



HARVIA PLC  
**INTERIM REPORT**  
JANUARY–SEPTEMBER 2021

***HARVIA***

*Sauna & Spa*

# HARVIA Q3: STRONG GROWTH AND EXCELLENT PROFITABILITY CONTINUED

## HIGHLIGHTS OF THE REVIEW PERIOD

### JULY–SEPTEMBER 2021:

- Revenue increased by 65.1% to EUR 46.2 million (28.0). At comparable exchange rates, revenue increased by 65.4% to EUR 46.3 million. On top of very strong organic revenue growth of 42.5%, Harvia enjoyed substantial revenue growth due to acquisitions.
- Adjusted operating profit increased to EUR 11.8 million (6.1), making up 25.5% (21.8) of the revenue. At comparable exchange rates, the adjusted operating profit increased to EUR 11.6 million (25.2% of the revenue).
- Operating profit was EUR 11.6 million (6.0), making up 25.1% (21.4) of the revenue.
- Operating free cash flow amounted to EUR 4.4 million (7.9) and cash conversion was 32.9% (106.9%). EUR 2.5 million (1.0) investments in expanding capacity and improving productivity as well as EUR 6.6 million increase of net working capital decreased the operating free cash flow and cash conversion in the third quarter.
- On 31 August 2021, Harvia signed and closed an agreement to acquire Sauna-Eurox Oy, one of the world's largest suppliers of safe and durable sauna stones, and its sister company Parhaat Löylyt Oy. The financial figures have been consolidated with Harvia's figures starting from 31 August 2021.

### JANUARY–SEPTEMBER 2021:

- Revenue increased by 79.6% to EUR 132.6 million (73.9). At comparable exchange rates, revenue increased by 83.0% to EUR 135.2 million. Organic growth was strong at 53.9%. The impact of acquisitions on growth was substantial, as well.
- Adjusted operating profit increased to EUR 36.1 million (15.7), making up 27.2% (21.2) of the revenue. At comparable exchange rates, the adjusted operating profit increased to EUR 37.0 million (27.3% of the revenue).
- Operating profit was EUR 35.5 million (13.7), making up 26.8% (18.5) of the revenue.
- Operating free cash flow amounted to EUR 16.6 million (18.3). EUR 8.0 million (1.7) investments in expanding capacity and improving productivity as well as EUR 15.8 million increase of net working capital decreased the operating free cash flow and cash conversion. The acquisitions during January–September 2021 were paid out of the company's cash reserves.
- Net debt amounted to EUR 38.9 million (36.3) and leverage was 0.8 (1.5).
- Equity ratio was 41.4% (42.2).
- On 28 May 2021, Harvia signed and closed an agreement to acquire Kirami, a leading Finnish still water hot tub manufacturer and pioneer in wood-heated hot tubs globally. The financial figures of Kirami have been consolidated with Harvia's figures starting from 28 May 2021. On 31 August 2021, Harvia signed and closed an agreement to acquire Sauna-Eurox Oy, and its sister company Parhaat Löylyt Oy. The financial figures have been consolidated with Harvia's figures starting from 31 August 2021.
- Harvia has taken special measures in all 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                                   | 7-9/2021 | 7-9/2020 | Change | 1-9/2021 | 1-9/2020 | Change | 1-12/2020 |
|-----------------------------------------------|----------|----------|--------|----------|----------|--------|-----------|
| Revenue                                       | 46.2     | 28.0     | 65.1%  | 132.6    | 73.9     | 79.6%  | 109.1     |
| EBITDA                                        | 13.3     | 7.3      | 82.4%  | 39.8     | 16.8     | 136.7% | 26.7      |
| % of revenue                                  | 28.7%    | 26.0%    |        | 30.0%    | 22.8%    |        | 24.5%     |
| Items affecting comparability *               | 0.2      | 0.1      | 66.7%  | 0.6      | 2.0      | -70.4% | 2.1       |
| Adjusted EBITDA **                            | 13.4     | 7.4      | 82.1%  | 40.4     | 18.8     | 114.6% | 28.8      |
| % of revenue                                  | 29.1%    | 26.4%    |        | 30.5%    | 25.5%    |        | 26.4%     |
| Operating profit                              | 11.6     | 6.0      | 93.6%  | 35.5     | 13.7     | 160.0% | 22.4      |
| % of revenue                                  | 25.1%    | 21.4%    |        | 26.8%    | 18.5%    |        | 20.5%     |
| Adjusted operating profit **                  | 11.8     | 6.1      | 93.1%  | 36.1     | 15.7     | 130.5% | 24.4      |
| % of revenue                                  | 25.5%    | 21.8%    |        | 27.2%    | 21.2%    |        | 22.4%     |
| Basic EPS (EUR)                               | 0.44     | 0.22     | 104.2% | 1.37     | 0.52     | 165.3% | 0.83      |
| Operating free cash flow                      | 4.4      | 7.9      | -43.9% | 16.6     | 18.3     | -9.4%  | 28.7      |
| Cash conversion                               | 32.9%    | 106.9%   |        | 41.1%    | 97.4%    |        | 99.7%     |
| Investments in tangible and intangible assets | -2.5     | -1.0     | 136.1% | -8.0     | -1.7     | 364.8% | -2.6      |
| Net debt                                      | 38.9     | 36.3     | 7.2%   | 38.9     | 36.3     | 7.2%   | 31.9      |
| Leverage                                      | 0.8      | 1.5      |        | 0.8      | 1.5      |        | 1.1       |
| Net working capital                           | 36.7     | 19.7     | 85.7%  | 36.7     | 19.7     | 85.7%  | 18.0      |
| Adjusted return on capital employed (ROCE)    | 112.4%   | 54.9%    |        | 112.4%   | 54.9%    |        | 73.3%     |
| Equity ratio                                  | 41.4%    | 42.2%    |        | 41.4%    | 42.2%    |        | 42.0%     |
| Number of employees at end of period          | 810***   | 587      | 38.0%  | 810***   | 587      | 38.0%  | 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 Kirami and Sauna-Eurox, totaling 70 employees on 30 September 2021.

## FINANCIAL TARGETS AND OUTLOOK

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

The company 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 PAJUJARJU, CEO:

I'm very proud of Team Harvia performance. Our Q3 performance of strong topline growth with excellent profitability is a clear proof of plans well executed together with our customers and partners. I would like to pass my personal humble thanks to everyone for their fantastic effort in the rather special supply environment. Thank you for the great work!

The underlying market demand has been favorable in all product categories and all main markets. The strong performance indicates also that Harvia has been successful in gaining market share. Total net sales growth amounted to 65.1% (EUR 18.2 million) in the third quarter, of which a good 42.5% was truly organic. The rest was generated by our recent acquisitions.

We are very happy that our adjusted operating profit was excellent, and landing at EUR 11.8 million, nearly doubling from the EUR 6.1 million in the previous year's third quarter. Our relative profitability also landed well at 25.5%.

