HARVIA PLC

HALF-YEAR FINANCIAL REVIEW

JANUARY–JUNE 2021

HARVIA

Sauna & Spa

STRONG DEMAND AND HIGH VOLUMES RESULTED IN EXCELLENT PROFITABILITY

HIGHLIGHTS OF THE REVIEW PERIOD

APRIL–JUNE 2021:

- Revenue increased by 83.4% to EUR 46.8 million (25.5). At comparable exchange rates, revenue increased by 88.4% to EUR 48.1 million. The impact of acquisitions on growth was substantial, but organic revenue growth was also strong at 60.0%.
- Adjusted operating profit increased to EUR 13.2 million (5.4), making up 28.3% (21.1) of the revenue. At comparable exchange rates, the adjusted operating profit increased to EUR 13.7 million (28.4% of the revenue).
- Operating profit was EUR 12.9 million (4.6), making up 27.5% (17.9) of the revenue.
- Operating free cash flow amounted to EUR 4.0 million (4.5) and cash conversion was 27.6% (70.8%). Capacity investments and increase of net working capital decreased the operating free cash flow and cash conversion in the second quarter.
- 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.

JANUARY–JUNE 2021:

- Revenue increased by 88.4% to EUR 86.5 million (45.9). At comparable exchange rates, revenue increased by 93.9% to EUR 88.9 million. The impact of acquisitions on growth was substantial, but organic revenue growth was also strong at 60.8%. The financial figures of EOS have been consolidated from 1 May 2020, hence Harvia's January–April 2021 figures contained inorganic growth.
- Adjusted operating profit increased to EUR 24.4 million (9.6), making up 28.2% (20.9) of the revenue. At comparable exchange rates, the adjusted operating profit increased to EUR 25.3 million (28.5% of the revenue).
- Operating profit was EUR 23.9 million (7.7), making up 27.7% (16.7) of the revenue.
- Operating free cash flow amounted to EUR 12.2 million (10.4).
- Net debt amounted to EUR 38.4 million (43.6) and leverage was 0.9 (2.2).
- Equity ratio was 39.3% (41.3).
- 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	4-6/2021	4-6/2020	Change	1-6/2021	1-6/2020	Change	1-12/2020
Revenue	46.8	25.5	83.4%	86.5	45.9	88.4%	109.1
EBITDA	14.3	5.6	154.1%	26.6	9.6	178.0%	26.7
% of revenue	30.5%	22.0%		30.7%	20.8 %		24.5%
Items affecting comparability *	0.3	0.8	-58.0%	0.4	1.9	-78.3%	2.1
Adjusted EBITDA **	14.6	6.4	127.5%	27.0	11.5	135.5%	28.8
% of revenue	31.2%	25.2 %		31.2%	24.9%		26.4%
Operating profit	12.9	4.6	182.0%	23.9	7.7	211.7%	22.4
% of revenue	27.5%	17.9%		27.7%	16.7%		20.5%
Adjusted operating profit **	13.2	5.4	146.0%	24.4	9.6	154.2%	24.4
% of revenue	28.3%	21.1%		28.2%	20.9%		22.4%
Basic EPS (EUR)	0.49	0.17	182.2%	0.93	0.30	209.6%	0.83
Operating free cash flow	4.0	4.5	-11.3%	12.2	10.4	16.6%	28.7
Cash conversion	27.6%	70.8%		45.2%	91.2%		99.7%
Investments in tangible and intangible assets	-4.1	-0.4	981.5%	-5.5	-0.7	715.8%	-2.6
Net debt	38.4	43.6	-11.8%	38.4	43.6	-11.8%	31.9
Leverage	0.9	2.2		0.9	2.2		1.1
Net working capital	29.5	22.3	32.3%	29.5	22.3	32.3%	18.0
Adjusted return on capital employed (ROCE)	103.4%	43.4%		103.4%	43.4%		73.3%
Equity ratio	39.3%	41.3%		39.3%	41.3%		42.0%
Number of employees at end of period	822***	563	46.0%	822***	563	46.0%	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, totaling 83 employees on 30 June 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 PAJUHARJU, CEO:

After a robust first quarter of 2021, Harvia enjoyed an exceptionally strong demand also during the second quarter. Demand has been strong in all key markets, and despite the challenges concerning the availability of key raw materials and componentry, we have been able to supply the needed products with only minor delays. The Q2 net sales landed at record-high EUR 46.8 million and 83% growth year on year. The impact of acquired business was substantial, but organic growth was also good and amounted to 60%.

