has caused some changes in our sourcing policy, and we have been gradually increasing the stock levels of critical raw materials and components. This is somewhat visible in our net working capital. The volatility is expected to continue for the time being. We have also seen substantial volatility in the prices of some key raw materials like steel, lumber, and electronics. We have analyzed the situation in great detail, and with good cooperation with our customers and partners. We have implemented an action plan where we are landing on a balance between incoming and outgoing pricing. The solid and strong demand has led to a situation where we have prolonged some of our standard delivery times. I am very pleased with how this has been discussed with and received by our customers.

EOS is becoming an integral part of the Group, and both the integration process and collaboration are progressing well. Despite the pandemic, the sales of EOS products in new markets are progressing, and we expect to receive product approvals for the North American and Asian markets for selected flagship products as planned before the end of 2021.

Regarding our operational capacity, we have been able to finalize the new machinery installations at the Renick facility in the US, at the sauna factory in Romania, as well as in the heater manufacturing in Muurame, Finland. During the first quarter, the expansion plans for Muurame and the acquisition of a new production facility in Lewisburg, West Virginia in the US have been finalized. We have been adding new labor as well as new flexible shift models in order to further increase the available capacity. For Harvia, the mid-term demand seems to remain strong, and we may need to consider further expanding our capacity, especially in the sauna category.

During the remainder of 2021, we will continue to be fully focused on the cornerstones of our strategy by working on increasing the value of the average purchase, geographical expansion, and continuous improvement of productivity. M&A activity in the sauna and spa market increased throughout the year 2020. In line with our strategy, we continue to seek opportunities to grow in the sauna and spa market also through M&A.

MARKET REVIEW

Historically the sauna and spa market has been resilient due to demand arising from the need to replace sauna heaters. Typically, the first and fourth quarter of the year are strong in the sauna business. During 2020, the COVID-19 pandemic caused significant and quick short-term fluctuations in demand in several of Harvia's key markets. On the other hand, the challenges brought on by the pandemic to Harvia's business are still evident in Southern Europe, Russia, the Arab countries and Asia. According to Harvia's estimate, the total impacts of the pandemic on the sauna and spa markets were favorable during 2020. The company estimates that the sauna and spa industry is not particularly sensitive to the COVID-19 pandemic, and demand will remain on a good level on average despite the pandemic.

According to Harvia's estimate, there are approximately 17 million saunas in the world. This large sauna base provides significant business arising from the replacement of saunas and sauna heaters. Historically, the sauna market has grown annually by an average of 5%. However, Harvia is currently seeing considerable growth in the market due to growing awareness and appreciation of the health benefits related to sauna and the general trend of investing in and relaxing at home, which began already before but has been accelerated by the COVID-19 pandemic. Harvia's management estimates that somewhat higher than historical average market growth rates will continue in the medium term, for the next 2–3 years.

According to the management's estimate, Harvia's share of the sauna and spa market is approximately 3% and its share of the sauna heater and sauna component market is approximately 13%. Together, Harvia and EOS Group reached a market share of approximately 16% in sauna heaters and components in 2020. The company's management estimates that Harvia is now on par with the largest global player in the sauna and spa industry.

REVENUE

REVENUE BY MARKET AREA

EUR thousand	1-3/2021	1-3/2020	Change, %	2020
Finland	8,233	7,029	17.1%	27,679
Scandinavia	1,778	1,024	73.7%	5,615
Germany	8,474	1,845	359.2%	17,644
Other European countries	10,472	4,733	121.2%	26,118
Russia	2,370	1,007	135.3%	7,881
North America	6,689	4,184	59.9%	20,847
Other countries*	1,619	546	196.8%	3,331
Total	**39,635**	**20,368**	94.6%	**109,115**

* The largest of which: Arab countries and Asia.

