

HARVIA PLC

INTERIM REPORT

January–September 2020

HARVIA

Sauna & Spa

HARVIA Q3: REVENUE AND PROFITABILITY CONTINUED TO INCREASE SIGNIFICANTLY IN EXCEPTIONAL MARKET CONDITIONS

HIGHLIGHTS OF THE REVIEW PERIOD

JULY–SEPTEMBER 2020:

- Revenue increased by 63.8% to EUR 28.0 million (17.1). At comparable exchange rates, revenue increased by 68.1% to EUR 28.4 million. Organic revenue growth was 35.6%.
- Adjusted operating profit increased to EUR 6.1 million (2.9), making up 21.8% (17.2) of the revenue. At comparable exchange rates, the adjusted operating profit increased to EUR 6.3 million (22.0% of the revenue).
- Operating profit was EUR 6.0 million (2.9), making up 21.4% (16.9) of the revenue.
- Operative free cash flow amounted to EUR 7.9 million (4.2).

JANUARY–SEPTEMBER 2020:

- Revenue increased by 38.4% to EUR 73.9 million (53.4). At comparable exchange rates, revenue increased by 39.1% to EUR 74.2 million. Organic revenue growth was 23.7%.
- Adjusted operating profit was EUR 15.7 million (9.7), making up 21.2% (18.2) of the revenue. At comparable exchange rates, the adjusted operating profit increased by 62.3% to EUR 15.8 million (21.1% of the revenue).
- Operating profit was EUR 13.7 million (9.4), making up 18.5% (17.6) of the revenue.
- Operating free cash flow amounted to EUR 18.3 million (8.1).
- Net debt amounted to EUR 36.3 million (30.2) and leverage was 1.5 (2.0).
- On April 30, 2020, Harvia completed the acquisition of the majority of the German EOS Group. The financial figures of EOS Group have been consolidated with Harvia's figures starting from the completion of the acquisition.
- Equity ratio was 42.2% (57.4). During the review period, Harvia took out a new long-term loan of EUR 20 million for financing the acquisition of EOS Group.
- 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	7-9/2020	7-9/2019	Change	1-9/2020	1-9/2019	Change	2019
Revenue	28.0	17.1	63.8%	73.9	53.4	38.4%	74.1
EBITDA	7.3	3.7	98.6%	16.8	11.7	43.4%	16.4
% of revenue	26.0%	21.4%		22.8%	22.0%		22.2%
Items affecting comparability *	0.1	0.0	122.2%	2.0	0.3	561.0%	0.6
Adjusted EBITDA **	7.4	3.7	98.9%	18.8	12.0	56.5%	17.0
% of revenue	26.4%	21.7%		25.5%	22.6%		22.9%
Operating profit	6.0	2.9	107.9%	13.7	9.4	45.3%	13.3
% of revenue	21.4%	16.9%		18.5%	17.6%		18.0%
Adjusted operating profit **	6.1	2.9	108.2%	15.7	9.7	61.5%	13.9
% of revenue	21.8%	17.2%		21.2%	18.2%		18.7%
Basic EPS (EUR)	0.22	0.11	90.3%	0.52	0.36	44.8%	0.51
Operating free cash flow	7.9	4.2	88.4%	18.3	8.1	125.4%	15.2
Cash conversion	106.9%	112.9%		97.4%	67.6%		89.3%
Investments in tangible and intangible assets	-1.0	-0.4	183.6%	-1.7	-1.4	21.3%	-1.8
Net debt	36.3	30.2	20.3%	36.3	30.2	20.3%	28.3
Leverage	1.5	2.0		1.5	2.0		1.7
Net working capital	19.7	19.6	0.8%	19.7	19.6	0.8%	16.8
Adjusted return on capital employed (ROCE)	54.9%	32.5%		54.9%	32.5%		38.2%
Equity ratio	42.2%	57.4%		42.2%	57.4%		56.6%
Number of employees at end of period	587***	389	50.9%	587***	389	50.9%	395

* 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 158 employees on September 30, 2020.

FINANCIAL TARGETS AND OUTLOOK

Harvia does not publish its short-term outlook. However, 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.

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

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

TAPIO PAJUJARJU, CEO:

In the third quarter of 2020, Harvia's business continued to be very strong. The entire Harvia personnel have, together with our partners, stretched to an outstanding performance to ensure that our customers and their customers have been able to enjoy the natural well-being and relaxing moments provided by the sauna. My warm and special thanks to you all!

During the third quarter, Harvia's revenue increased strongly by 63.8 percent to EUR 28.0 million. At comparable exchange rates, the increase was 68.1 percent. The impact of the EOS acquisition on the third quarter revenue was naturally significant, but I am especially satisfied with the fact that the share of organic growth was more than 35 percent in a situation in which the markets have reacted in very different ways to the COVID-19 situation.

Revenue growth was good in all product groups in the third quarter. It was particularly strong in the control units (+98.2%) and sauna heater (+61.4%) product groups. Despite the strong and volatile demand, we have been able to maintain good customer service even if in some cases, delivery times have been longer than normal. The sauna rooms product group continued its strong growth as well, and demand has at least temporarily exceeded our expectations. The investment decision made in the second quarter to increase the production capacity in the USA with AHS was made at the optimal time. The installation stage of the incremental production equipment investments at the Romanian sauna factory is commencing just ahead of the high season. The market situation in the Arab countries, Asia as well as in Russia remained challenging, which continued to be reflected in the sales of steam generators.