We are more than pleased that the high demand combined with our strong operational performance and high volumes resulted in an exceptionally high adjusted operating profit of EUR 13.2 million and 28.3% of the revenue in Q2.

Once again, excellent work and effort from everyone at team Harvia and at our partners. I extend my special and humble thanks to everyone. Great teamwork!

Our successful marketing efforts and operational execution together with the underlying solid demand delivered robust growth in all key markets and product categories. The volatility of the Russian market continues, but even there our new distribution solution generated a somewhat favorable outcome. Regarding the performance of our portfolio, we experienced solid growth in all categories, but especially strong growth in control units and sauna rooms. The previous softness in steam generators is gradually turning into business as usual. The capacity in sauna rooms was a limiting factor and this has resulted in a stronger than normal order book, especially in Europe.

The awareness and popularity of sauna has increased during the pandemic, further boosting the underlying solid demand in the sauna and spa category. With the same token, Harvia's management continues to estimate that part of this growth is generated by so-called advance demand and thus, it is not expected to affect the long-term growth expectations of the sauna and spa market.

The recently acquired Scandinavian still water hot tub manufacturer Kirami has been performing well. The integration is progressing at full speed and in good spirit.

Even though we already consider EOS to be an integral part of the Harvia family, it is worth mentioning that the premium and professional EOS offering has continued a very solid and favorable performance.

Like in any other business, our supply chain has been affected by the global phenomenon of increased prices and exceptional volatility in the availability of raw materials and key componentry. Thanks to our long-term partners and multiple sourcing strategy, we have been able to keep the impact modest and under control. Going forward, we anticipate the same challenging situation to continue at least for the rest of the year. Based on this, we have taken proactive measures in sourcing, increasing buffer stocks of critical raw materials and componentry, as well as developing alternative solutions for the bill of materials.

We have been able to increase our operational capacity by adding personnel and extending shifts. Staff onboarding has been very successful, and we have been able to maintain Harvia's normal good productivity. On top of this we have been completing the current investments in Romania. The development of the new Almost Heaven Saunas plant in the United States is progressing according to plan and the factory expansion in Muurame is well on schedule. With the current market demand and our operating capacity we foresee that our capital expenditure in 2021 will exceed the anticipated range of EUR 5–8 million and with the latest projects at hand, we estimate that the full year 2021 capital expenditure will land at approximately EUR 10 million. Harvia cash conversion has remained good, but during this quarter it has been impacted by the increased networking capital and the capital expenditure.

During the H2 of 2021, 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. M&A activity in the sauna and spa market has increased in line with the year 2020. In line with our strategy, we continue to seek opportunities to grow in the sauna and spa market also through M&A.

MARKET REVIEW

Historically the sauna and spa market has been resilient due to demand arising from the need to replace sauna heaters. Typically, the first and fourth quarter of the year are strong in the sauna business. During 2020, the COVID-19 pandemic caused significant and quick short-term fluctuations in demand in several of Harvia's key markets. On the other hand, the challenges brought on by the pandemic to Harvia's business are still 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 half 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.

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

REVENUE

REVENUE BY MARKET AREA

EUR thousand	4-6/2021	4-6/2020	Change	1-6/2021	1-6/2020	Change	2020
Finland	10,109	7,158	41.2%	18,342	14,187	29.3%	27,679
Scandinavia	2,325	1,280	81.6%	4,103	2,304	78.1%	5,615
Germany	9,109	3,319	174.4%	17,583	5,165	240.5%	17,644
Other European countries	12,737	5,559	129.1%	23,210	10,293	125.5%	26,118
Russia	2,591	2,024	28.0%	4,961	3,031	63.7%	7,881
North America	8,448	5,724	47.6%	15,136	9,908	52.8%	20,847
Other countries*	1,511	472	219.9%	3,130	1,018	207.5%	3,331
Total	**46,831**	**25,536**	83.4%	**86,465**	**45,904**	88.4%	**109,115**

* The largest of which: Arab countries and Asia.