REVENUE BY PRODUCT GROUP

EUR thousand	1-3/2021	1-3/2020	Change, %	2020
Sauna heaters	21,492	10,929	96.7%	59,003
Sauna rooms	6,583	4,380	50.3%	20,646
Control units	4,543	1,535	195.9%	10,217
Steam generators	1,055	660	59.8%	3,199
Other product groups, spare parts and services	5,961	2,863	108.2%	16,049
Total	**39,635**	**20,368**	94.6%	**109,115**

JANUARY–MARCH 2021

The Group’s revenue increased in January–March by 94.6% to EUR 39.6 million (20.4). At comparable exchange rates, revenue increased by 100.3% to EUR 40.8 million. Organic revenue growth was 61.9%. Revenue growth was significant in all of Harvia’s key markets, especially in Germany. The growth in other countries is driven mainly by Asian ja Arab countries. The EOS acquisition increased the Group’s revenue in Germany by EUR 3.5 million, in other European countries by EUR 2.3 million and in Russia by EUR 0.7 million.

Harvia’s revenue increased in all product groups during January–March. Sauna heater sales improved in both electric and wood burning heaters, especially in Germany, Scandinavia, and other European countries. The strong growth of sauna room sales continued especially in North America and in Central Europe. Revenue from control units developed favorably particularly in Germany and other European countries. Sales of other product groups, spare parts and services also developed very well. The EOS acquisition increased the revenue particularly in electric heaters, control units and in other product groups.

RESULT

JANUARY–MARCH 2021

Operating profit for January–March increased to EUR 11.0 million (3.1) and the operating profit margin was 27.9% (15.3). The operating profit included EUR 0.1 million (1.1) of items affecting comparability, mainly related to business acquisitions. Adjusted operating profit increased to EUR 11.1 million (4.2) and the adjusted operating profit margin was 28.1% (20.6). The interest expenses of a new long-term loan drawn in 2020 increased financing expenses during the first quarter to EUR -0.2 million (-0.1).

Profit before taxes was EUR 10.8 million (3.0). The Group's taxes amounted to EUR -2.4 million (-0.6).

The result for the first quarter was EUR 8.4 million (2.4) and undiluted earnings per share were EUR 0.44 (0.13). Changes in exchange rates, mainly due to the weak US dollar and Russian ruble, weakened the operating profit by approximately EUR 0.5 million.

FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of March 2021 was EUR 178.9 million (31 March 2020: 124.7), of which equity accounted for EUR 77.9 million (71.1).

At the end of March 2021, the company's net debt amounted to EUR 26.9 million (24.3). Long-term liabilities were EUR 58.8 million (38.6) and cash and cash equivalents at the end of the review period amounted to EUR 32.5 million (14.8). Leverage was 0.7 (1.4) at the end of the review period.

Equity ratio was 44.2% (57.1) at the end of the review period. The adjusted return on capital employed (ROCE) was 91.0% (37.7).

In January–March, Harvia's operating free cash flow was EUR 8.1 million (5.9) and cash conversion was 66.0% (117.4). The operating cash flow was improved by favorable profit development. The cash conversion was temporarily reduced in January–March due to a EUR 3.0 million increase in net working capital compared to 31 December 2021 as well as EUR 1.5 million investments.

INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

The Group's investments in January–March amounted to EUR 1.5 million (0.3). The investments increased significantly compared to the first quarter of 2020, and based on the current plans and actions, Harvia estimates that the full year capital expenditure is going to be in the range of EUR 5–8 million. The Group's research and development expenditure recognized as expenses amounted to EUR 0.4 million (0.2).

Harvia agreed in February 2021 to buy a facility suited for the production of sauna and spa products in Lewisburg, West Virginia, US. The value of the transaction is approximately EUR 2.1 million. The facility being purchased comprises high-quality production and office space totaling 8,900 m^2. The new facility is expected to increase the production capacity of Almost Heaven Saunas by approximately one third, thanks to a new layout and production lines, as well as improved production processes. In addition, the new facility offers an opportunity to increase and diversify production capacity significantly in the future. Production in the new facility is expected to begin in September 2021.