Nearly 75 percent of our revenue already comes from international markets despite the strong growth of the Finnish market (+22.5% in the third quarter). During the third quarter, revenue growth in Germany and other European countries was particularly strong. The organic growth in the German market was 78.5 percent, and with the sales of EOS included, the growth amounted to 224.7 percent. Revenue continued to grow very favorably in North America, and year-on-year growth was 82.9 percent.

Our business performance has been very good, and we continued to improve our profitability in the third quarter. Our adjusted operating profit increased to EUR 6.1 million, representing an increase of 108.2 percent year-on-year. The adjusted operating profit for January–September increased considerably to EUR 13.7 million, exceeding the adjusted operating profit of the entire previous year. Our relative profitability has also developed favorably, and our adjusted operating profit margin increased to 21.8 percent in the third quarter from 17.2 percent in the corresponding period last year. Relative profitability for January–September also improved by 3 percentage points to 21.2 percent.

In the longer perspective, COVID-19 still does not seem to have a significant impact on the sauna and spa market as a whole. Differences between markets remain very large and partly even local. For Harvia, the total impact has been exceptionally favorable and in certain markets, interest and activity has even been on a remarkably high level. However, we estimate that some of this interest and demand is so-called advanced demand. The professional channel and partly also the DIY channel are showing signs of normalizing. Based on this, we assume that there have been no significant changes in the long-term growth drivers in the sauna and spa market.

Our supply chain has been very agile and able to respond efficiently to the growing but very volatile demand, all of this despite the additional challenges brought on by the COVID-19 pandemic. Continuous improvement of productivity has proceeded



according to plan. The fast demand growth has caused somewhat longer than normal delivery times and we have gradually increased capacity in all our production units. We have also recruited approximately 40 new employees, the majority of which to our heater and component factory in Muurame. Furthermore, we remain prepared for higher than normal volatility in demand continuing, and regarding critical components, we have increased buffer stocks in order to maintain needed agility.

It can be said that operations continued in exceptional circumstances in the third quarter as the COVID-19 pandemic was prolonged, and measures to fight the pandemic were further reinforced towards the end of the review period. At the same time, we are prepared for the possibility that impacts associated with COVID-19, such as potential quarantines, may further extend our delivery times. I am very happy to be able to say that we have succeeded in keeping Harvia's personnel healthy and fit for work.

The integration of the German EOS Group has proceeded well and according to plan, although the majority of the integration process has been carried out completely in virtual format. The common shared view of the situation and the good team spirit have significantly supported this favorable development.

Naturally, we will keep our eyes determinedly on the cornerstones of our strategy and will implement the strategy with a focus on increasing the value of the average purchase, geographical expansion, and continuous improvement of productivity. In addition to organic growth, we continue to actively explore opportunities to grow in the sauna and spa market through acquisitions, in line with our strategy.

MARKET REVIEW

The sauna and spa market has historically been resilient, due in particular to the 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 the second and third quarter, the COVID-19 pandemic caused significant and quick fluctuations in demand in several of Harvia's key markets. According to the company's estimate, the total impacts of the pandemic on the sauna and spa markets were positive during the first three quarters. 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 the company's estimate, the sauna and spa industry has not been particularly sensitive to the corona pandemic, and demand has remained on a good level on average despite the COVID-19 situation.

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%, and Harvia's management estimates that the market growth will remain on the same level in the near future. According to the management's estimate, Harvia's share of the sauna and spa market is approximately 2% and its share of the sauna heater and sauna component market is approximately 11%. Together, Harvia and EOS Group are estimated to reach a market share of approximately 14% in sauna heaters and components in 2020.

REVENUE

REVENUE BY MARKET AREA

EUR thousand	7-9/2020	7-9/2019	Change	1-9/2020	1-9/2019	Change	2019
Finland	7,119	5,814	22.5%	21,306	18,592	14.6%	24,210
Other Scandinavia	1,253	1,028	22.0%	3,557	2,958	20.2%	4,157
Germany	4,775	1,471	224.7%	9,939	4,614	115.4%	6,867
Other European countries	6,559	3,660	79.2%	16,851	12,106	39.2%	17,188
Russia	1,848	1,488	24.2%	4,879	4,252	14.8%	5,761
North America	5,243	2,867	82.9%	15,151	7,993	89.5%	11,816
Other countries*	1,165	744	56.7%	2,183	2,849	-23.4%	4,096
Total	27,962	17,070	63.8%	73,866	53,365	38.4%	74,095

* The largest of which: Arab countries and Asia.