All of our production units have been performing well and with excellent capacity utilization. Harvia's supply chain has done excellent proactive work, and despite all the prevailing challenges in the availability of raw materials and electronics as well as logistic issues and climbing prices, we have been able to operate in very close to normal conditions. We have been intentionally increasing the buffer stocks of critical raw materials and componentry. This has paid off very well. However, availability of sauna rooms has been and continues to be an issue in Europe, and lead times have remained longer than normal. The price inflation seems to continue, but in close cooperation with our customers and suppliers, we have been able to find ways to address this.

Our focused actions in Central Europe and Germany have been successful, which is clearly visible in the figures. Our recent acquisition, EOS Group, and especially the EOS team, has continued its strong performance in the premium and professional category. On top of this, we have been progressing very well in the Scandinavian market, where we have been able to challenge the local market leader. The US continued on a good growth path, yet slightly below the overall growth of the group. This is due to the lower sauna sales during the hot summer period and our actions to transition the US operations to the new factory with expanded capacity and capability in Lewisburg, West Virginia. Globally, all product groups grew well, yet sales growth in the combination of sauna rooms and hot tubs was particularly high at 147%, or EUR 7.4 million.

The recently acquired Scandinavian still-water hot tub manufacturer Kirami is clearly boosting our "backyard paradise" offering and has been performing well. The integration is proceeding according to plan and with very good spirit. For some time, the market has been lacking full access to sustainable, high-quality and safe sauna stones, which is why we acquired Sauna-Eurox, the leading maker of sauna stones in the field. Joining forces is opening new avenues that will benefit the whole industry.

Our operations continued their solid performance, and the ongoing substantial investments are on schedule and on budget. On top of the already agreed investments, we have made a decision to further expand our Romanian sauna factory, as well as increase the machine capacity at the EOS factory in Driedorf, Germany. The total amount of investments during 2021 will be landing at EUR 10–11 million. Harvia's cash conversion in operations has remained good, but during the third quarter, there was a substantial impact of investments and increased net working capital.

During the remainder of the year, we will remain 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. General M&A activity in the sauna and spa market remains high. As stated in our strategy, we continue to seek opportunities to grow in the sauna and spa market organically and through M&A.



We maintain the general outlook for the market and foresee that for some time, market growth will exceed the historical average. However, we continue to estimate that part of the growth is so-called advance demand and is not expected to affect the long-term expectations of the sauna and spa market.

## 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 somewhat 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 as well as in the first three quarters of 2021. The company estimates that the sauna and spa industry is not particularly sensitive to the COVID-19 pandemic, and demand will remain on average on a good level.

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.

## REVENUE

### REVENUE BY MARKET AREA

| EUR thousand             | 7-9/2021      | 7-9/2020      | Change       | 1-9/2021       | 1-9/2020      | Change       | 2020           |
|--------------------------|---------------|---------------|--------------|----------------|---------------|--------------|----------------|
| Finland                  | 10,053        | 7,119         | 41.2%        | 28,395         | 21,306        | 33.3%        | 27,679         |
| Scandinavia              | 2,589         | 1,253         | 106.6%       | 6,693          | 3,557         | 88.2%        | 5,615          |
| Germany                  | 9,094         | 4,775         | 90.5%        | 26,677         | 9,939         | 168.4%       | 17,644         |
| Other European countries | 13,148        | 6,559         | 100.5%       | 36,358         | 16,851        | 115.8%       | 26,118         |
| Russia                   | 2,913         | 1,848         | 57.6%        | 7,874          | 4,879         | 61.4%        | 7,881          |
| North America            | 6,590         | 5,243         | 25.7%        | 21,726         | 15,151        | 43.4%        | 20,847         |
| Other countries*         | 1,789         | 1,165         | 53.5%        | 4,919          | 2,183         | 125.3%       | 3,331          |
| <b>Total</b>             | <b>46,176</b> | <b>27,962</b> | <b>65.1%</b> | <b>132,641</b> | <b>73,866</b> | <b>79.6%</b> | <b>109,115</b> |

\* The largest of which: Arab countries and Asia.

### REVENUE BY PRODUCT GROUP

| EUR thousand                                   | 7-9/2021      | 7-9/2020      | Change       | 1-9/2021       | 1-9/2020      | Change       | 2020           |
|------------------------------------------------|---------------|---------------|--------------|----------------|---------------|--------------|----------------|
| Sauna heaters                                  | 21,598        | 15,238        | 41.7%        | 66,573         | 40,186        | 65.7%        | 59,003         |
| Sauna rooms & Scandinavian hot tubs            | 12,444        | 5,033         | 147.2%       | 29,965         | 14,733        | 103.4%       | 20,646         |
| Control units                                  | 4,134         | 2,585         | 59.9%        | 13,261         | 6,099         | 117.4%       | 10,217         |
| Steam generators                               | 1,303         | 842           | 54.8%        | 3,743          | 2,167         | 72.7%        | 3,199          |
| Other product groups, spare parts and services | 6,698         | 4,264         | 57.1%        | 19,099         | 10,680        | 78.8%        | 16,049         |
| <b>Total</b>                                   | <b>46,176</b> | <b>27,962</b> | <b>65.1%</b> | <b>132,641</b> | <b>73,866</b> | <b>79.6%</b> | <b>109,115</b> |

## JULY–SEPTEMBER 2021

The Group's revenue increased in July–September by 65.1% to EUR 46.2 million (28.0). At comparable exchange rates, revenue increased by 65.4% to EUR 46.3 million. Organic revenue growth was 42.5%. Revenue increased significantly in all of Harvia's key markets, especially in Germany and in other European countries. The growth in other countries was driven mainly by Arab and Asian countries.

Revenue increased in all product groups in July–September. The market-specific sales development in different product groups continued the same trends as in the second quarter. Sauna heater sales improved in both electric and wood burning heaters, especially in Germany 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.

## **JANUARY–SEPTEMBER 2021**

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Revenue increased in all product groups in January–September. 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.

## **RESULT**

### **JULY–SEPTEMBER 2021**

Operating profit for July–September increased to EUR 11.6 million (6.0) and the operating profit margin was 25.1% (21.4). The operating profit included EUR 0.2 million (0.1) of items affecting comparability, mainly related to acquisitions. Adjusted operating profit increased to EUR 11.8 million (6.1) and the adjusted operating profit margin was 25.5% (21.8). The net finance costs for the review period were EUR -0.4 million (-0.6).

Profit before taxes was EUR 11.2 million (5.4). The Group's taxes amounted to EUR -2.7 million (-1.2).

The result for July–September was EUR 8.6 million (4.2) and undiluted earnings per share were EUR 0.44 (0.22). Changes in exchange rates strengthened the operating profit by approximately EUR 0.1 million.