Harvia is also investing in increasing the production capacity of its Muurame factory in Finland by expanding the factory and acquiring new machinery. The total value of the investment, including the new machinery, is approximately EUR 2.5 million. The investment in Muurame will be used for the construction of a production hall of approximately 1,200 m^2, where the company will install a new production line. Compared to the current production lines, the new line has higher output as well as lower maintenance costs and smaller environmental impacts. The investment will directly increase the capacity of the production phase prior to assembly by approximately 20% and will enable building additional capacity for the electric heater assembly hall. A new layout, to be implemented following the new expansion, will also improve the efficiency of internal logistics. Production in the new hall is estimated to begin in December 2021.

CORPORATE RESPONSIBILITY

Sustainability is a part of everyday life at Harvia – the company's operations and products have been developed sustainably already for 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. Harvia's corporate responsibility was presented in more detail in the Annual Report 2020.

PERSONNEL

The number of personnel employed by the Group at the end of the March 2021 was 686 (399) and averaged 661 (391) in January–March. The increase in the number of personnel resulted from the acquisition of EOS Group in April 2020 and recruitments particularly at the Muurame, Guangzhou and Romanian factories.

Of the personnel, 222 (185) worked in Finland, 143 (2) in Germany, 100 (65) in Romania, 89 (63) in China and Hong Kong, 53 (41) in the United States, 38 (30) in Austria, 26 (1) in Russia and 15 (12) in Estonia.

SHARES AND SHAREHOLDERS

Harvia's registered share capital is EUR 80,000 and at the end of March, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume in the review period was EUR 90.1 million (21.2) and 3,297,524 shares (2,930,125). The share's volume weighted average price during the review period was EUR 27.33 (9.63), the highest price during the review period was EUR 33.40 (11.95) and the lowest EUR 22.0 (7.02). The closing price of the share at the end of March 2021 was EUR 30.8 (8.98). The market value of the share capital on March 31, 2021 was EUR 575.8 million (167.9). At the end of the review period, Harvia Plc held a total of 50,000 own shares, corresponding to 0.27% of the total number of shares.

The number of registered shareholders at the end of March was 19,522 (6,844), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 43.5% (51.3) of the company's shares. The ten largest shareholders held a total of 28.0% (28.3) of Harvia's shares and votes at the end of March 2021.

Harvia did not receive any flagging notifications during the first quarter.

RISKS AND UNCERTAINTIES

As a global sauna and spa company, the health and well-being of our employees, partners and customers is our top priority also in the COVID-19 situation. All Harvia offices and production facilities follow the guidelines set by local health authorities to contain the spread of the pandemic. In accordance with our contingency plan, we have taken special measures to ensure the safety of our personnel as well as the continuity of our production and services in the exceptional situation caused by the coronavirus.

The company is constantly assessing the COVID-19 situation in terms of its business. In 2020 and during the first quarter of 2021, the pandemic increased demand in the sauna and spa market. According to the company's assessment, a part of this demand may be so-called advance demand. The magnitude and timing of the potential reverse impact remain unknown for the time being. Despite the challenging situation in the markets, the availability and pricing of key materials have remained favorable. However, the outlook for the rest of the year regarding the availability and pricing of key raw materials and componentry is volatile.

So far, Harvia has been able to maintain full operational capability, but if the need to restrict operations arises, this may have a negative impact on the company's business volume, result or financial performance. If the exceptional circumstances caused by the pandemic prove to be long-lasting, the general economic situation may have a dampening effect on demand in the industry.

General economic, social and political conditions impact Harvia's operating environment. Economic uncertainty in Finland, Europe, Russia, 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.

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.

Harvia has business operations in several countries. Harvia is exposed to transaction and translation risks mainly relating to the US 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.