REVENUE BY PRODUCT GROUP

EUR thousand	7-9/2020	7-9/2019	Change	1-9/2020	1-9/2019	Change	2019
Sauna heaters	15,238	9,444	61.4%	40,186	29,155	37.8%	39,740
Sauna rooms	5,033	3,336	50.9%	14,733	10,241	43.9%	14,700
Control units	2,585	1,304	98.2%	6,099	4,163	46.5%	5,918
Steam generators	842	722	16.5%	2,167	2,478	-12.5%	3,476
Other product groups, spare parts and services	4,264	2,264	88.3%	10,680	7,327	45.8%	10,261
Total	27,962	17,070	63.8%	73,866	53,365	38.4%	74,095

JULY–SEPTEMBER 2020

The Group's revenue increased in July–September by 63.8% to EUR 28.0 million (17.1). At comparable exchange rates, revenue increased by 68.1% to EUR 28.4 million. Organic revenue growth was 35.6%. Revenue growth was strong in all Harvia's key markets, and especially in Germany, North America and other European countries, increased interest in home improvement continued on a strong level in the third quarter. The EOS acquisition increased the Group's revenue in Germany by EUR 2.1 million, in other European countries by EUR 1.7 million and in Russia by EUR 0.8 million. Revenue developed favorably in Finland compared to the previous year, as well.

Harvia's revenue increased in all product groups during July–September. Sauna heater sales improved in both electric and wood burning heaters. The solid growth of sauna room sales continued, especially due to the positive development of the sauna market in the United States. Demand for sauna rooms was strong in Central Europe, as well. The revenue from control units developed favorably particularly in Germany and Central Europe. The EOS acquisition increased especially the revenue from electric heaters, control units and steam generators in the third quarter. Sales of other product groups, spare parts and services also developed very favorably.

JANUARY–SEPTEMBER 2020

The Group's revenue in January–September increased by 38.4% to EUR 73.9 million (53.4). At comparable exchange rates, revenue increased by 39.1% to EUR 74.2 million. Organic revenue growth was 23.7%. Revenue growth was strong especially in Germany, North America and other European countries. Revenue developed favorably in Finland, the other Nordic countries and Russia, as well. The EOS acquisition increased the Group's revenue in Germany by EUR 3.3 million, in other European countries by EUR 2.8 million and in Russia by EUR 1.3 million. The negative impacts of the COVID-19 pandemic were reflected in the revenue development of the Other countries market area during the review period.

Revenue increased particularly in the sauna heater product group. Sales of sauna rooms also continued to increase steadily, affected by the positive development in sauna room sales in the United States and increased demand in Central Europe. The sales of control units and other product groups developed favorably. The EOS acquisition increased particularly the revenue from electric heaters, control units and steam generators in the review period. The cumulative revenue from steam generators declined due to the COVID-19 situation in the Arab countries and Asia in the late spring.

RESULT

JULY–SEPTEMBER 2020

Operating profit for July–September increased to EUR 6.0 million (2.9) and the operating profit margin was 21.4% (16.9). The operating profit included EUR 0.1 million (0.0) of items affecting comparability, mainly related to business acquisitions. Adjusted operating profit increased to EUR 6.1 million (2.9) and the adjusted operating profit margin was 21.4% (17.2). The interest expenses of the new long-term loan drawn during the review period increased financing expenses during the third quarter. The financing expenses were EUR -0.6 million (-0.1).

Profit before taxes in July–September was EUR 5.4 million (2.7). The Group's taxes amounted to EUR -1.2 million (-0.6).

The result for the third quarter was EUR 4.2 million (2.1) and undiluted earnings per share were EUR 0.22 (0.11). Changes in exchange rates weakened the operating profit by approximately EUR 0.3 million.

JANUARY–SEPTEMBER 2020

Operating profit for January–September was EUR 13.7 million (9.4) and the operating profit margin was 18.5% (17.6). The operating profit included EUR 2.0 million (0.3) of items affecting comparability, mainly related to business acquisitions. Adjusted operating profit increased to EUR 15.7 million (9.7) and the adjusted operating profit margin was 21.2% (18.2). The net financing expenses for the review period were EUR -1.2 million (-0.9).

The profit before taxes for January–September was EUR 12.5 million (8.5). The Group's taxes amounted to EUR -2.6 million (-1.8).

The result for the review period was EUR 9.8 million (6.7) and undiluted earnings per share were EUR 0.52 (0.36). Changes in exchange rates weakened the operating profit of the review period by approximately EUR 0.2 million.

FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of September 2020 was EUR 160.9 million (September 30, 2019: 121.4), of which equity accounted for EUR 67.4 million (69.6).

At the end of September 2020, the company's net debt amounted to EUR 36.3 million (30.2). Long-term liabilities were EUR 58.8 million (38.5) and cash and cash equivalents at the end of the review period amounted to EUR 22.9 million (9.2). Leverage was 1.5 (2.0) at the end of the review period.

Equity ratio was 42.2% (57.4) at the end of the review period. The adjusted return on capital employed (ROCE) was 54.9% (32.5).

In January–September, Harvia's operating free cash flow was EUR 18.3 million (8.1) and cash conversion was 97.4% (67.6). The operating cash flow was improved by expedited terms of payment of trade receivables and related arrangements in addition to favorable profit development.

INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

The Group's investments in January–September amounted to EUR 1.7 million (1.4). During the review period, Harvia invested in the environmental sustainability of the plant in Muurame by building a solar power plant on the roof of the factory and installing electric car charging points. Investments in new machinery were made at the factory in Romania. The Group's research and development expenditure recognized as expenses amounted to EUR 1.2 million (0.9).

During the review period, the company decided to invest EUR 0.7 million in the United States to increase the production capacity of AHS saunas. According to the plan, the additional capacity will be fully operational at the end of 2020.