REVENUE BY PRODUCT GROUP

EUR thousand	4-6/2021	4-6/2020	Change	1-6/2021	1-6/2020	Change	2020
Sauna heaters	23,482	14,017	67.5%	44,975	24,946	80.3%	59,003
Sauna rooms & Scandinavian hot tubs	10,938	5,306	106.1%	17,521	9,686	80.9%	20,646
Control units	4,584	1,986	130.8%	9,127	3,521	159.2%	10,217
Steam generators	1,386	667	107.7%	2,441	1,328	83.9%	3,199
Other product groups, spare parts and services	6,441	3,561	80.9%	12,402	6,424	93.1%	16,049
Total	**46,831**	**25,536**	83.4%	**86,465**	**45,904**	88.4%	**109,115**

APRIL–JUNE 2021

The Group’s revenue increased in April–June by 83.4% to EUR 46.8 million (25.5). At comparable exchange rates, revenue increased by 88.4% to EUR 48.1 million. Organic revenue growth was 60.0%. Revenue increased significantly in all of Harvia’s key markets, especially in Germany and Central Europe. The growth in other countries was driven mainly by Arab and Asian countries. The inorganic growth related to acquisitions of EOS Group and Kirami affected the Group’s comparable revenue in Finland by EUR 1.9 million, in Germany by EUR 1.4 million, in other European countries by EUR 1.9 million, and in Russia by EUR 0.3 million.

Revenue increased in all product groups in April–June. 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. The acquisitions of EOS Group and Kirami increased the revenue particularly in electric heaters, Scandinavian hot tubs, control units and in other product groups.

JANUARY–JUNE 2021

The Group's revenue increased in January–June by 88.4% to EUR 86.5 million (45.9). At comparable exchange rates, revenue increased by 93.9% to EUR 88.9 million. Organic revenue growth was 60.8%. Revenue growth was significant in all of Harvia's key markets, especially in Germany. The growth in other countries was driven mainly by Arab and Asian countries. The inorganic growth related to acquisitions of EOS Group and Kirami affected the Group's comparable revenue in Finland by EUR 1.9 million, in Germany by EUR 4.9 million, in other European countries by EUR 4.2 million, and in Russia by EUR 1.0 million.

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

RESULT

APRIL–JUNE 2021

Operating profit for April–June increased to EUR 12.9 million (4.6) and the operating profit margin was 27.5% (17.9). The operating profit included EUR 0.3 million (0.8) of items affecting comparability, mainly related to business acquisitions. Adjusted operating profit increased to EUR 13.2 million (5.4) and the adjusted operating profit margin was 28.3% (21.1). The net finance costs for the review period were EUR -0.5 million (-0.4).

Profit before taxes was EUR 12.4 million (4.1). The Group's taxes amounted to EUR -3.0 million (-0.8).

The result for April–June was EUR 9.4 million (3.3) and undiluted earnings per share were EUR 0.49 (0.17). Changes in exchange rates, mainly due to the weak US dollar and Russian ruble, weakened the operating profit by approximately EUR 0.4 million.

JANUARY–JUNE 2021

Operating profit for January–June increased to EUR 23.9 million (7.7) and the operating profit margin was 27.7% (16.7). The operating profit included EUR 0.4 million (1.9) of items affecting comparability, mainly related to business acquisitions. Adjusted operating profit increased to EUR 24.4 million (9.6) and the adjusted operating profit margin was 28.2% (20.9). The net finance costs in January–June were EUR -0.7 million (-0.6).

Profit before taxes was EUR 23.2 million (7.1). The Group's taxes amounted to EUR -5.4 million (-1.4).

The result for January–June was EUR 17.8 million (5.7) and undiluted earnings per share were EUR 0.93 (0.30). Changes in exchange rates, mainly due to the weak US dollar and Russian ruble, weakened the operating profit by approximately EUR 0.9 million.

FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of June 2021 was EUR 191.0 million (30 June 2020: 154.8), of which equity accounted for EUR 74.1 million (63.6).

At the end of June 2021, the company's net debt amounted to EUR 38.4 million (43.6). Interest-bearing liabilities were EUR 56.8 million (56.4) and lease liabilities were EUR 3.0 million (2.9). Cash and cash equivalents at the end of the review period amounted to EUR 21.4 million (15.7). Leverage was 0.9 (2.2) at the end of the review period.

Equity ratio was 39.3% (41.3) at the end of the review period. The adjusted return on capital employed (ROCE) was 103.4% (43.4).

In January–June, Harvia's operating free cash flow was EUR 12.2 million (10.4) and cash conversion was 45,2% (91.2). The operating free cash flow was reduced by EUR 9.2 million increase in net working capital compared to 31 December 2020 as well as EUR 5.5 million capacity investments.

INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

The Group's investments in January–June amounted to EUR 5.5 million (0.7). The investments increased significantly compared to the first half of 2020, and based on the current plans and actions, Harvia estimates that the full year 2021 capital expenditure will be approximately EUR 10 million. The Group's research and development expenditure recognized as expenses amounted to EUR 1.1 million (0.7).

Harvia completed the acquisition of a facility suited for the 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^2. 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 is expected to begin in September 2021.

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

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

ACQUISITIONS

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 Metagroupp OÜ and 51% of a sales company Kirami Sweden AB, the shares of which are included in the transaction.

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. At the end of June 2021, the total number of employees including seasonal workforce was 83.

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.

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 June 2021 was 822 (563) and averaged 720 (474) in January–June. The increase in the number of personnel resulted from the acquisition of Kirami at the end of May 2021 and recruitments particularly at the Muurame, Germany, China and Romanian factories.

Of the personnel, 329 (189) worked in Finland, 145 (126) in Germany, 110 (70) in Romania, 99 (61) in China and Hong Kong, 56 (45) in the United States, 41 (32) in Austria, 25 (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 June 2021, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume in the review period was EUR 265.2 million (44.8) and 7,394,647 shares (4,556,317). The share's volume weighted average price during the review period was EUR 35.94 (9.83), the highest price during the review period was EUR 51.60 (11.95) and the lowest EUR 22.00 (7.02). The closing price of the share at the end of June 2021 was EUR 51.00 (10.95). The market value of the share capital on 30 June 2021 was EUR 953.4 million (204.7). 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 June was 23,650 (7,779), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 43.9% (48.5) of the company's shares. The ten largest shareholders held a total of 27.7% (28.5) of Harvia's shares and votes at the end of June 2021.

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

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 Board of Directors expects to decide on the payment of a EUR 0.19 per share extra dividend at its meeting scheduled to be held on 15 October 2021.

The Annual General Meeting resolved that the Board of Directors consists of five members. Olli Liitola, Ia Adlercreutz and Sanna Suvanto-Harsaae were re-elected to the Board of Directors and 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.

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 half 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 rest of the year.

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.

EVENTS AFTER THE REVIEW PERIOD

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.

The plan will form a part of Harvia Plc's remuneration program for its key employees, and the aim of the Plan is to support the implementation of the company's strategy, to align the objectives of key employees with the shareholders to increase the value of the company, to improve the performance of the company, and to retain key employees.

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.

On 16 July 2021, Harvia published a preannouncement regarding Harvia's financial performance for the second quarter and first half-year 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%.

FINANCIAL RELEASES IN 2021

Harvia will publish its interim reports in 2021 as follows:

4 November 2021 January−September 2021 interim report

MUURAME, 11 AUGUST 2021

HARVIA PLC
Board of Directors

For more information, please contact:

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Ari Vesterinen, CFO, tel. +358 40 5050 44

PRESS CONFERENCE ON FINANCIAL RESULTS

Harvia will hold a webcast for analysts, investors and media on 12 August 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-q2-results.