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

EVENTS AFTER THE REVIEW PERIOD

Harvia Plc's Annual General Meeting, held on 8 April 2021, approved the financial statements and discharged the members of the Board of Directors and the company's CEO from liability for the financial year 2020. 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 no more than EUR 0.51 per share be paid as dividend and that the remainder of the distributable funds be transferred to shareholders' equity. The dividend is divided into two instalments in accordance with the Board's proposal. The Annual General Meeting resolved that a dividend of EUR 0.20 per share will be paid to shareholders. In addition, the Annual General Meeting approved the Board of Directors' proposal of paying a dividend of EUR 0.12 to celebrate Harvia's 70-year anniversary. These dividend payments were paid to shareholders who were registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date of the dividend of 12 April 2021. The dividends were paid on 19 April 2021.

In addition, The Annual General Meeting authorized the Board of Directors to decide, at its discretion, on the payment of an extra dividend of no more than EUR 0.19 per share.

The Annual General Meeting resolved that the Board of Directors consists of five members. Olli Liitola, Ia Adlercreutz and Sanna Suvanto-Harsaae were re-elected to the Board of Directors and Hille Korhonen and Anders Holmén were elected as new members of the Board of Directors. Authorized Public Accountants PricewaterhouseCoopers Oy was elected as the Auditor of the company and Markku Launis, 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 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. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorization. The authorization replaces the authorization of the Board of Directors to resolve on the repurchase of own shares granted by the shareholders of the company on 2 April 2020. The authorization is valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2022.

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 amount 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 2022. The authorization replaces and revokes all previous unused authorizations of the Board of Directors to resolve on the issuance of shares, share options and other special rights entitling to shares.

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. Board of Directors elected from among its members Olli Liitola 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.

Harvia completed the acquisition of a facility suited for the production of sauna and spa products in Lewisburg, West Virginia, USA, on April 26, 2021. The agreement was subject to normal due diligence and other conditions of closing. Harvia announced the purchase agreement on February 11, 2021. The facility comprises high-quality production and office space totaling 8,900 m². The value of the transaction is approximately EUR 2.1 million.

FINANCIAL RELEASES IN 2021

Harvia will publish its interim reports in 2021 as follows:

12 August 2021 Half-year (January–June) 2021 financial report

4 November 2021 January–September 2021 interim report

MUURAME, 4 MAY 2021

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 5 May 2021 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/2021-q1-results.

You can also participate in the conference by calling:

Finland: +358 981 710 310

Sweden: +46 856 642 651

UK: +44 333 300 0804

US: +1 631 913 1422

PIN: 85857878#

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	1-3/2021	1-3/2020	2020
Revenue	2.1	**39,635**	**20,368**	**109,115**
Other operating income		72	57	377
Materials and services		-15,194	-8,088	-42,033
Employee benefit expenses		-6,847	-3,781	-21,180
Other operating expenses	2.2	-5,398	-4,626	-19,573
Depreciation and amortization		-1,220	-822	-4,329
Operating profit		**11,048**	**3,108**	**22,376**
Finance income		387	249	229
Finance costs	4.1	-690	-287	-2,645
Changes in fair values		102	-96	390
Finance costs, net		-201	-134	-2,026
Profit before income taxes		**10,847**	**2,974**	**20,350**
Income taxes		-2,404	-600	-4,399
Profit for the period		**8,443**	**2,374**	**15,951**
Attributable to:				
Owners of the parent		8,208	2,374	15 475
Non-controlling interests*		235		476
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences		529	-156	-801
Other comprehensive income, net of tax		529	-156	-801
Total comprehensive income		**8,972**	**2,219**	**15,150**
Attributable to:				
Owners of the parent		8,738	2,219	14,674
Non-controlling interests*		235		476
Earnings per share for profit attributable to the owners of the parent:				
Basic EPS (EUR)	2.3	0.44	0.13	0.83
Diluted EPS (EUR)	2.3	0.44	0.13	0.82