ACQUISITIONS

At the end of April, Harvia completed the acquisition of the majority of the German EOS Group. EOS is the technology leader for professional and premium sauna & spa products with a revenue of EUR 17.3 million in 2019. The acquisition complements Harvia's professional and premium sauna offering well and strengthens Harvia's leading position as a professional global sauna and spa experience brand. Harvia owns 78.6 percent of the German operations of EOS Group and 80.0 percent of its Russian operations, and the company holds an option entitling to purchase the minority shares in the future.

The purchase price was EUR 19.7 million and it was based on the debt-free valuation of EUR 25.5 million for the entire EOS Group at the time of the signing of the deal. Harvia financed the acquisition by interest-bearing debt and its own cash funds.

In the EOS Group acquisition, fixed assets amounting to EUR 2.6 million, net working capital items amounting to EUR 3.6 million, cash and cash equivalents amounting to EUR 1.7 million and pension liabilities amounting to EUR 3.0 million were transferred. The preliminary purchase price allocation pertaining to the acquisition includes intangible assets amounting to EUR 7.0 million with annual amortization of approximately EUR 1.2 million. Valuation of inventory to fair value increased inventory by EUR 1.3 million, which is amortized in calculations in 12 months.

According to the preliminary purchase price allocation, goodwill amounts to EUR 10.8 million. The estimated non-controlling interests' redemption liability of EUR 9.5 million pertaining to the acquisition has been entered as liability and decrease in shareholders' equity. The redemption liability is presented in non-interest-bearing liabilities. The preliminary purchase price allocation pertaining to the acquisition is presented in Note 5.1.

The acquisition is expected to create annual synergies of at least EUR 2.2 million, which are expected to be realized in full by 2024. Costs relating to the acquisition in January–September 2020 were EUR 1.8 million. The integration or post-closing costs were EUR 0.1 million in the third quarter. Post-closing costs are estimated to total EUR 0.3 million in 2020 and EUR 0.8 million in 2021.

The transaction has no impact on Harvia’s long-term targets related to growth, profitability and leverage.

CORPORATE RESPONSIBILITY

Sustainability is a part of everyday life at Harvia – our 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, we have invested in taking environmental aspects into consideration all the way from design to production, logistics, use and recycling of the products. During the review period, Harvia invested in the environmental sustainability of the plant in Muurame by building a solar power plant on the roof of the factory and installing electric car charging points. In 2019, we compiled an environmental manual and summarized sustainability at Harvia into four areas: environmental impacts of production, personnel, products and a responsible code of conduct. Harvia’s corporate responsibility is presented in more detail in the Annual Report 2019.

PERSONNEL

The number of personnel employed by the Group at the end of the review period was 587 (389) and averaged 508 (395) in January–September. During the review period, the acquisition of EOS Group and recruitments particularly to the Muurame factory significantly impacted the increase in personnel numbers.

Of the personnel, 34% (47) worked in Finland, 23% (0) in Germany, 13% (17) in Romania, 10% (16) in China and Hong Kong, 8% (10) in the United States, 5% (8) in Austria, 4% (0) in Russia and 2% (2) in Estonia.

SHARES AND SHAREHOLDERS

Harvia’s registered share capital is EUR 80,000 and at the end of the review period, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume in the review period was EUR 67.7 million (33.6) and 6,127,491 shares (5,321,996). The share’s volume weighted average rate during the review period was EUR 11.05 (6.31), the highest rate during the review period was EUR 18.20 (8.00) and the lowest EUR 7.02 (5.50). The closing price of the share at the end of September 2020 was EUR 17.80 (7.28). The market value of the share capital on September 30, 2020 was EUR 332.8 million (136.1). The company does not currently own any treasury shares.

The number of registered shareholders at the end of the review period was 9,212 (4,466), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 47.7% (53.2) of the company’s shares. The ten largest shareholders held a total of 29.1% (29.4) of Harvia’s shares and votes at the end of the review period.

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

GOVERNANCE

On April 2, 2020, the Annual General Meeting of Harvia Plc approved the 2019 Financial Statements. The members of the Board of Directors and the CEO were discharged from liability for 2019.

Based on the proposal by the Board of Directors, the Annual General Meeting resolved that a dividend of EUR 0.19 per share (totaling EUR 3,551,904.84) be distributed based on the approved Financial Statements for 2019. The dividend was paid to shareholders registered in the shareholders' register maintained by Euroclear Finland Oy on the dividend's date of record, April 6, 2020. The dividend was paid on April 15, 2020.

The Annual General Meeting decided to authorize the Board of Directors to resolve, at its discretion, on distributing an extra dividend amounting to a maximum of EUR 0.19 per share. The Board of Directors decided on the payment of a EUR 0.19 per share extra dividend (EUR 3,551,904.84 in total) at its meeting held on October 16, 2020. The dividend was paid to shareholders registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date for the dividend, October 20, 2020. The dividend was paid on October 27, 2020.

The number of ordinary members in the company's Board of Directors was resolved to be five. Olli Liitola, Ia Adlercreutz and Ari Hiltunen were re-elected to the Board of Directors. Kalle Kekkonen and Sanna Suvanto-Harsaae were elected as new members of the Board. The term of the Board of Directors expires at the end of the Annual General Meeting following their election. The organizational meeting of the Board of Directors elected Olli Liitola as Chairman of the Board. Olli Liitola (Chairman), Kalle Kekkonen and Sanna Suvanto-Harsaae were elected as members of the Audit Committee.