### **JANUARY–SEPTEMBER 2021**

Operating profit for January–September increased to EUR 35.5 million (13.7) and the operating profit margin was 26.8% (18.5). The operating profit included EUR 0.6 million (2.0) of items affecting comparability, mainly related to acquisitions. Adjusted operating profit increased to EUR 36.1 million (15.7) and the adjusted operating profit margin was 27.2% (21.2). The net finance costs in January–September were EUR -1.1 million (-1.2).

Profit before taxes was EUR 34.5 million (12.5). The Group's taxes amounted to EUR -8.1 million (-2.6).

The result for January–September was EUR 26.4 million (9.8) and undiluted earnings per share were EUR 1.37 (0.52). Changes in exchange rates weakened the operating profit by approximately EUR 0.8 million.

## FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of September 2021 was EUR 201.3 million (30 September 2020: 160.9), of which equity accounted for EUR 82.0 million (67.4).

At the end of September 2021, the company's net debt amounted to EUR 38.9 million (36.3). Loans from credit institutions were EUR 56.8 million (56.4) and lease liabilities were EUR 2.9 million (2.9). Cash and cash equivalents at the end of the review period amounted to EUR 20.9 million (22.9). Leverage was 0.8 (1.5) at the end of the review period.

Equity ratio was 41.4% (42.2) at the end of the review period. The adjusted return on capital employed (ROCE) was 112.4% (54.9).

In January–September, Harvia's operating free cash flow was EUR 16.6 million (18.3) and cash conversion was 41.1% (97.4). The operating free cash flow was reduced by EUR 15.8 million increase in net working capital compared to 31 December 2020 as well as EUR 8.0 million investments in increasing capacity and improving productivity.

## INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

The Group's investments in January–September amounted to EUR 8.0 million (1.7). The investments increased significantly compared to January–September 2020, and based on the current plans and actions, Harvia estimates that the full year 2021 capital expenditure will be approximately EUR 10–11 million. The Group's research and development expenditure recognized as expenses amounted to EUR 1.6 million (1.2).

Harvia completed the acquisition of a facility suited for production of sauna and spa products in Lewisburg, West Virginia, USA, on 26 April 2021. The value of the transaction was approximately EUR 2.1 million. The facility comprises high-quality production and office space totaling 8,900 m<sup>2</sup>. The new facility is expected to increase the production capacity of Almost Heaven Saunas by approximately one third, due 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 begins in November 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<sup>2</sup>, 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.

In addition, Harvia has invested in production machinery in China and Romania.



## ACQUISITIONS

### KIRAMI

On 28 May 2021, Harvia signed and closed an agreement to acquire Kirami, a leading Finnish still-water hot tub manufacturer and pioneer in wood-heated hot tubs globally. The acquisition complements Harvia's sauna and spa offering well and strengthens Harvia's leading position as a global sauna and spa experience brand. Kirami Oy owns 50% of an Estonian production company Metagrupp OÜ and 60% of a sales company Kirami Sweden AB.

Kirami is a family business that was established in 2001 by the sellers and has grown to be one of the largest makers of still-water hot tubs globally. The company's main product is a wood heated still-water hot tub. Kirami's offering also includes hot tub accessories, water sanitation products, and outdoor saunas, as well as other products for outdoor living. Kirami has grown rapidly in recent years, its revenue totaling EUR 16 million in the fiscal year ended September 2020, with approximately 42% of the sales coming from exports to Central Europe and Scandinavia. In Finland, the company has a production facility in Sastamala and a sales office in Turku, employing approximately 40 persons in total. In addition, Kirami employs seasonal workforce in production and logistics in April–August.

The purchase price was EUR 7 million at closing and on top of this, a delayed purchase price of EUR 0–4 million after a three-year period based on Kirami's EBITDA development. Harvia financed the acquisition with cash funds.

The acquisition is expected to create annual synergies of approximately one million euros, which are expected to be realized in full by the end of 2023. The identified key sources of synergy comprise distribution, sourcing and logistics, and R&D. One-off integration and post-closing costs are estimated to total EUR 0.4 million over the years 2021 and 2022.

### SAUNA-EUROX

On 31 August 2021, Harvia Plc signed and closed an agreement to acquire Sauna-Eurox Oy. Together, the parties will continue to develop and expand the sauna stone business. Concurrently, Harvia also acquired Sauna-Eurox Oy's sister company Parhaat Lölyt Oy. Consolidated revenue of the acquired companies totaled approximately EUR 3.2 million in 2020. The acquisition allows Harvia and Sauna-Eurox to strengthen the availability of sauna stones and increase production capacity.

## CORPORATE RESPONSIBILITY

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

Harvia manufactures durable and safe products in a sustainable manner. For a long time, the company has invested in taking environmental aspects into consideration all the way from design to production, logistics, use and recycling of the products. Harvia has an environmental manual summarizing the company's sustainability values in four areas: environmental impacts of production, personnel, products and a responsible code of conduct. 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 September 2021 was 810 (587) and averaged 749 (508) in January–September. The increase in the number of personnel resulted from the acquisition of Kirami at the end of May 2021, the acquisition of Sauna-Eurox at the end of August and recruitments particularly at the Muurame, Germany, China and Romanian factories.

Of the personnel, 309 (199) worked in Finland, 143 (134) in Germany, 119 (77) in Romania, 95 (61) in China and Hong Kong, 57 (45) in the United States, 43 (31) in Austria, 27 (25) in Russia, 15 (14) in Estonia and 2 (1) in Sweden.

## SHARES AND SHAREHOLDERS

Harvia's registered share capital is EUR 80,000 and at the end of September 2021, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume in the review period was EUR 592.0 million (67.7) and 13,362,505 shares (6,127,491). The share's volume weighted average price during the review period was EUR 44.33 (11.05), the highest price during the review period was EUR 64.10 (18.20) and the lowest EUR 22.00 (7.02). The closing price of the share at the end of September 2021 was EUR 46.00 (17.80). The market value of the share capital on 30 September 2021 was EUR 859.9 million (332.8). At the end of the review period, Harvia Plc held a total of 7,057 own shares, corresponding to 0.04% of the total number of shares.

The number of registered shareholders at the end of September was 33,351 (9,212), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 48.5% (47.7) of the company's shares. The ten largest shareholders held a total of 19.0% (29.1) of Harvia's shares and votes at the end of September 2021.

On 23 July 2021, Harvia announced that it had received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act, according to which the total holding of Lannebo Fonder AB (Stockholm, Sweden) in Harvia Plc shares and votes had fallen below five percent on 19 July 2021 to 4.94%.

On 2 September 2021, Harvia announced that it had received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act, according to which Onvest Oy had sold a total number of 1,483,990 Harvia Plc's shares. In connection with the share sale, Onvest Oy's holding of the shares and votes of Harvia Plc had on 1 September 2021 decreased below 5 percent. After the sale, Onvest Oy held a total of 821,689 shares, which is 4.40% of the total number of Harvia's shares.

## GOVERNANCE

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, Ja Adlercreutz and Sanna Suvanto-Harsaae were re-elected to the Board of Directors and Anders Holmén and Hille Korhonen 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 number of shares to be issued, including the shares to be received based on special rights, must not exceed 1,869,423 shares. The Board of 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. The 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.

