HARVIA PLC

INTERIM REPORT JANUARY–SEPTEMBER 2024

HARVIA
Sauna & Spa

Healing with heat

HARVIA Q3 2024: GROWING BOTH ORGANICALLY AND THROUGH M&A, STRONG PROFITABILITY

HIGHLIGHTS OF THE REVIEW PERIOD

JULY–SEPTEMBER 2024:

- Revenue increased by 14.0% to EUR 38.7 million (34.0). At comparable exchange rates, revenue increased by 14.9% to EUR 39.0 million. Organic revenue growth was 7.9%.
- Operating profit was EUR 8.3 million (6.8), making up 21.4% (20.0%) of the revenue.
- Adjusted operating profit was EUR 8.9 million (6.9), making up 22.9% (20.3%) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 9.1 million (23.3% of the revenue).
- Operating free cash flow amounted to EUR 3.4 million (8.3) and cash conversion was 31.7% (98.7%). The increase of inventories and investments decreased the operating free cash flow and cash conversion.
- In July, Harvia signed and closed an agreement to acquire 100% of the shares of ThermaSol Steam Bath LLC, a leading manufacturer of high-end steam showers and steam rooms in the United States. The financial figures of ThermaSol have been consolidated with Harvia's figures starting from 31 July 2024.

JANUARY–SEPTEMBER 2024:

- Revenue increased by 11.8% to EUR 124.3 million (111.1). At comparable exchange rates, revenue increased by 12.1% to EUR 124.6 million. Organic revenue growth was 9.6%.
- Operating profit was EUR 27.1 million (23.8), making up 21.8% (21.4%) of the revenue.
- Adjusted operating profit was EUR 28.4 million (24.1), making up 22.8% (21.7%) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 28.6 million (22.9% of the revenue).
- Operating free cash flow amounted to EUR 20.0 million (29.1) and cash conversion was 60.0% (101.2%). The increase of inventories and investments decreased the operating free cash flow and cash conversion.
- Net debt amounted to EUR 61.8 million (40.6), and leverage, calculated as net debt divided by last 12 months' adjusted EBITDA, was 1.4 (1.1).
- Equity ratio was 44.8% (47.7%).
- Earnings per share were EUR 1.01 (0.86).

KEY FIGURES

EUR million	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
Revenue	38.7	34.0	14.0%	124.3	111.1	11.8%	150.5
EBITDA	10.1	8.3	20.8%	32.1	28.5	12.6%	39.3
% of revenue	26.0%	24.5%		25.8%	25.6%		26.1%
Items affecting comparability *	0.6	0.1	453.7%	1.3	0.3	308.5%	0.6
Adjusted EBITDA **	10.7	8.4	26.3%	33.4	28.8	16.0%	39.9
% of revenue	27.5%	24.8%		26.9%	25.9%		26.5%
Operating profit	8.3	6.8	22.1%	27.1	23.8	13.6%	33.0
% of revenue	21.4%	20.0%		21.8%	21.4%		21.9%
Adjusted operating profit **	8.9	6.9	28.8%	28.4	24.1	17.6%	33.7
% of revenue	22.9%	20.3%		22.8%	21.7%		22.4%
Basic EPS (EUR)	0.29	0.24	22.0%	1.01	0.86	17.2%	1.25
Operating free cash flow	3.4	8.3	-59.5%	20.0	29.1	-31.3%	44.6
Cash conversion	31.7%	98.8%		60.0%	101.2%		111.7%
Investments in tangible and intangible assets	-1.5	-0.5	194.7%	-4.3	-1.7	156.9%	-3.1
Net debt	61.8	40.6	52.2%	61.8	40.6	52.2%	37.6
Leverage	1.4	1.1		1.4	1.1		0.9
Net working capital	42.8	35.9	19.3%	42.8	35.9	19.3%	36.1
Adjusted return on capital employed (ROCE)	48.5%	42.5%		48.5%	42.5%		44.2%
Equity ratio	44.8%	47.7%		44.8%	47.7%		51.0%
Number of employees at end of period	675***	600	12.5%	675***	600	12.5%	605

* Consists of items outside the ordinary course of business, relating to the Group’s strategic development projects, acquisitions, business divestments, restructuring and loss on sale of fixed assets, and affecting comparability.