PricewaterhouseCoopers Oy was elected as the company's auditor, with APA Markku Launis as the responsible auditor.

The Board of Directors was authorized to resolve on the repurchase of a maximum of 934,711 treasury shares using the company's unrestricted equity. The purchase will be carried out as a directed purchase. The authorization is valid until the next Annual General Meeting of the company, however until June 30, 2021 at the latest.

The Board of Directors was authorized to decide on the issue of new shares and special rights entitling to shares as referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act, in one or more instalments, either against payment or without payment. The aggregate number of shares issued, including the shares received based on special rights, must not exceed 1,869,423 shares. The company can issue either new shares or possible treasury shares held by the company. The authorization is valid until the closing of the next Annual General Meeting, but no longer than until June 30, 2021.

The Annual General Meeting approved the remuneration policy for the different bodies of the company.

The Annual General Meeting decided on establishing a Shareholders' Nomination Board to prepare proposals concerning the election and remuneration of the Board Members, as well as the remuneration of the members of the various Board committees, to be submitted to future Annual General Meetings and to any Extraordinary General Meetings where necessary. The Shareholders' Nomination Board consists of representatives appointed by the company's four largest shareholders. The Shareholders' Nomination Board must submit its proposal to the company's Board of Directors on an annual basis and at the latest on January 31 preceding the applicable Annual General Meeting.

The established Shareholders' Nomination Board will operate until further notice, i.e. until the General Meeting decides otherwise. The term of office of the members of the shareholders' nomination board will end upon the appointment of the members of the new Shareholders' Nomination Board.

The company announced the composition of the Shareholders' Nomination Board on September 14, 2020 and informed of a change in the composition on October 7, 2020. The members of the Shareholders' Nomination Board are:

Juho Lipsanen, Onvest Oy, Member of the Board
Heikki Savolainen, WestStar Oy, Managing Director
Antti Katajisto, SEB Investment Management AB, Helsinki Branch, Director
Pertti Harvia, Tiipeti Oy, Member of the Board

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

The Nomination Board will forward its proposals for the 2021 Annual General Meeting to the Board of Directors by January 31, 2021.

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. During spring 2020, Harvia's customers had to close down operations in Italy, Spain, France and Russia. However, a part of the sales has moved online. The company is constantly assessing the situation in terms of its business. According to the company's estimate, the sauna and spa industry has so far not been particularly sensitive to the COVID-19 pandemic. 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 of financial performance. If the pandemic proves to be long-lasting, the general economic situation may have a dampening effect on the demand in the industry.

General economic, societal and political conditions impact Harvia's operating environment. Economic uncertainty in Finland, Europe, Russia, North America or more widely 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 processes, 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 risks 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.fi/en.

EVENTS AFTER THE REVIEW PERIOD

On October 7, 2020, Harvia announced a change in the composition of the shareholders' nomination board, according to which the representative of Onvest Oy would change compared to the information announced on September 14, 2020. The representative of Onvest Oy on the nomination board is Juho Lipsanen.

The Board of Directors of Harvia Plc decided on October 16, 2020, on the basis of the authorization by the Annual General Meeting 2020, that an extra dividend of EUR 0.19 per share (EUR 3,551,904.84 in total) be distributed. The dividend was paid to shareholders registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date for the dividend, October 20, 2020. The dividend was paid on October 27, 2020.

FINANCIAL RELEASES IN 2021

Harvia will publish its financial statements for 2020 and interim reports in 2021 as follows:

February 11, 2021 Financial statements bulletin for 2020

May 5, 2021 January–March 2021 interim report

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

November 4, 2021 January–September 2021 interim report

Harvia's electronic annual report, which contains the complete Financial Statements 2020, will be published during week 10/2021.

Harvia Plc's Annual General Meeting will be held on April 8, 2021 at 10.00 a.m. in Helsinki. The exact location will be announced later.

MUURAME, NOVEMBER 4, 2020

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 November 5, 2020 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/2020-q3-results>

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

You can also participate in the conference by telephone:

Finland: +358 981 710 310
Sweden: +46 856 642 651
UK: +44 333 300 0804
US: +1 855 857 0686

PIN: 25339407#

HARVIA PLC INTERIM REPORT JANUARY–SEPTEMBER 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	7-9/2020	7-9/2019	1-9/2020	1-9/2019	2019
Revenue	2.1	27,962	17,070	73,866	53,365	74,095
Other operating income		50	39	163	136	449
Materials and services		-10,727	-6,871	-28,493	-21,206	-29,437
Employee benefit expenses		-5,656	-3,531	-14,579	-10,993	-14,912
Other operating expenses	2.2	-4,357	-3,046	-14,136	-9,570	-13,758
Depreciation and amortisation		-1,287	-783	-3,155	-2,328	-3,113
Operating profit		5,985	2,878	13,666	9,403	13,324
Finance income		4	179	156	248	337
Finance costs	4.1	-707	-390	-1,625	-1,205	-1,600
Changes in fair values		100	71	288	52	178
Finance costs, net		-603	-141	-1,181	-905	-1,263
Profit before income taxes		5,381	2,737	12,485	8,499	12,061
Income taxes		-1,204	-613	-2,645	-1,848	-2,464
Profit for the period		4,177	2,125	9,839	6,651	9,597
Attributable to:						
Owners of the parent		4,042	2,125	9,632	6,651	9,597
Non-controlling interests*		135		207		
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Translation differences		-664	366	-546	353	177
Other comprehensive income, net of tax		-664	366	-546	353	177
Total comprehensive income		3,513	2,490	9,293	7,003	9,774
Attributable to:						
Owners of the parent		3,378	2,490	9,086	7,003	9,774
Non-controlling interests*		135		207		
Earnings per share for profit attributable to the owners of the parent:						
Basic EPS (EUR)	2.3	0.22	0.11	0.52	0.36	0.51
Diluted EPS (EUR)	2.3	0.21	0.11	0.51	0.35	0.51