You can also participate in the conference by calling:

Finland: +358 981 710 310
Sweden: +46 856 642 651
UK: +44 333 300 0804
US: +1 631 913 1422

PIN: 46246229#

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

HARVIA PLC HALF-YEAR FINANCIAL REVIEW JANUARY–JUNE 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Revenue	2.1	**46,831**	**25,536**	**86,465**	**45,904**	**109,115**
Other operating income		85	56	158	113	377
Materials and services		-18,257	-9,677	-33,451	-17,765	-42,033
Employee benefit expenses		-7,864	-5,142	-14,711	-8,923	-21,180
Other operating expenses	2.2	-6,512	-5,153	-11,910	-9,779	-19,573
Depreciation and amortisation		-1,385	-1,047	-2,605	-1,869	-4,329
Operating profit		**12,898**	**4,573**	**23,946**	**7,681**	**22,376**
Share in profits and losses of associated companies		17		17		
Finance income		61	91	448	340	229
Finance costs		-690	-442	-1,380	-730	-2,645
Changes in fair values		105	-93	207	-188	390
Finance costs, net		-507	-444	-708	-578	-2,026
Profit before income taxes		**12,391**	**4,129**	**23,238**	**7,103**	**20,350**
Income taxes		-3,034	-841	-5,438	-1,441	-4,399
Profit for the period		**9,357**	**3,288**	**17,800**	**5,662**	**15,951**
Attributable to:						
Owners of the parent		9,061	3,216	17,269	5,590	15,475
Non-controlling interests*		296	72	530	72	476
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Translation differences		-75	274	454	118	-801
Other comprehensive income, net of tax		-75	274	454	118	-801
Total comprehensive income		**9,282**	**3,562**	**18,254**	**5,781**	**15,150**
Attributable to:						
Owners of the parent		8,986	3,490	17,723	5,708	14,674
Non-controlling interests*		296	72	530	72	476
Earnings per share for profit attributable to the owners of the parent:						
Basic EPS (EUR)	2.3	0.49	0.17	0.93	0.30	0.83
Diluted EPS (EUR)	2.3	0.48	0.17	0.92	0.30	0.82

*EOS Group and Kirami Ab Non-controlling interests

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	30-Jun-2021	30-Jun-2020	31-Dec-2020
ASSETS				
Non-current assets				
Intangible assets		13,553	10,982	10,420
Goodwill		72,656	71,060	71,018
Property, plant and equipment		22,180	16,842	16,907
Leased assets		2,805	2,780	2,683
Investments in associated companies		686		
Deferred tax assets		1,381	1,702	1,924
Total non-current assets		**113,261**	**103,366**	**102,952**
Current assets				
Inventories	3	32,491	20,412	20,696
Trade and other receivables	3	23,765	15,117	14,411
Income tax receivables		108	194	244
Cash and cash equivalents	4	21,377	15,710	27,321
Total current asset		**77,741**	**51,432**	**62,673**
Total assets		**191,002**	**154,798**	**165,625**