On 4 May 2021, The Board of Directors of Harvia Plc decided on a directed share issue without consideration for the payment of rewards earned under the company's share-based incentive program. The share payments concern the performance period 2018–2020 of the company's share-based incentive program launched in 2018. In the share issue, 42,943 own shares held by the company were transferred without consideration to the key employees participating in the share-based incentive program in accordance with the program-specific terms and conditions. After the transfer of shares, Harvia Plc holds a total of 7,057 own shares, corresponding to 0.04% of the total number of shares.

The Board of Directors of Harvia Plc decided on 2 July 2021 to continue the Long-term Performance Share Plan for the management team and other key employees for the performance period 2021–2023.

In the performance period 2021–2023, the plan has 15 participants at most and the targets for the performance period relate to company's total shareholder return, revenue growth, sustainability targets and EBIT margin. The maximum number of shares in Harvia Plc to be paid based on the performance period 2021–2023 is 33,500. This number of shares

represents the gross earning, from which the withholding of tax and possible other applicable contributions are deducted, and the remaining net amount is paid in shares. However, the company has the right to pay the reward fully in cash under certain circumstances. Potential rewards from the performance period 2021–2023 will be paid out during spring 2024.

Harvia Plc announced the composition of the Shareholders' Nomination Board on 10 September 2021. Pursuant to the Board's proposal, the Shareholders' Nomination Board would be comprised of representatives appointed by the company's four largest shareholders. Each year, those four shareholders that hold the largest share of the votes conferred by all shares in the company on the first working day of the September preceding the applicable Annual General Meeting pursuant to the shareholders' register maintained by Euroclear Finland Ltd will be entitled to appoint members that represent the shareholders.

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The following members have been appointed to Harvia Plc's Shareholders' Nomination Board:

Juho Lipsanen, Onvest Oy, Member of the Board

Heikki Savolainen, WestStar Oy, Managing Director

Pertti Harvia, Tiipeti Oy, Chairman of the Board

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

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

The now appointed Nomination Board will forward its proposals for the 2022 Annual General Meeting to the Board of Directors by 31 January 2022.

## 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 three quarters 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. Our supply chain has been affected by increased prices and exceptional volatility in availability of raw materials and key componentry, but thanks to our partners and multiple sourcing strategy, we have been able to keep the impact under control. Going forward, we anticipate the same challenging situation to continue at least for the first half of 2022.

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 than usual.

The self-sufficiency of the Group's manufacturing process, the backup supplier system for materials and the widely dispersed customer base balance potential strategic risks. Production is based on the company's own design and patents, and these are used to manage potential operational risks. Damage risks are covered with insurances where possible, and their coverage is assessed annually with the insurance company.

The Group's loans consist of long-term liabilities. The loans include covenants, which in unfavorable business conditions may require new financing negotiations with the bank. The company protects itself from interest risks arising from bank loans with interest rate swaps amounting to EUR 25 million.

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](http://www.harviagroup.com).

## EVENTS AFTER THE REVIEW PERIOD

On 15 October 2021, Harvia announced that The Board of Directors of Harvia Plc decided, on the basis of the authorization by the Annual General Meeting 2021, that an extra dividend of EUR 0.19 per share (EUR 3,550,564.01 in total) was going to be distributed from retained earnings. The dividend was paid to a shareholder registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date for the dividend 19 October 2021. The dividend was paid on 26 October 2021.

On 26 October 2021, Harvia announced that it had received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act, according to which the total holding of Handelsbanken Fonder AB (Stockholm, Sweden) in Harvia Plc shares and votes had fallen below five percent to 4.94% on 22 October 2021.

## FINANCIAL RELEASES IN 2022

Harvia will publish its financial statements for 2021 and interim reports in 2022 as follows:

10 February 2022 Financial statements bulletin for 2021

5 May 2022 January–March 2022 interim report

11 August 2022 Half-year (January–June) 2022 financial report

3 November 2022 January–September 2022 interim report

Harvia's annual report which contains the complete Financial Statements 2021, will be published during the week starting 7 March 2022 (week 10/2022). Harvia's Annual General meeting will be held on 7 April 2022 at 10.00 a.m. in Helsinki. The exact location will be announced later.

### MUURAME, 3 NOVEMBER 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 4 November 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-q3-results/>.

You can also participate in the conference by calling:

Finland: +358 9 8171 0310

Sweden: +46 856 642 651

UK: +44 333 300 0804

US: +1 631 913 1422

PIN: 38829315#

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

## HARVIA PLC INTERIM REPORT JANUARY–SEPTEMBER 2021

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR thousand                                                            | Note | 7-9/2021      | 7-9/2020      | 1-9/2021       | 1-9/2020      | 1-12/2020      |
|-------------------------------------------------------------------------|------|---------------|---------------|----------------|---------------|----------------|
| <b>Revenue</b>                                                          | 2.1  | <b>46,176</b> | <b>27,962</b> | <b>132,641</b> | <b>73,866</b> | <b>109,115</b> |
| Other operating income                                                  |      | 98            | 50            | 255            | 163           | 377            |
| Materials and services                                                  |      | -18,637       | -10,727       | -52,088        | -28,493       | -42,033        |
| Employee benefit expenses                                               |      | -7,720        | -5,656        | -22,431        | -14,579       | -21,180        |
| Other operating expenses                                                | 2.2  | -6,657        | -4,357        | -18,567        | -14,136       | -19,573        |
| Depreciation and amortisation                                           |      | -1,671        | -1,287        | -4,277         | -3,155        | -4,329         |
| <b>Operating profit</b>                                                 |      | <b>11,588</b> | <b>5,985</b>  | <b>35,534</b>  | <b>13,666</b> | <b>22,376</b>  |
| Share in profits and losses of associated companies                     |      | 16            |               | 33             |               |                |
| Finance income                                                          |      | 60            | 4             | 508            | 156           | 229            |
| Finance costs                                                           |      | -543          | -707          | -1,922         | -1,625        | -2,645         |
| Changes in fair values                                                  |      | 102           | 100           | 309            | 288           | 390            |
| Finance costs, net                                                      |      | -365          | -603          | -1,073         | -1,181        | -2,026         |
| <b>Profit before income taxes</b>                                       |      | <b>11,223</b> | <b>5,381</b>  | <b>34,461</b>  | <b>12,485</b> | <b>20,350</b>  |
| Income taxes                                                            |      | -2,654        | -1,204        | -8,092         | -2,645        | -4,399         |
| <b>Profit for the period</b>                                            |      | <b>8,569</b>  | <b>4,177</b>  | <b>26,369</b>  | <b>9,839</b>  | <b>15,951</b>  |
| Attributable to:                                                        |      |               |               |                |               |                |
| Owners of the parent                                                    |      | 8,252         | 4,042         | 25,521         | 9,632         | 15,475         |
| Non-controlling interests*                                              |      | 317           | 135           | 848            | 207           | 476            |
| <b>Other comprehensive income</b>                                       |      |               |               |                |               |                |
| Items that may be reclassified to profit or loss in subsequent periods: |      |               |               |                |               |                |
| Translation differences                                                 |      | 409           | -664          | 863            | -546          | -801           |
| <b>Other comprehensive income, net of tax</b>                           |      | <b>409</b>    | <b>-664</b>   | <b>863</b>     | <b>-546</b>   | <b>-801</b>    |
| <b>Total comprehensive income</b>                                       |      | <b>8,978</b>  | <b>3,513</b>  | <b>27,232</b>  | <b>9,293</b>  | <b>15,150</b>  |
| Attributable to:                                                        |      |               |               |                |               |                |
| Owners of the parent                                                    |      | 8,661         | 3,378         | 26,384         | 9,086         | 14,674         |
| Non-controlling interests*                                              |      | 317           | 135           | 848            | 207           | 476            |
| Earnings per share for profit attributable to the owners of the parent: |      |               |               |                |               |                |
| Basic EPS (EUR)                                                         | 2.3  | 0.44          | 0.22          | 1.37           | 0.52          | 0.83           |
| Diluted EPS (EUR)                                                       | 2.3  | 0.44          | 0.21          | 1.36           | 0.51          | 0.82           |