*EOS Group Non-controlling interests

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	30-Sep-20	30-Sep-19	31-Dec-19
ASSETS				
Non-current assets				
Intangible assets		10,521	4,156	4,137
Goodwill		71,027	60,230	60,200
Property, plant and equipment		17,088	14,714	14,543
Leased assets		2,747	2,506	2,580
Deferred tax assets		1,788	1,357	1,347
Total non-current assets		103,170	82,964	82,807
Current assets				
Inventories	3	20,808	15,532	13,814
Trade and other receivables	3	13,746	13,580	14,217
Income tax receivables		210	132	108
Cash and cash equivalents	4	22,943	9,190	10,879
Total current asset		57,706	38,434	39,018
Total assets		160,877	121,398	121,825

EUR thousand	Note	30-Sep-20	30-Sep-19	31-Dec-19
EQUITY AND LIABILITIES				
Share capital		80	80	80
Other reserves		43,752	53,535	53,399
Retained earnings		11,806	9,313	5,761
Profit for the period		9,632	6,651	9,597
Equity attributable to owners of the parent		65,271	69,578	68,837
Non-controlling interests		2,154		
Total equity		67,425	69,578	68,837
Liabilities				
Non-current liabilities				
Loans from credit institutions	4.1	56,313	36,388	36,394
Lease liabilities		2,502	2,107	2,261
Derivative financial instruments	4.1	1,004	1,419	1,292
Deferred tax liabilities		2,103		
Employee benefit obligations		2,795		
Other non-current liabilities		9,595	363	92
Provisions		295	216	222
Total non-current liabilities		74,607	40,493	40,261
Current liabilities				
Loans from credit institutions	4.1	58	410	123
Lease liabilities		375	465	406
Employee benefit obligations		186		
Income tax liabilities		3,140	715	784
Trade and other payables	3	14,811	9,522	11,191
Provisions		274	216	222
Total current liabilities		18,845	11,327	12,726
Total liabilities		93,452	51,820	52,987
Total equity and liabilities		160,877	121,398	121,825

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 2019	80	53,098	-34	12,678	65,822		65,822
Share-based incentive plan		118			118		118
Dividend distribution				-3,365	-3,365		-3,365
Total transactions with shareholders		118		-3,365	-3,247		-3,247
Profit for the period				6,651	6,651		6,651
Other comprehensive income			353		353		353
Total comprehensive income			353	6,651	7,003		7,003
Equity at 30 September 2019	80	53,216	318	15,964	69,578		69,578
Equity at 1 January 2019	80	53,098	-34	12,678	65,822		65,822
Share-based incentive plan		159			159		159
Dividend distribution				-6,917	-6,917		-6,917
Total transactions with shareholders		159		-6,917	-6,758		-6,758
Profit for the period				9,597	9,597		9,597
Other comprehensive income			177		177		177
Total comprehensive income			177	9,597	9,774		9,774
Equity at 31 December 2019	80	53,257	142	15,358	68,837		68,837
Equity at 1 January 2020	80	53,257	142	15,358	68,837		68,837
Share-based incentive plan		407			407		407
Dividend distribution				-3,552	-3,552		-3,552
Total transactions with shareholders		407		-3,552	-3,145		-3,145
Profit for the period				9,632	9,632	207	9,839
Acquisitions		-9,508			-9,508	1,947	-7,561
Other comprehensive income			-546		-546		-546
Total comprehensive income		-9,508	-546	9,632	-422	2,154	1,732
Equity at 30 September 2020	80	44,156	-404	21,439	65,271	2,154	67,425