EUR thousand	Note	30-Jun-2021	30-Jun-2020	31-Dec-2020
EQUITY AND LIABILITIES				
Share capital		80	80	80
Other reserves		35,910	44,095	42,627
Retained earnings		17,763	11,806	8,254
Profit for the period		17,269	5,590	15,475
Equity attributable to owners of the parent		**71,022**	**61,572**	**66,437**
Non-controlling interests		3,029	2,019	2,423
Total equity		**74,051**	**63,591**	**68,859**
Liabilities				
Non-current liabilities				
Loans from credit institutions	4	56,649	56,305	56,328
Lease liabilities	4	2,450	2,530	2,425
Derivative financial instruments		695	1,104	903
Deferred tax liabilities		2,261	2,269	1,941
Employee benefit obligations		2,845	2,795	2,847
Other non-current liabilities		18,227	9,597	9,616
Provisions		361	271	305
Total non-current liabilities		**83,490**	**74,869**	**74,365**
Current liabilities				
Loans from credit institutions	4	136	70	55
Lease liabilities	4	541	365	404
Employee benefit obligations		188	186	186
Income tax liabilities		5,565	2,265	4,323
Trade and other payables	3	26,715	13,202	17,156
Provisions		317	250	277
Total current liabilities		**33,461**	**16,338**	**22,400**
Total liabilities		**116,951**	**91,207**	**96,765**
Total equity and liabilities		**191,002**	**154,798**	**165,625**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Invested unrestricted equity reserve	Translation differences	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
Equity at 1 January 2020	**80**	**53,257**	**142**	**15,358**	**68,837**		**68,837**
Share-based incentive plan		86			86		86
Dividend distribution				-3,552	-3,552		-3,552
Total transactions with shareholders		86		-3,552	-3,466		-3,466
Profit for the period				5,590	5,590	72	5,662
Acquisitions		-9,508			-9,508	1,947	-7,561
Other comprehensive income			118		118		118
Total comprehensive income		-9,508	118	5,590	-3,800	2,019	-1,781
Equity at 30 June 2020	**80**	**43,835**	**260**	**17,396**	**61,572**	**2,019**	**63,591**
Equity at 1 January 2020	**80**	**53,257**	**142**	**15,358**	**68,837**		**68,837**
Share-based incentive plan		563			563		563
Dividend distribution				-7,104	-7,104		-7,104
Repurchase of own shares		-1,026			-1,026		-1,026
Total transactions with shareholders		-463		-7,104	-7,567		-7,567
Profit for the period				15,475	15,475	476	15,951
Acquisitions		-9,508			-9,508	1,947	-7,561
Other comprehensive income			-801		-801		-801
Total comprehensive income		-9,508	-801	15,475	5,166	2,423	7,589
Equity at 31 December 2020	**80**	**43,286**	**-658**	**23,729**	**66,437**	**2,423**	**68,859**
Equity at 1 January 2021	**80**	**43,286**	**-658**	**23,729**	**66,437**	**2,423**	**68,859**
Share-based incentive plan		312			312		312
Dividend distribution				-5,966	-5,966		-5,966
Revaluation of minority redemption liability		-5,632			-5,632		-5,632
Share-based payments		-1,852			-1,852		-1,852
Total transactions with shareholders		-7,171		-5,966	-13,138		-13,138
Profit for the period				17,269	17,269	530	17,800
Acquisitions						76	76
Other comprehensive income			454		454		454
Total comprehensive income			454	17,269	17,723	606	18,329
Equity at 30 June 2021	**80**	**36,114**	**-205**	**35,032**	**71,023**	**3,029**	**74,051**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Cash flows from operating activities						
Profit before taxes		12,391	4,129	23,238	7,103	20,350
Adjustments						
Depreciation and amortisation		1,385	1,047	2,605	1,869	4,329
Finance income and finance costs		507	444	708	578	2,026
Other adjustments		-1,281	-78	-1,337	73	1,496
Cash flows before changes in working capital		13,003	5,543	25,214	9,623	28,201
Change in working capital						
Increase (-) / decrease (+) in trade and other receivables	3	-2,933	-281	-6,284	820	750
Increase (-) / decrease (+) in inventories	3	-6,110	-488	-9,317	-1,191	-2,449
Increase (+) / decrease (-) in trade and other payables	3	2,531	-732	6,358	48	4,178
Cash flows from operating activities before financial items and taxes		6,492	4,042	15,972	9,299	30,681
Interest and other finance costs paid		-124	-43	-151	-68	-339
Interest and other finance income received		14	17	188	66	114
Income taxes paid/received		-1,626	-175	-4,187	-892	-2,376
Net cash from operating activities		**4,755**	**3,840**	**11,821**	**8,405**	**28,080**
Cash flows from investing activities						
Purchases of tangible and intangible assets		-4,076	-377	-5,535	-679	-2,567
Sale of tangible and intangible assets		2		2		25
Acquisition of subsidiaries, net of cash acquired	5.1	-5,217	-18,059	-5,217	-18,059	-18,059
Net cash from investing activities		**-9,291**	**-18,436**	**-10,751**	**-18,738**	**-20,602**
Cash flows from financing activities						
Acquisition of treasury shares						-1,026
Proceeds from non-current loans			20,000		20,000	20,000
Repayment of non-current loans			-1		-2	-63
Change in current interest-bearing liabilities		20	-24	38	-50	-61
Repayment of lease liabilities		-142	-232	-204	-327	-647
Interest and other finance costs paid		-525	-657	-1,003	-886	-2,186
Dividends paid		-5,966	-3,552	-5,966	-3,552	-7,104
Net cash from financing activities		**-6,613**	**15,534**	**-7,136**	**15,183**	**8,914**
Net change in cash and cash equivalents		-11,149	938	-6,065	4,850	16,391
Cash and cash equivalents at beginning of period		32,536	14,778	27,321	10,879	10,879
Exchange gains/losses on cash and cash equivalents		-10	-6	121	-19	51
Cash and cash equivalents at end of period		**21,377**	**15,710**	**21,377**	**15,710**	**27,321**