\*EOS Group and Kirami Ab Non-controlling interests

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| EUR thousand                                       | Note | 30-Sep-2021    | 30-Sep-2020    | 31-Dec-2020    |
|----------------------------------------------------|------|----------------|----------------|----------------|
| <b>ASSETS</b>                                      |      |                |                |                |
| <b>Non-current assets</b>                          |      |                |                |                |
| Intangible assets                                  |      | 13,496         | 10,521         | 10,420         |
| Goodwill                                           |      | 73,708         | 71,027         | 71,018         |
| Property, plant and equipment                      |      | 24,963         | 17,088         | 16,907         |
| Leased assets                                      |      | 2,740          | 2,747          | 2,683          |
| Investments in associated companies                |      | 702            |                |                |
| Deferred tax assets                                |      | 1,463          | 1,788          | 1,924          |
| <b>Total non-current assets</b>                    |      | <b>117,072</b> | <b>103,170</b> | <b>102,952</b> |
| <b>Current assets</b>                              |      |                |                |                |
| Inventories                                        | 3    | 38,960         | 20,808         | 20,696         |
| Trade and other receivables                        | 3    | 24,210         | 13,746         | 14,411         |
| Income tax receivables                             |      | 171            | 210            | 244            |
| Cash and cash equivalents                          | 4    | 20,869         | 22,943         | 27,321         |
| <b>Total current asset</b>                         |      | <b>84,209</b>  | <b>57,706</b>  | <b>62,673</b>  |
| <b>Total assets</b>                                |      | <b>201,282</b> | <b>160,877</b> | <b>165,625</b> |
| <b>EQUITY AND LIABILITIES</b>                      |      |                |                |                |
| <b>Equity</b>                                      |      |                |                |                |
| Share capital                                      |      | 80             | 80             | 80             |
| Other reserves                                     |      | 35,292         | 43,752         | 42,627         |
| Retained earnings                                  |      | 17,763         | 11,806         | 8,254          |
| Profit for the period                              |      | 25,521         | 9,632          | 15,475         |
| <b>Equity attributable to owners of the parent</b> |      | <b>78,656</b>  | <b>65,271</b>  | <b>66,437</b>  |
| <b>Non-controlling interests</b>                   |      | <b>3,346</b>   | <b>2,154</b>   | <b>2,423</b>   |
| <b>Total equity</b>                                |      | <b>82,002</b>  | <b>67,425</b>  | <b>68,859</b>  |
| <b>Liabilities</b>                                 |      |                |                |                |
| <b>Non-current liabilities</b>                     |      |                |                |                |
| Loans from credit institutions                     | 4    | 56,652         | 56,313         | 56,328         |
| Lease liabilities                                  | 4    | 2,360          | 2,502          | 2,425          |
| Derivative financial instruments                   |      | 594            | 1,004          | 903            |
| Deferred tax liabilities                           |      | 2,341          | 2,103          | 1,941          |
| Employee benefit obligations                       |      | 2,845          | 2,795          | 2,847          |
| Other non-current liabilities                      |      | 19,693         | 9,595          | 9,616          |
| Provisions                                         |      | 372            | 295            | 305            |
| <b>Total non-current liabilities</b>               |      | <b>84,858</b>  | <b>74,607</b>  | <b>74,365</b>  |
| <b>Current liabilities</b>                         |      |                |                |                |
| Loans from credit institutions                     | 4    | 180            | 58             | 55             |
| Lease liabilities                                  | 4    | 588            | 375            | 404            |
| Employee benefit obligations                       |      | 188            | 186            | 186            |
| Income tax liabilities                             |      | 6,628          | 3,140          | 4,323          |
| Trade and other payables                           | 3    | 26,510         | 14,811         | 17,156         |
| Provisions                                         |      | 328            | 274            | 277            |
| <b>Total current liabilities</b>                   |      | <b>34,422</b>  | <b>18,845</b>  | <b>22,400</b>  |
| <b>Total liabilities</b>                           |      | <b>119,279</b> | <b>93,452</b>  | <b>96,765</b>  |
| <b>Total equity and liabilities</b>                |      | <b>201,282</b> | <b>160,877</b> | <b>165,625</b> |



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| EUR thousand                                 | Share capital | Invested unrestricted equity reserve | Translation differences | Retained earnings | Equity attributable to owners of the parent | Non-controlling interests | Total         |
|----------------------------------------------|---------------|--------------------------------------|-------------------------|-------------------|---------------------------------------------|---------------------------|---------------|
| <b>Equity at 1 January 2020</b>              | <b>80</b>     | <b>53,257</b>                        | <b>142</b>              | <b>15,358</b>     | <b>68,837</b>                               |                           | <b>68,837</b> |
| 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         |
| <b>Equity at 30 September 2020</b>           | <b>80</b>     | <b>44,156</b>                        | <b>-404</b>             | <b>21,439</b>     | <b>65,271</b>                               | <b>2,154</b>              | <b>67,425</b> |
| <b>Equity at 1 January 2020</b>              | <b>80</b>     | <b>53,257</b>                        | <b>142</b>              | <b>15,358</b>     | <b>68,837</b>                               |                           | <b>68,837</b> |
| 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                    | 15,475            | 5,166                                       | 2,423                     | 7,589         |
| <b>Equity at 31 December 2020</b>            | <b>80</b>     | <b>43,286</b>                        | <b>-658</b>             | <b>23,729</b>     | <b>66,437</b>                               | <b>2,423</b>              | <b>68,859</b> |
| <b>Equity at 1 January 2021</b>              | <b>80</b>     | <b>43,286</b>                        | <b>-658</b>             | <b>23,729</b>     | <b>66,437</b>                               | <b>2,423</b>              | <b>68,859</b> |
| Share-based incentive plan                   |               | 558                                  |                         |                   | 558                                         |                           | 558           |
| Dividend distribution                        |               |                                      |                         | -5,966            | -5,966                                      |                           | -5,966        |
| Revaluation of minority redemption liability |               | -6,871                               |                         |                   | -6,871                                      |                           | -6,871        |
| Share-based payments                         |               | -1,886                               |                         |                   | -1,886                                      |                           | -1,886        |
| Total transactions with shareholders         |               | -8,199                               |                         | -5,966            | -14,165                                     |                           | -14,165       |
| Profit for the period                        |               |                                      |                         | 25,521            | 25,521                                      | 848                       | 26,369        |
| Acquisitions                                 |               |                                      |                         |                   |                                             | 76                        | 76            |
| Other comprehensive income                   |               |                                      | 863                     |                   | 863                                         |                           | 863           |
| Total comprehensive income                   |               |                                      | 863                     | 25,521            | 26,384                                      | 923                       | 27,308        |
| <b>Equity at 30 September 2021</b>           | <b>80</b>     | <b>35,087</b>                        | <b>205</b>              | <b>43,284</b>     | <b>78,656</b>                               | <b>3,346</b>              | <b>82,002</b> |

CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR thousand                                                          | Note | 7-9/2021      | 7-9/2020      | 1-9/2021       | 1-9/2020       | 1-12/2020      |
|-----------------------------------------------------------------------|------|---------------|---------------|----------------|----------------|----------------|
| <b>Cash flows from operating activities</b>                           |      |               |               |                |                |                |
| Profit before taxes                                                   |      | 11,223        | 5,381         | 34,461         | 12,485         | 20,350         |
| Adjustments                                                           |      |               |               |                |                |                |
| Depreciation and amortisation                                         |      | 1,671         | 1,287         | 4,277          | 3,155          | 4,329          |
| Finance income and finance costs                                      |      | 365           | 603           | 1,073          | 1,181          | 2,026          |
| Other adjustments                                                     |      |               | 773           | -1,337         | 846            | 1,496          |
| Cash flows before changes in working capital                          |      | 13,260        | 8,044         | 38,474         | 17,667         | 28,201         |
| Change in working capital                                             |      |               |               |                |                |                |
| Increase (-) / decrease (+) in trade and other receivables            | 3    | 408           | 863           | -5 876         | 1,683          | 750            |
| Increase (-) / decrease (+) in inventories                            | 3    | -6,193        | -997          | -15,510        | -2,189         | -2,449         |
| Increase (+) / decrease (-) in trade and other payables               | 3    | -778          | 1 683         | 5 580          | 1,731          | 4,178          |
| Cash flows from operating activities before financial items and taxes |      | 6,696         | 9,594         | 22,668         | 18,893         | 30,681         |
| Interest and other finance costs paid                                 |      | -26           | -116          | -177           | -184           | -339           |
| Interest and other finance income received                            |      | 17            | 42            | 204            | 109            | 114            |
| Income taxes paid/received                                            |      | -1,991        | -580          | -6,178         | -1,472         | -2,376         |
| <b>Net cash from operating activities</b>                             |      | <b>4,696</b>  | <b>8,940</b>  | <b>16,517</b>  | <b>17,346</b>  | <b>28,080</b>  |
| <b>Cash flows from investing activities</b>                           |      |               |               |                |                |                |
| Purchases of tangible and intangible assets                           |      | -2,457        | -1,041        | -7,992         | -1,719         | -2,567         |
| Sale of tangible and intangible assets                                |      | 96            |               | 98             |                | 25             |
| Acquisition of subsidiaries, net of cash acquired                     | 5.1  | -2,342        |               | -7,559         | -18,059        | -18,059        |
| <b>Net cash from investing activities</b>                             |      | <b>-4,702</b> | <b>-1,041</b> | <b>-15,453</b> | <b>-19,779</b> | <b>-20,602</b> |
| <b>Cash flows from financing activities</b>                           |      |               |               |                |                |                |
| Acquisition of treasury shares                                        |      |               |               |                |                | -1,026         |
| Proceeds from non-current loans                                       |      |               |               |                | 20,000         | 20,000         |
| Repayment of non-current loans                                        |      |               | -9            |                | -11            | -63            |
| Change in current interest-bearing liabilities                        |      | -72           | -4            | -34            | -54            | -61            |
| Repayment of lease liabilities                                        |      | -96           | -178          | -301           | -505           | -647           |
| Interest and other finance costs paid                                 |      | -429          | -531          | -1,433         | -1,417         | -2,186         |
| Dividends paid                                                        |      |               |               | -5,966         | -3,552         | -7,104         |
| <b>Net cash from financing activities</b>                             |      | <b>-598</b>   | <b>-722</b>   | <b>-7,734</b>  | <b>14,461</b>  | <b>8,914</b>   |
| <b>Net change in cash and cash equivalents</b>                        |      | <b>-604</b>   | <b>7,177</b>  | <b>-6,669</b>  | <b>12,027</b>  | <b>16,391</b>  |
| Cash and cash equivalents at beginning of period                      |      | 21,377        | 15,710        | 27,321         | 10,879         | 10,879         |
| Exchange gains/losses on cash and cash equivalents                    |      | 95            | 56            | 217            | 37             | 51             |
| <b>Cash and cash equivalents at end of period</b>                     |      | <b>20,869</b> | <b>22,943</b> | <b>20,869</b>  | <b>22,943</b>  | <b>27,321</b>  |

# 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 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 3 November 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 and Scandinavian hot tubs, control units, steam generators and spare parts, services and other products. Each product group includes products suitable for different customer categories to meet different customer needs. The largest customer category of the Group consists of retailers and wholesale customers who sell products to builders or end customers.

### Revenue by market area

| EUR thousand             | 7-9/2021      | 7-9/2020      | Change       | 1-9/2021       | 1-9/2020      | Change       | 2020           |
|--------------------------|---------------|---------------|--------------|----------------|---------------|--------------|----------------|
| Finland                  | 10,053        | 7,119         | 41.2%        | 28,395         | 21,306        | 33.3%        | 27,679         |
| Scandinavia              | 2,589         | 1,253         | 106.6%       | 6,693          | 3,557         | 88.2%        | 5,615          |
| Germany                  | 9,094         | 4,775         | 90.5%        | 26,677         | 9,939         | 168.4%       | 17,644         |
| Other European countries | 13,148        | 6,559         | 100.5%       | 36,358         | 16,851        | 115.8%       | 26,118         |
| Russia                   | 2,913         | 1,848         | 57.6%        | 7,874          | 4,879         | 61.4%        | 7,881          |
| North America            | 6,590         | 5,243         | 25.7%        | 21,726         | 15,151        | 43.4%        | 20,847         |
| Other countries*         | 1,789         | 1,165         | 53.5%        | 4,919          | 2,183         | 125.3%       | 3,331          |
| <b>Total</b>             | <b>46,176</b> | <b>27,962</b> | <b>65.1%</b> | <b>132,641</b> | <b>73,866</b> | <b>79.6%</b> | <b>109,115</b> |

\* The largest of which: Arab countries and Asia.