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	7-9/2020	7-9/2019	1-9/2020	1-9/2019	2019
Cash flows from operating activities						
Profit before taxes		5,381	2,737	12,485	8,499	12,061
Adjustments						
Depreciation and amortisation		1,287	783	3,155	2,328	3,113
Finance income and finance costs		603	141	1,181	905	1,263
Other adjustments		773	111	846	66	-52
Cash flows before changes in working capital		8,044	3,772	17,667	11,798	16,386
Change in working capital						
Increase (-) / decrease (+) in trade and other receivables	3	863	1,315	1,683	-1,011	-1,898
Increase (-) / decrease (+) in inventories	3	-997	282	-2,189	-939	750
Increase (+) / decrease (-) in trade and other payables	3	1,683	-753	1,731	-530	1,133
Cash flows from operating activities before financial items and taxes		9,594	4,616	18,893	9,318	16,371
Interest and other finance costs paid		-116	-9	-184	-23	-69
Interest and other finance income received		42	57	109	74	38
Income taxes paid/received		-580	-563	-1,472	-756	-1,268
Net cash from operating activities		8,940	4,101	17,346	8,613	15,072
Cash flows from investing activities						
Purchases of tangible and intangible assets		-1,041	-367	-1,719	-1,418	-1,807
Sale of tangible and intangible assets					6	34
Acquisition of subsidiaries, net of cash acquired				-18,059		
Net cash from investing activities		-1,041	-367	-19,779	-1,412	-1,773
Cash flows from financing activities						
Proceeds from issuance of share capital						
Repayment of non-current loans	4.1	-9	-2	-11	-12	-14
Proceeds from non-current loans	4.1			20,000		
Change in current interest-bearing liabilities	4.1	-4	-603	-54	-1,746	-2,032
Repayment of lease liabilities		-178	-115	-505	-416	-455
Interest and other finance costs paid	4.1	-531	-137	-1,417	-861	-1,363
Dividends paid				-3,552	-3,365	-6,917
Net cash from financing activities		-722	-857	14,461	-6,400	-10,781
Net change in cash and cash equivalents		7,177	2,877	12,027	801	2,517
Cash and cash equivalents at beginning of period		15,710	6,245	10,879	8,268	8,268
Exchange gains/losses on cash and cash equivalents		56	63	37	122	94
Cash and cash equivalents at end of period		22,943	9,190	22,943	9,190	10,879

NOTES TO THE GROUP'S INTERIM INFORMATION

1. BASIS OF PREPARATION

Basis of preparation

Harvia's interim information has been prepared in compliance with the IAS 34 Interim Financial Reporting standard. Interim information does not contain all the notes presented in the Consolidated Financial Statements for 2019 and should therefore be read in conjunction with the Consolidated Financial Statements for 2019 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 information in its meeting on November 4, 2020. This interim information is unaudited. Figures in the interim information 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 2019.

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	7-9/2020	7-9/2019	Change	1-9/2020	1-9/2019	Change	2019
Finland	7,119	5,814	22.5%	21,306	18,592	14.6%	24,210
Other Scandinavia	1,253	1,028	22.0%	3,557	2,958	20.2%	4,157
Germany	4,775	1,471	224.7%	9,939	4,614	115.4%	6,867
Other European countries	6,559	3,660	79.2%	16,851	12,106	39.2%	17,188
Russia	1,848	1,488	24.2%	4,879	4,252	14.8%	5,761
North America	5,243	2,867	82.9%	15,151	7,993	89.5%	11,816
Other countries*	1,165	744	56.7%	2,183	2,849	-23.4%	4,096
Total	27,962	17,070	63.8%	73,866	53,365	38.4%	74,095

* The largest of which: Arab countries and Asia.

Revenue by product groups

EUR thousand	7-9/2020	7-9/2019	Change	1-9/2020	1-9/2019	Change	2019
Sauna heaters	15,238	9,444	61.4%	40,186	29,155	37.8%	39,740
Sauna rooms	5,033	3,336	50.9%	14,733	10,241	43.9%	14,700
Control units	2,585	1,304	98.2%	6,099	4,163	46.5%	5,918
Steam generators	842	722	16.5%	2,167	2,478	-12.5%	3,476
Other product groups, spare parts and services	4,264	2,264	88.3%	10,680	7,327	45.8%	10,261
Total	27,962	17,070	63.8%	73,866	53,365	38.4%	74,095

2.2 OPERATING EXPENSES

Other operating expenses for the period January 1–September 30, 2020 include items affecting comparability of EUR 2,011 thousand (304) 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 tuhatta	7-9/2020	7-9/2019	1-9/2020	1-9/2019	2019
Profit for the period attributable to the owners of the parent company, EUR thousand	4,042	2,125	9,632	6,651	9,597
Weighted average number of shares outstanding during the financial period, '000	18,694	18,694	18,694	18,694	18,694
Basic earnings per share, EUR	0.22	0.11	0.52	0.36	0.51
Share-based long-term incentive plan	179		171		62
Weighted average number of shares outstanding during the year, diluted, '000	18,873	18,749	18,865	18,747	18,762
Diluted earnings per share, EUR	0.21	0.11	0.51	0.35	0.51

3. NET WORKING CAPITAL

EUR thousand	30-Sep-20	30-Sep-19	31-Dec-19
Net working capital			
Inventories	20,808	15,532	13,814
Trade receivables	11,672	13,217	13,167
Other receivables	2,074	363	1,050
Trade payables	-6,492	-5,186	-5,164
Other payables	-8,320	-4,336	-6,026
Total	19,742	19,590	16,840
Change in net working capital in the statement of financial position	2,902	2,090	-660
Items not taken into account in change in net working capital in the statement of cash flows and the effect of which is included elsewhere in the statement of cash flows*	-4,128	389	675
Change in net working capital in the statement of cash flows	-1,226	2,480	15

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

4. NET DEBT AND CONTINGENCIES

Interest-bearing net debt

EUR thousand	30-Sep-20	30-Sep-19	31-Dec-19
Interest-bearing debt	56,371	36,798	36,517
Lease liabilities	2,877	2,571	2,667
Less cash and cash equivalents	-22,943	-9,190	-10,879
Net debt	36,306	30,179	28,305

4.1 BORROWINGS AND OTHER FINANCIAL LIABILITIES

During the review period, Harvia drew a new loan to the amount of EUR 20,000 thousand to finance the acquisition of EOS Group. Harvia had an existing term loan of EUR 36,500 thousand, the terms of which were renegotiated in connection with the new loan. Both loans will mature in one instalment on March 27, 2024. In addition, Harvia has a EUR 8,000 thousand credit limit of which EUR 0,00 was in use as at September 30, 2020. The nominal interest of the bank loan is tied to Euribor and its margin is tied to the Group's net debt / adjusted EBITDA ratio.