*EOS Group Non-controlling interests

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	31-Mar-2021	31-Mar-2020	31-Dec-2020
ASSETS				
Non-current assets				
Intangible assets		10,350	4,105	10,420
Goodwill		71,002	60,217	71,018
Property, plant and equipment		17,674	14,284	16,907
Leased assets		2,827	2,474	2,683
Deferred tax assets		1,878	1,546	1,924
Total non-current assets		**103,730**	**82,626**	**102,952**
Current assets				
Inventories	3	24,211	14,527	20,696
Trade and other receivables	3	18,273	12,662	14,411
Income tax receivables		134	127	244
Cash and cash equivalents	4	32,536	14,778	27,321
Total current asset		**75,155**	**42,093**	**62,673**
Total assets		**178,885**	**124,719**	**165,625**

EUR thousand	Note	31-Mar-2021	31-Mar-2020	31-Dec-2020
EQUITY AND LIABILITIES				
Share capital		80	80	80
Other reserves		43,244	53,283	42,627
Retained earnings		23,729	15,358	8,254
Profit for the period		8,208	2,374	15,475
Equity attributable to owners of the parent		**75,261**	**71,096**	**66,437**
Non-controlling interests		2,657		2,423
Total equity		**77,918**	**71,096**	**68,859**
Liabilities				
Non-current liabilities				
Loans from credit institutions	4.1	56,344	36,400	56,328
Lease liabilities		2,494	2,215	2,425
Derivative financial instruments	4.1	801	1,197	903
Deferred tax liabilities		1,732		1,941
Employee benefit obligations		2,729		2,847
Other non-current liabilities		9,653	90	9,616
Provisions		332	229	305
Total non-current liabilities		**74,083**	**40,131**	**74,365**
Current liabilities				
Loans from credit institutions	4.1	49	97	55
Lease liabilities		503	356	404
Employee benefit obligations		304		186
Income tax liabilities		4,220	857	4,323
Trade and other payables	3	21,504	11,953	17,156
Provisions		303	229	277
Total current liabilities		**26,884**	**13,493**	**22,400**
Total liabilities		**100,967**	**53,623**	**96,765**
Total equity and liabilities		**178,885**	**124,719**	**165,625**