## Revenue by product groups

| EUR thousand                                   | 7-9/2021      | 7-9/2020      | Change       | 1-9/2021       | 1-9/2020      | Change       | 2020           |
|------------------------------------------------|---------------|---------------|--------------|----------------|---------------|--------------|----------------|
| Sauna heaters                                  | 21,598        | 15,238        | 41.7%        | 66,573         | 40,186        | 65.7%        | 59,003         |
| Sauna rooms & Scandinavian hot tubs            | 12,444        | 5,033         | 147.2%       | 29,965         | 14,733        | 103.4%       | 20,646         |
| Control units                                  | 4,134         | 2,585         | 59.9%        | 13,261         | 6,099         | 117.4%       | 10,217         |
| Steam generators                               | 1,303         | 842           | 54.8%        | 3,743          | 2,167         | 72.7%        | 3,199          |
| Other product groups, spare parts and services | 6,698         | 4,264         | 57.1%        | 19,099         | 10,680        | 78.8%        | 16,049         |
| <b>Total</b>                                   | <b>46,176</b> | <b>27,962</b> | <b>65.1%</b> | <b>132,641</b> | <b>73,866</b> | <b>79.6%</b> | <b>109,115</b> |

## 2.2 OPERATING EXPENSES

Other operating expenses for the period 1 January – 30 September 2021 include items affecting comparability of EUR 596 thousand (2,011) that are related to the group's strategic development projects, acquisitions or loss on sales of fixed assets, and affect the comparability between the different periods. Further information on these items is given in Appendix 2 Key figures.

## 2.3 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the owners of the parent company by the weighted average number of shares outstanding during the financial period. Diluted earnings per share is calculated on the same basis as basic earnings per share, but it takes into consideration the effects associated with any obligations of the parent company arising from a possible share issue in the future.

| EUR thousand                                                                         | 7-9/2021    | 7-9/2020    | 1-9/2021    | 1-9/2020    | 1-12/2020   |
|--------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Profit for the period attributable to the owners of the parent company, EUR thousand | 8,252       | 4,042       | 25,521      | 9,632       | 15,474      |
| Weighted average number of shares outstanding during the financial period, '000      | 18,687      | 18,694      | 18,666      | 18,694      | 18,691      |
| <b>Basic earnings per share, EUR</b>                                                 | <b>0.44</b> | <b>0.22</b> | <b>1.37</b> | <b>0.52</b> | <b>0.83</b> |
| Share-based long-term incentive plan                                                 | 148         | 179         | 143         | 171         | 184         |
| Weighted average number of shares outstanding during the year, diluted, '000         | 18,835      | 18,873      | 18,809      | 18,865      | 18,875      |
| <b>Diluted earnings per share, EUR</b>                                               | <b>0.44</b> | <b>0.21</b> | <b>1.36</b> | <b>0.51</b> | <b>0.82</b> |

### 3. NET WORKING CAPITAL

| EUR thousand                                                                                                                                                               | 30-Sep-2021   | 30-Sep-2020   | 31-Dec-2020   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| <b>Net working capital</b>                                                                                                                                                 |               |               |               |
| Inventories                                                                                                                                                                | 38,960        | 20,808        | 20,696        |
| Trade receivables                                                                                                                                                          | 20,252        | 11,672        | 11,826        |
| Other receivables                                                                                                                                                          | 3,958         | 2,074         | 2,585         |
| Trade payables                                                                                                                                                             | -13,040       | -6,492        | -8,476        |
| Other payables                                                                                                                                                             | -13,470       | -8,320        | -8,679        |
| <b>Total</b>                                                                                                                                                               | <b>36,660</b> | <b>19,742</b> | <b>17,952</b> |
| Change in net working capital in the statement of financial position                                                                                                       | 18,708        | 2,902         | 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* | -2,902        | -4,128        | -3,592        |
| Change in net working capital in the statement of cash flows                                                                                                               | 15,806        | -1,226        | -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                   | 30-Sep-2021   | 30-Sep-2020   | 31-Dec-2020   |
|--------------------------------|---------------|---------------|---------------|
| Interest-bearing debt          | 56,832        | 56,371        | 56,383        |
| Lease liabilities              | 2,949         | 2,877         | 2,829         |
| Less cash and cash equivalents | -20,869       | -22,943       | -27,321       |
| <b>Net debt</b>                | <b>38,912</b> | <b>36,306</b> | <b>31,891</b> |

## 5. OTHER NOTES

### 5.1 ACQUISITION OF KIRAMI

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

| <b>EUR thousand</b>                                |               |
|----------------------------------------------------|---------------|
| <b>Purchase price</b>                              | <b>9,917</b>  |
| <b>Net identifiable assets acquired</b>            |               |
| Non-current assets                                 |               |
| Intangible assets                                  | 3 539         |
| Property, plant and equipment                      | 1 346         |
| Leased assets                                      | 92            |
| Investments in associated companies                | 669           |
| Current assets                                     |               |
| Inventories                                        | 2 290         |
| Trade and other receivables                        | 2 855         |
| Cash and cash equivalents                          | 1 783         |
| <b>Total assets</b>                                | <b>12 574</b> |
| Non-current liabilities                            |               |
| Loans from credit institutions                     | 300           |
| Lease liabilities                                  | 61            |
| Deferred tax liabilities                           | 701           |
| Provisions                                         | 17            |
| Current liabilities                                |               |
| Loans from credit institutions                     | 91            |
| Lease liabilities                                  | 31            |
| Trade and other payables                           | 2 968         |
| <b>Total liabilities</b>                           | <b>4 169</b>  |
| <b>Total net assets acquired</b>                   | <b>8 405</b>  |
| Group's share of net assets                        | 8 329         |
| <b>Goodwill</b>                                    | <b>1 588</b>  |
| <b>Cash flow impact</b>                            |               |
| <b>EUR thousand</b>                                |               |
| Cash consideration of the acquisition              | 7 000         |
| Cash balance acquired                              | -1 783        |
| <b>Impact on cash flows – investing activities</b> | <b>5 217</b>  |

Expenses related to the acquisition EUR 0.3 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.

| EUR thousand | 1-9/2021 | 1-9/2020 | 2020 |
|--------------|----------|----------|------|
| Sales        | 2        | 1        | 2    |
| Purchases    | 18       | 0        | 0    |