New bank loans include covenants according to the financing agreement, such as net debt to adjusted EBITDA ratio and interest cover ratio. Covenants are monitored quarterly. All borrowings of the group are denominated in euro.

The Group has an interest rate swap agreement with a nominal value of EUR 25,000 thousand. The current swap contract matures in March 2023.

5. OTHER NOTES

5.1 ACQUISITION OF EOS GROUP

More information on the EOS Group acquisition has been presented in section acquisitions. Preliminary purchase price allocation of the acquisition is presented in the table below:

EUR thousand	
Purchase price	19,751
Net identifiable assets acquired	
Non-current assets	
Intangible assets	7,032
Property, plant and equipment	2,647
Leased assets	278
Current assets	
Inventories	5,392
Trade and other receivables	1,386
Cash and cash equivalents	1,692
Total assets	18,427
Non-current liabilities	
Pension liabilities	2,981
Deferred tax liabilities	2,317
Lease liabilities	154
Current liabilities	
Trade and other payables	2,108
Total liabilities	7,560
Total net assets acquired	10,867
Group's share of net assets	8,920
Goodwill	10,831

Resulting from the acquisition, non controlling interests' redemption liability amounting to EUR 9.5 million was booked as liability and equity decrease.

Cash flow impact

EUR thousand	
Cash consideration of the acquisition	19,751
Cash balance acquired	- 1,692
Impact on cash flows – investing activities	18,059

Expenses related to the acquisition EUR 1,8 million are presented under Other operating expenses and in operating cash flows in the consolidated statement of cash flows.

5.2 RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

EUR thousand	1-9/2020	1-9/2019	2019
Sales	1	4	4
Purchases	0	0	0

APPENDIX 1: KEY FIGURES AND CALCULATION OF KEY FIGURES

EUR thousand	7-9/2020	7-9/2019	1-9/2020	1-9/2019	2019
Key statement of comprehensive income indicators					
Revenue	27,962	17,070	73,866	53,365	74,095
EBITDA	7,271	3,661	16,821	11,731	16,437
% of revenue	26.0	21.4	22.8	22.0	22.2
Adjusted EBITDA	7,382	3,710	18,832	12,035	16,989
% of revenue	26.4	21.7	25.5	22.6	22.9
Operating profit	5,985	2,878	13,666	9,403	13,324
% of revenue	21.4	16.9	18.5	17.6	18
Adjusted operating profit	6,095	2,928	15,676	9,708	13,876
% of revenue	21.8	17.2	21.2	18.2	18.7
Adjusted profit before income taxes	5,492	2,787	14,495	8,803	12,613
Basic EPS (EUR)	0.22	0.11	0.52	0.36	0.51
Diluted EPS (EUR)	0.21	0.11	0.51	0.35	0.51
Key cash flow indicators					
Cash flow from operating activities	8,940	4,101	17,346	8,613	15,072
Operating free cash flow	7,890	4,188	18,338	8,137	15,167
Cash conversion	106.9%	112.9%	97.4%	67.6%	89.30%
Investments in tangible and intangible assets	-1,041	-367	-1,719	-1,418	-1,807
Key balance sheet indicators					
Net debt	36,306	30,179	36,306	30,179	28,305
Leverage	1.5	2.0	1.5	2.0	1.7
Net working capital	19,742	19,590	19,742	19,590	16,840
Capital employed excluding goodwill	36,115	38,645	36,115	38,645	36,301
Adjusted return on capital employed (ROCE)	54.9%	32.5%	54.9%	32.5%	38.2%
Equity ratio	42.2%	57.4%	42.2%	57.4%	56.6%
Number of employees at end of period	587	389	587	389	395
Average number of employees during the period	577	397	508	395	395

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	7-9/2020	7-9/2019	1-9/2020	1-9/2019	2019
Operating profit	5,985	2,878	13,666	9,403	13,324
Depreciation and amortisation	1,287	783	3,155	2,328	3,113
EBITDA	7,271	3,661	16,821	11,731	16,437
Items affecting comparability					
Strategic development projects				3	3
Acquisition related expenses	110	34	1,902	263	381
Restructuring expenses		15	108	38	167
Total items affecting comparability	110	50	2,011	304	552
Adjusted EBITDA	7,382	3,710	18,832	12,035	16,989
Depreciation and amortisation	-1,287	-783	-3,155	-2,328	-3,113
Adjusted operating profit	6,095	2,928	15,676	9,708	13,876
Finance costs, net	-603	-141	-1,181	-905	-1,263
Adjusted profit before income taxes	5,492	2,787	14,495	8,803	12,613

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

Sauna & Spa

HARVIA PLC

Teollisuustie 1-7
40950 Muurame
www.harvia.fi