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 2020	**80**	**53,257**	**142**	**15,358**	**68,837**		**68,837**
Share-based incentive plan		40			40		40
Total transactions with shareholders		40			40		40
Profit for the period				2,374	2,374		2,374
Other comprehensive income			-156		-156		-156
Total comprehensive income			-156	2,374	2,219		2,219
Equity at 31 March 2020	**80**	**53,297**	**-14**	**17,732**	**71,096**		**71,096**
Equity at 1 January 2020	**80**	**53,257**	**142**	**15,358**	**68,837**		**68,837**
Share-based incentive plan		563			563		563
Dividend distribution				-7,104	-7,104		-7,104
Repurchase of own shares		-1,026			-1,026		-1,026
Total transactions with shareholders		-463		-7,104	-7,567		-7,567
Profit for the period				15,475	15,475	476	15,951
Acquisitions		-9,508			-9,508	1,947	-7,561
Other comprehensive income			-801		-801		-801
Total comprehensive income		-9,508	-801	17,367	5,166	2,423	7,589
Equity at 31 December 2020	**80**	**43,286**	**-658**	**23,729**	**66,437**	**2,423**	**68,859**
Equity at 1 January 2021	**80**	**43,286**	**-658**	**23,729**	**66,437**	**2,423**	**68,859**
Share-based incentive plan		87			87		87
Total transactions with shareholders		87			87		87
Profit for the period				8,208	8,208	235	8,443
Other comprehensive income			529		529		529
Total comprehensive income			529	8,208	8,738	235	8,972
Equity at 31 March 2021	**80**	**43,373**	**-129**	**31,937**	**75,261**	**2,657**	**77,918**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	1-3/2021	1-3/2020	2020
Cash flows from operating activities				
Profit before taxes		10,847	2,974	20,350
Adjustments				
Depreciation and amortization		1,220	822	4,329
Finance income and finance costs		201	134	2,026
Other adjustments		-57	150	1,496
Cash flows before changes in working capital		12,211	4,080	28,201
Change in working capital				
Increase (-) / decrease (+) in trade and other receivables	3	-3,351	1,101	750
Increase (-) / decrease (+) in inventories	3	-3,207	-703	-2,449
Increase (+) / decrease (-) in trade and other payables	3	3,827	780	4,178
Cash flows from operating activities before financial items and taxes		9,480	5,257	30,681
Interest and other finance costs paid		-26	-25	-339
Interest and other finance income received		174	50	114
Income taxes paid/received		-2,561	-717	-2,376
Net cash from operating activities		**7,066**	**4,565**	**28,080**
Cash flows from investing activities				
Purchases of tangible and intangible assets		-1,459	-302	-2,567
Sale of tangible and intangible assets				25
Acquisition of subsidiaries, net of cash acquired				-18,059
Net cash from investing activities		**-1,459**	**-302**	**-20,602**
Cash flows from financing activities				
Acquisition of treasury shares				-1,026
Proceeds from non-current loans	4.1	16		20,000
Repayment of non-current loans	4.1		-1	-63
Change in current interest-bearing liabilities	4.1	2	-26	-61
Repayment of lease liabilities		-63	-95	-647
Interest and other finance costs paid	4.1	-479	-229	-2,186
Dividends paid				-7,104
Net cash from financing activities		**-523**	**-351**	**8,914**
Net change in cash and cash equivalents		5,084	3,912	16,391
Cash and cash equivalents at beginning of period		27,321	10,879	10,879
Exchange gains/losses on cash and cash equivalents		131	-13	51
Cash and cash equivalents at end of period		**32,536**	**14,778**	**27,321**

NOTES TO THE GROUP'S INTERIM INFORMATION

1. BASIS OF PREPARATION

Basis of preparation

Harvia's financial statements bulletin 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 2020 and should therefore be read in conjunction with the Consolidated Financial Statements for 2020 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 4 May 2021. 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 2020.

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, 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	1-3/2021	1-3/2020	Change, %	2020
Finland	8,233	7,029	17.1%	27,679
Scandinavia	1,778	1,024	73.7%	5,615
Germany	8,474	1,845	359.2%	17,644
Other European countries	10,472	4,733	121.2%	26,118
Russia	2,370	1,007	135.3%	7,881
North America	6,689	4,184	59.9%	20,847
Other countries*	1,619	546	196.8%	3,331
Total	**39,635**	**20,368**	94.6%	**109,115**

* The largest of which: Arab countries and Asia.

Revenue by product groups

EUR thousand	1-3/2021	1-3/2020	Change, %	2020
Sauna heaters	21,492	10,929	96.7%	59,003
Sauna rooms	6,583	4,380	50.3%	20,646
Control units	4,543	1,535	195.9%	10,217
Steam generators	1,055	660	59.8%	3,199
Other product groups, spare parts and services	5,961	2,863	108.2%	16,049
Total	**39,635**	**20,368**	94.6%	**109,115**

2.2 OPERATING EXPENSES

Other operating expenses for the period 1 January – 31 March 2021 include items affecting comparability of EUR 72 thousand (1,092) 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	1-3/2021	1-3/2020	2020
Profit for the period attributable to the owners of the parent company, EUR thousand	8,208	2,374	15,474
Weighted average number of shares outstanding during the financial period, '000	18,644	18,694	18,691
Basic earnings per share, EUR	**0.44**	**0.13**	**0.83**
Share-based long-term incentive plan	208	74	184
Weighted average number of shares outstanding during the year, diluted, '000	18,853	18,768	18,875
Diluted earnings per share, EUR	**0.44**	**0.13**	**0.82**