NOTES TO THE GROUP'S INTERIM INFORMATION

1. BASIS OF PREPARATION

Basis of preparation

Harvia's financial statements bulletin information has been prepared in compliance with the IAS 34 Interim Financial Reporting standard. Interim information does not contain all the notes presented in the Consolidated Financial Statements for 2020 and should therefore be read in conjunction with the Consolidated Financial Statements for 2020 prepared in accordance with IFRS. The same accounting principles have been applied to the interim information as to the consolidated financial statements.

Harvia's Board of Directors has approved this interim report information in its meeting on 11 August 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	4-6/2021	4-6/2020	Change	1-6/2021	1-6/2020	Change	2020
Finland	10,109	7,158	41.2%	18,342	14,187	29.3%	27,679
Scandinavia	2,325	1,280	81.6%	4,103	2,304	78.1%	5,615
Germany	9,109	3,319	174.4%	17,583	5,165	240.5%	17,644
Other European countries	12,737	5,559	129.1%	23,210	10,293	125.5%	26,118
Russia	2,591	2,024	28.0%	4,961	3,031	63.7%	7,881
North America	8,448	5,724	47.6%	15,136	9,908	52.8%	20,847
Other countries*	1,511	472	219.9%	3,130	1,018	207.5%	3,331
Total	**46,831**	**25,536**	83.4%	**86,465**	**45,904**	88.4%	**109,115**

* The largest of which: Arab countries and Asia.

Revenue by product groups

EUR thousand	4-6/2021	4-6/2020	Change	1-6/2021	1-6/2020	Change	2020
Sauna heaters	23,482	14,017	67.5%	44,975	24,946	80.3%	59,003
Sauna rooms & Scandinavian hot tubs	10,938	5,306	106.1%	17,521	9,686	80.9%	20,646
Control units	4,584	1,986	130.8%	9,127	3,521	159.2%	10,217
Steam generators	1,386	667	107.7%	2,441	1,328	83.9%	3,199
Other product groups, spare parts and services	6,441	3,561	80.9%	12,402	6,424	93.1%	16,049
Total	**46,831**	**25,536**	83.4%	**86,465**	**45,904**	88.4%	**109,115**

2.2 OPERATING EXPENSES

Other operating expenses for the period 1 January – 30 June 2021 include items affecting comparability of EUR 412 thousand (1,900) 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	**4-6/2021**	**4-6/2020**	**1-6/2021**	**1-6/2020**	**1-12/2020**
Profit for the period attributable to the owners of the parent company, EUR thousand	9,061	3,216	17,269	5,590	15,474
Weighted average number of shares outstanding during the financial period, '000	18,667	18,694	18,656	18,694	18,691
Basic earnings per share, EUR	**0.49**	**0.17**	**0.93**	**0.30**	**0.83**
Share-based long-term incentive plan	103	66	89	65	184
Weighted average number of shares outstanding during the year, diluted, '000	18,770	18,761	18,744	18,759	18,875
Diluted earnings per share, EUR	**0.48**	**0.17**	**0.92**	**0.30**	**0.82**