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

| EUR thousand                                            | 7-9/2021 | 7-9/2020 | 1-9/2021 | 1-9/2020 | 1-12/2020 |
|---------------------------------------------------------|----------|----------|----------|----------|-----------|
| <b>Key statement of comprehensive income indicators</b> |          |          |          |          |           |
| Revenue                                                 | 46,176   | 27,962   | 132,641  | 73,866   | 109,115   |
| EBITDA                                                  | 13,259   | 7,271    | 39,811   | 16,821   | 26,705    |
| % of revenue                                            | 28.7     | 26.0     | 30.0     | 22.8     | 24.5      |
| Adjusted EBITDA                                         | 13,443   | 7,382    | 40,406   | 18,832   | 28,775    |
| % of revenue                                            | 29.1     | 26.4     | 30.5     | 25.5     | 26.4      |
| Operating profit                                        | 11,588   | 5,985    | 35,534   | 13,666   | 22,376    |
| % of revenue                                            | 25.1     | 21.4     | 26.8     | 18.5     | 20.5      |
| Adjusted operating profit                               | 11,772   | 6,095    | 36,130   | 15,676   | 24,445    |
| % of revenue                                            | 25.5     | 21.8     | 27.2     | 21.2     | 22.4      |
| Adjusted profit before income taxes                     | 11,407   | 5,492    | 35,057   | 14,495   | 22,419    |
| Basic EPS (EUR)                                         | 0.44     | 0.22     | 1.37     | 0.52     | 0.83      |
| Diluted EPS (EUR)                                       | 0.44     | 0.21     | 1.36     | 0.51     | 0.82      |
| <b>Key cash flow indicators</b>                         |          |          |          |          |           |
| Cash flow from operating activities                     | 4,696    | 8,940    | 16,517   | 17,346   | 28,080    |
| Operating free cash flow                                | 4,423    | 7,890    | 16,609   | 18,338   | 28,688    |
| Cash conversion                                         | 32.9 %   | 106.9 %  | 41.1 %   | 97.4 %   | 99.7 %    |
| Investments in tangible and intangible assets           | -2,457   | -1,041   | -7,992   | -1,719   | -2,567    |
| <b>Key balance sheet indicators</b>                     |          |          |          |          |           |
| Net debt                                                | 38,912   | 36,306   | 38,912   | 36,306   | 31,891    |
| Leverage                                                | 0.8      | 1.5      | 0.8      | 1.5      | 1.1       |
| Net working capital                                     | 36,660   | 19,742   | 36,660   | 19,742   | 17,952    |
| Capital employed excluding goodwill                     | 41,648   | 36,115   | 41,648   | 36,115   | 33,337    |
| Adjusted return on capital employed (ROCE)              | 112.4%   | 54.9%    | 112.4%   | 54.9%    | 73.3%     |
| Equity ratio                                            | 41.4%    | 42.2%    | 41.4%    | 42.2%    | 42.0%     |
| Number of employees at end of period                    | 810      | 587      | 810      | 587      | 617       |
| Average number of employees during the period           | 813      | 577      | 749      | 508      | 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 for 1 January – 31 December 2020.

| EUR thousand                               | 7-9/2021 | 7-9/2020 | 1-9/2021 | 1-9/2020 | 1-12/2020 |
|--------------------------------------------|----------|----------|----------|----------|-----------|
| <b>Operating profit</b>                    | 11,588   | 5,985    | 35,534   | 13,666   | 22,376    |
| Depreciation and amortisation              | 1,671    | 1,287    | 4,277    | 3,155    | 4,329     |
| <b>EBITDA</b>                              | 13,259   | 7,271    | 39,811   | 16,821   | 26,705    |
| <b>Items affecting comparability</b>       |          |          |          |          |           |
| Strategic development projects             |          |          |          |          |           |
| Acquisition related expenses               | 171      | 110      | 565      | 1,902    | 1,934     |
| Restructuring expenses                     | 13       | 0        | 30       | 108      | 135       |
| <b>Total items affecting comparability</b> | 184      | 110      | 596      | 2,011    | 2,070     |
| <b>Adjusted EBITDA</b>                     | 13,443   | 7,382    | 40,406   | 18,832   | 28,775    |
| Depreciation and amortisation              | -1,671   | -1,287   | -4,277   | -3,155   | -4,329    |
| <b>Adjusted operating profit</b>           | 11,772   | 6,095    | 36,130   | 15,676   | 24,445    |
| Finance costs, net                         | -365     | -603     | -1,073   | -1,181   | -2,026    |
| <b>Adjusted profit before income taxes</b> | 11,407   | 5,492    | 35,057   | 14,495   | 22,419    |



## CALCULATION OF KEY FIGURES

| <b>Key figure</b>                                 | <b>Definition</b>                                                                                                                                                                                                                                                                           |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Operating profit</b>                           | Profit before income taxes, finance income and finance costs.                                                                                                                                                                                                                               |
| <b>EBITDA</b>                                     | Operating profit before depreciation and amortization                                                                                                                                                                                                                                       |
| <b>Items affecting comparability</b>              | Material items outside the ordinary course of business, which relate to i) costs related to the listing ii) strategic development projects, iii) acquisition and integration related expenses, iv) restructuring expenses and v) net gains or losses on sale of assets and grants received. |
| <b>Adjusted operating profit</b>                  | Operating profit before items affecting comparability.                                                                                                                                                                                                                                      |
| <b>Adjusted EBITDA</b>                            | EBITDA before items affecting comparability.                                                                                                                                                                                                                                                |
| <b>Adjusted profit before income taxes</b>        | Profit before income taxes excluding items affecting comparability.                                                                                                                                                                                                                         |
| <b>Earnings per share, undiluted</b>              | Profit for the period attributable to the owners of the parent divided by weighted average number of shares outstanding.                                                                                                                                                                    |
| <b>Earnings per share, diluted</b>                | Profit for the period attributable to the owners of the parent divided by weighted average number of shares outstanding, taking into consideration the effects associated with any parent company's obligations regarding the possible share issue in the future.                           |
| <b>Net debt</b>                                   | Lease liabilities and current and non-current loans from credit institutions less cash and cash equivalents.                                                                                                                                                                                |
| <b>Leverage</b>                                   | Net debt divided by adjusted EBITDA (12 months).                                                                                                                                                                                                                                            |
| <b>Net working capital</b>                        | Inventories, trade and other receivables less trade and other payables.                                                                                                                                                                                                                     |
| <b>Capital employed excluding goodwill</b>        | Total equity and net debt less goodwill.                                                                                                                                                                                                                                                    |
| <b>Adjusted return on capital employed (ROCE)</b> | Adjusted operating profit (12 months) divided by average capital employed excluding goodwill.                                                                                                                                                                                               |
| <b>Operating free cash flow</b>                   | Adjusted EBITDA added/subtracted by the change in net working capital in consolidated statement of cash flows less investments in tangible and intangible assets.                                                                                                                           |
| <b>Cash conversion</b>                            | Operating free cash flow divided by adjusted EBITDA.                                                                                                                                                                                                                                        |
| <b>Equity ratio</b>                               | Total equity divided by total assets less advances received.                                                                                                                                                                                                                                |



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