3. NET WORKING CAPITAL

EUR thousand	31-Mar-2021	31-Mar-2020	31-Dec-2020
Net working capital			
Inventories	24,211	14,527	20,696
Trade receivables	15,454	11,400	11,826
Other receivables	2,819	1,261	2,585
Trade payables	-10,593	-6,201	-8,476
Other payables	-10,910	-5,752	-8,679
Total	**20,980**	**15,235**	**17,952**
Change in net working capital in the statement of financial position	3,028	-1,605	1,112
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*	-297	428	-3,592
Change in net working capital in the statement of cash flows	2,731	-1,178	-2,480

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

4. NET DEBT AND CONTINGENCIES

Interest-bearing net debt

EUR thousand	31-Mar-2021	31-Mar-2020	31-Dec-2020
Interest-bearing debt	56,393	36,497	56,383
Lease liabilities	2,996	2,572	2,829
Less cash and cash equivalents	-32,536	-14,778	-27,321
Net debt	**26,853**	**24,291**	**31,891**

4.1 COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	31-Mar-2021	31-Mar-2020	31-Dec-2020
Other guarantees:			
Pledged accounts	43	27	43
Customs guarantee	30	30	30
Total	**73**	**57**	**73**

5. OTHER NOTES

5.1 RELATED PARTY TRANSACTIONS

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

No transactions were carried out with related parties during first quarter:

EUR thousand	1-3/2021	1-3/2020	2020
Sales			2
Purchases			

APPENDIX 1: KEY FIGURES AND CALCULATION OF KEY FIGURES

EUR thousand	1-3/2021	1-3/2020	2020
Key statement of comprehensive income indicators			
Revenue	39,635	20,368	109,115
EBITDA	12,268	3,930	26,705
% of revenue	31.0	19.3	24.5
Adjusted EBITDA	12,341	5,022	28,775
% of revenue	31.1	24.7	26.4
Operating profit	11,048	3,108	22,376
% of revenue	27.9	15.3	20.5
Adjusted operating profit	11,121	4,200	24,445
% of revenue	28.1	20.6	22.4
Adjusted profit before income taxes	10,920	4,067	22,419
Basic EPS (EUR)	0.44	0.13	0.83
Diluted EPS (EUR)	0.44	0.13	0.82
Key cash flow indicators			
Cash flow from operating activities	7,066	4,565	28,080
Operating free cash flow	8,150	5,898	28,688
Cash conversion	66.0%	117.4%	99.7%
Investments in tangible and intangible assets	-1,459	-302	-2,567
Key balance sheet indicators			
Net debt	26,853	24,291	31,891
Leverage	0.7	1.4	1.1
Net working capital	20,980	15,235	17,952
Capital employed excluding goodwill	34,470	37,381	33,337
Adjusted return on capital employed (ROCE)	91.0%	37.7%	73.3%
Equity ratio	44.2%	57.1%	42.0%
Number of employees at end of period	686	399	617
Average number of employees during the period	661	391	534

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.

EUR thousand	**1-3/2021**	**1-3/2020**	**1-12/2020**
Operating profit	11,048	3,108	22,376
Depreciation and amortization	1,220	822	4,329
EBITDA	12,268	3,930	26,705
Items affecting comparability			
Strategic development projects			
Acquisition related expenses	67	1,004	1,934
Restructuring expenses	5	88	135
Total items affecting comparability	72	1,092	2,070
Adjusted EBITDA	12,341	5,022	28,775
Depreciation and amortization	-1,220	-822	-4,329
Adjusted operating profit	11,121	4,200	24,445
Finance costs, net	-201	-134	-2,026
Adjusted profit before income taxes	10,920	4,067	22,419

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.

HARVIA PLC

Teollisuustie 1–7
40950 Muurame
www.harviagroup.com