3. NET WORKING CAPITAL

EUR thousand	30-Jun-2021	30-Jun-2020	31-Dec-2020
Net working capital			
Inventories	32,491	20,412	20,696
Trade receivables	20,629	12,696	11,826
Other receivables	3,135	2,420	2,585
Trade payables	-14,544	-6,119	-8,476
Other payables	-12,171	-7,083	-8,679
Total	**29,540**	**22,326**	**17,952**
Change in net working capital in the statement of financial position	11,588	5,486	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*	-2,346	-5,163	-3,592
Change in net working capital in the statement of cash flows	9,242	324	-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-Jun-2021	30-Jun-2020	31-Dec-2020
Interest-bearing debt	56,785	56,375	56,383
Lease liabilities	2,992	2,894	2,829
Less cash and cash equivalents	-21,377	-15,710	-27,321
Net debt	**38,399**	**43,560**	**31,891**

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:

EUR thousand	
Purchase price	**9,917**
Net identifiable assets acquired	
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
Total assets	12 574
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
Total liabilities	4 169
Total net assets acquired	**8 405**
Group's share of net assets	8 329
Goodwill	**1 588**

Cash flow impact

EUR thousand	
Cash consideration of the acquisition	7 000
Cash balance acquired	-1 783
Impact on cash flows – investing activities	**5 217**

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	1-6/2021	1-6/2020	2020
Sales	2	0	2
Purchases	15	0	0

APPENDIX 1: KEY FIGURES AND CALCULATION OF KEY FIGURES

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Key statement of comprehensive income indicators					
Revenue	46,831	25,536	86,465	45,904	109,115
EBITDA	14,283	5,620	26,552	9,550	26,705
% of revenue	30.5	22.0	30.7	20.8	24.5
Adjusted EBITDA	14,623	6,428	26,963	11,450	28,775
% of revenue	31.2	25.2	31.2	24.9	26.4
Operating profit	12,898	4,573	23,946	7,681	22,376
% of revenue	27.5	17.9	27.7	16.7	20.5
Adjusted operating profit	13,237	5,381	24,358	9,581	24,445
% of revenue	28.3	21.1	28.2	20.9	22.4
Adjusted profit before income taxes	12,730	4,937	23,650	9,003	22,419
Basic EPS (EUR)	0.49	0.17	0.93	0.30	0.83
Diluted EPS (EUR)	0.48	0.17	0.92	0.30	0.82
Key cash flow indicators					
Cash flow from operating activities	4,755	3,840	11,821	8,405	28,080
Operating free cash flow	4,036	4,550	12,185	10,448	28,688
Cash conversion	27.6%	70.8%	45.2%	91.2%	99.7%
Investments in tangible and intangible assets	-4,076	-377	-5,535	-679	-2,567
Key balance sheet indicators					
Net debt	38,399	43,560	38,399	43,560	31,891
Leverage	0.9	2.2	0.9	2.2	1.1
Net working capital	29,540	22,326	29,540	22,326	17,952
Capital employed excluding goodwill	37,942	38,446	37,942	38,446	33,337
Adjusted return on capital employed (ROCE)	103.4%	43.4%	103.4%	43.4%	73.3%
Equity ratio	39.3%	41.3%	39.3%	41.3%	42.0%
Number of employees at end of period	822	563	822	563	617
Average number of employees during the period	778	556	720	474	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	**4-6/2021**	**4-6/2020**	**1-6/2021**	**1-6/2020**	**1-12/2020**
Operating profit	12,898	4,573	23,946	7,681	22,376
Depreciation and amortisation	1,385	1,047	2,605	1,869	4,329
EBITDA	14,283	5,620	26,552	9,550	26,705
Items affecting comparability					
Strategic development projects					
Acquisition related expenses	327	788	394	1,792	1,934
Restructuring expenses	12	20	17	108	135
Total items affecting comparability	339	808	412	1,900	2,070
Adjusted EBITDA	14,623	6,428	26,963	11,450	28,775
Depreciation and amortisation	-1,385	-1,047	-2,605	-1,869	-4,329
Adjusted operating profit	13,237	5,381	24,358	9,581	24,445
Finance costs, net	-507	-444	-708	-578	-2,026
Adjusted profit before income taxes	12,730	4,937	23,650	9,003	22,419

CALCULATION OF KEY FIGURES

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

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