** Adjusted by items affecting comparability.

*** Includes the personnel of ThermaSol Steam Bath LLC, totaling 38 employees on 30 September 2024.

FINANCIAL TARGETS AND OUTLOOK

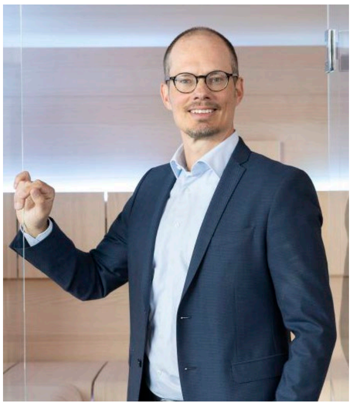
The company has set long-term targets related to growth, profitability and leverage. In May 2024, Harvia’s long-term financial targets were adjusted to reflect the company’s growth ambitions. Harvia targets an average annual revenue growth of 10%, an adjusted operating profit margin exceeding 20%, and a net debt/adjusted EBITDA below 2.5x. The future impacts of changes in IFRS accounting standards have been excluded from the net debt/adjusted EBITDA ratio target.

Harvia does not publish a short-term outlook.

Harvia’s dividend policy is to pay a regularly increasing dividend with a bi-annual payout.

MATIAS JÄRNEFELT, CEO:

In the third quarter of 2024, Harvia grew both organically and through the acquisition of ThermaSol. At the same time, we maintained our strong profitability.



Our revenue in the third quarter amounted to EUR 38.7 million, increasing by 14.0% from the comparison period. As in several previous quarters, the revenue growth was driven especially by our good sales performance in North America as well as in Asia-Pacific and the Middle East. In addition, the acquisition of ThermaSol boosted our revenue. Organic growth was 7.9%.

The market conditions in the July–September period were similar to the first half of the year, with the strongest market momentum in the regions outside Europe. In North America, the market demand stayed on a high level, and we achieved good sales performance in all product groups. We succeeded especially well in the sales of heaters and other sauna components while we also continued to grow the sauna solutions sales in North America. In addition, the acquisition of ThermaSol increased especially our steam product sales. In APAC & MEA, we continued our systematic work to drive growth in the strategically most important regional markets and again achieved solid sales results.

In Continental Europe, the market continued its slow recovery, and we succeeded in growing our sales in the region. We delivered good growth especially with our EOS branded products that are aimed at the professional and more high-end segments. In Northern Europe, the market remained challenging, and our sales were below the comparison period. The difficult market conditions in Northern Europe also impacted the sales of saunas and Scandinavian hot tubs on the Group level. Harvia's hot tub demand historically has come primarily from Northern Europe and is overall more sensitive to consumer confidence than the replacement demand of heaters.

The third quarter's adjusted operating profit amounted to EUR 8.9 million, increasing by 28.8% from the comparison period. The adjusted operating profit margin amounted to 22.9% of revenue. Our profitability was supported by the increased sales volumes, good sales mix, and the successful actions in supply chain management. Harvia's operative performance and service level were overall solid during the quarter, and I want to thank team Harvia and our partners for their ongoing good work.

In order to improve our service level, we decided to increase our inventories especially in the United States before the coming, traditionally high-demand winter season. In addition, we made several add-on investments into our production facilities to support the continuous improvement of our operational efficiency and future growth. These activities reduced our operating free cash flow and cash conversion, which were below our typical high level during the quarter. In the third quarter, Harvia's operating free cash flow amounted to EUR 3.4 million, and cash conversion 31.7%.

Profitable growth is a key priority for Harvia. We execute activities systematically to drive continued organic growth as well as pursue opportunities for value creating acquisitions in line with our strategy. In July, we announced and closed the acquisition of a U.S. steam solutions manufacturer ThermaSol, which strengthened our position in North America and increased our capabilities especially in steam and in digital solutions. The acquisition is also well aligned with our strategy and aim of being an active industry consolidator. The acquisition increased Harvia's leverage to 1.4 at the end of the quarter, which was still well below our long-term financial target of under 2.5. Already after a few months, I can happily say that the expanded Harvia team in North America is working well together, and we are eager to capture all the growth opportunities and cost synergies that the acquisition is estimated to bring us.

We continue on our growth path and strengthen our position as an industry leader also outside North America. In APAC & MEA, we continue to focus on winning in strategically important markets, such as Japan, China and Australia, where we see the largest potential for Harvia. In Europe, improving sales performance is highly important for us, even if the market especially in Northern Europe has been challenging for a long time.

To support our growth, our innovation pipeline is focused on providing new, exciting products to the market. During the third quarter, we completed the development process of several innovations, such as the woodburning version of our top-selling heater model Cilindro, as well as the world's first solar-powered outdoor electric sauna. This Kirami FinVision Tile sauna is a great example of the work we are doing to create more energy-efficient and sustainable sauna solutions. Both of these products were launched to the public in October and will be widely present in our tradeshows during the fourth quarter, with sales starting in early 2025.

Harvia has clear potential for long-term profitable growth. The global sauna market remains attractive, and Harvia is well positioned, even more after the acquisition of ThermaSol, to shape the market as an industry leader. This includes growing organically, but also through M&A, when the time and opportunity are right.

MARKET REVIEW

According to Harvia's estimate, the global sauna market is approximately EUR 3.5 billion in value and there are over 18 million saunas in the world. The total market value is driven by both the growing installed base of saunas as well as the significant aftermarket for saunas and sauna heaters. The demand arising from the need to replace sauna heaters regularly increases the resilience of the sauna market in economic downturns. This has been true especially for the more mature sauna markets, where there is already a large installed base of saunas.

Historically, the sauna market has grown annually by an average of 5% and has witnessed some seasonality with slightly stronger demand in the early and late part of the year and lower demand during the summer months. However, the market growth and seasonality have varied: for example, during the exceptional demand growth during the COVID-19 pandemic, seasonality could hardly be witnessed. Harvia's management estimates that during the next 5 years, the global sauna market will grow faster than its historical 5% rate, the growth being supported by the increasing awareness of sauna and its health benefits.

The sauna market in Europe has been challenging for more than two years. The Russian invasion of Ukraine and the wider weak economic development after it have had a clear negative impact on the sauna market. High economic uncertainty, elevated inflation and interest rates, as well as eroded consumer confidence have affected demand across product segments. However, the negative impacts have not been equally strong in all European countries. From the end of 2023 onwards, the market conditions have been gradually improving in Continental Europe, even if the market has not yet fully recovered. For example, the macroeconomic conditions in Germany have remained challenging, which has continued to affect the market demand also in the sauna industry. In Northern Europe, high interest rates, challenges in the construction sector and weak consumer confidence have kept the market environment challenging for long, especially in Finland.

Outside Europe, especially in North America and Asia-Pacific, the sauna market has developed favorably for the past several years. The strong growth in North America has been heavily supported by the growing awareness of sauna and its health benefits. This development has continued despite the overall macroeconomic conditions and consumer confidence showing some signs of weakening in the United States during 2024. In Asia-Pacific, the characteristics of the sauna market varies significantly between countries, but overall, the market in the region has enjoyed good growth despite some economic challenges in certain key countries, such as in China. The demand in market areas outside Europe continues to be skewed towards more high-end products, especially compared to Finland, where sauna is seen as an everyday experience. The increase in the popularity of sauna, low but increasing sauna penetration, and resilient high-end demand continue to support market growth in the emerging sauna markets.

According to the management's estimate, Harvia's share of the sauna market has increased during the last few years. In 2023, Harvia's share of the sauna market was estimated to be approximately 5%. The company's share of the sauna heater and sauna component market is estimated to be over 20%. The company's management estimates that Harvia has the leading position in the global sauna market.

REVENUE

Starting from the first quarter of 2024, Harvia has reported its revenue by sales region and by product group in accordance with the tables below. In third quarter, Harvia updated its product group categories due to the acquisition of ThermaSol. The financial figures of ThermaSol have been consolidated with Harvia's figures starting from 31 July 2024.

REVENUE BY SALES REGION

EUR thousand	7–9/2024	7–9/2023	Change	1–9/2024	1–9/2023	Change	2023
Northern Europe 1)	9,648	10,356	-6.8%	32,912	35,540	-7.4%	45,447
Continental Europe 2)	11,451	10,617	7.9%	37,777	36,135	4.5%	50,645
North America 3)	13,439	9,652	39.2%	41,882	31,052	34.9%	43,449
APAC & MEA 4)	4,180	3,353	24.7%	11,683	8,415	38.8%	11,007
Total	**38,719**	**33,978**	14.0%	**124,254**	**111,141**	11.8%	**150 547**

1) Finland, Sweden, Denmark, Norway, Iceland, Estonia, Latvia, Lithuania
2) Europe excluding countries specified as Northern Europe
3) The United States and Canada
4) The region Asia-Pacific, Middle East, Africa, and all other countries excluding above

REVENUE BY PRODUCT GROUP

EUR thousand	7–9/2024	7–9/2023	Change	1–9/2024	1–9/2023	Change	2023
Heating equipment *	20,946	17,938	16.8%	68,107	60,463	12.6%	82,128
Saunas and Scandinavian hot tubs	9,363	10,094	-7.2%	32,845	31,260	5.1%	42,020
Steam products **	3,238	1,286	151.7%	6,050	4,061	49.0%	5,505
Accessories and heater stones	2,786	2,145	29.9%	8,557	6,114	40.0%	8,812
Spare parts and services	2,385	2,515	-5.2%	8,695	9,243	-5.9%	12,083
Total	**38,719**	**33,978**	14.0%	**124,254**	**111,141**	11.8%	**150,547**

* Sauna heaters, control units, IR components
** Including steam generators and other steam equipment

JULY–SEPTEMBER 2024

The Group's revenue increased in July–September by 14.0% to EUR 38.7 million (34.0), driven especially by the growth in North America and APAC & MEA and the acquisition of ThermaSol. At comparable exchange rates, revenue increased by 14.9% to EUR 39.0 million. Organic revenue growth was 7.9%.

In the third quarter, revenue increased in all sales regions excluding Northern Europe. Revenue increase was significant in North America and in the APAC & MEA region, and moderate in Continental Europe.

During the third quarter, Harvia's revenue increased in several product groups, especially in steam products as well as in accessories and heater stones. The high growth in steam products was driven by the acquisition of ThermaSol, which sells mostly steam generators and other steam equipment. The revenue of saunas and Scandinavian hot tubs as well as spare parts and services declined. The decline in Scandinavian hot tub sales, especially in Northern Europe but also in Continental Europe, had a negative impact on the sales of saunas and Scandinavian hot tubs. Sauna room sales in North America continued to grow.

JANUARY–SEPTEMBER 2024

The Group's revenue increased in January–September by 11.8% to EUR 124.3 million (111.1), driven especially by the growth in North America. At comparable exchange rates, revenue increased by 12.1% to EUR 124.6 million. Organic revenue growth was 9.6%.

Revenue increased significantly in North America and in the APAC & MEA region, with Continental Europe also experiencing some increase in demand. The decrease in revenue in Northern Europe was driven by the difficult market conditions, including construction sector weakness and restructuring actions at some major customers.

Revenue increased significantly in heating equipment, steam products, and in accessories and heater stones in January–September. The ThermaSol acquisition supported the growth of steam product sales. The growth in North America supported especially the group-level sauna room sales, as sauna rooms form the majority of sales in North America. However, the decline in the sales of Scandinavian hot tubs had a negative impact on the revenue from the saunas and Scandinavian hot tubs product group.

RESULT

JULY–SEPTEMBER 2024

Operating profit for July–September increased to EUR 8.3 million (6.8), while the operating profit margin was 21.4% (20.0%). The operating profit included EUR 0.6 million (0.1) of items affecting comparability, mainly related to business transactions and restructuring. Changes in exchange rates weakened the operating profit by approximately EUR 0.2 million, caused mainly by the value changes of the U.S. dollar.

Adjusted operating profit increased to EUR 8.9 million (6.9) and the adjusted operating profit margin was 22.9% (20.3%). The net financial items for July−September were EUR -1.5 million (-0.7). The net financial items increased due to the new loan of EUR 20 million that was raised to finance the acquisition of ThermaSol.

Profit before taxes was EUR 6.8 million (6.1). The Group's taxes amounted to EUR 1.3 million (1.6).

The result for July–September was EUR 5.5 million (4.5) and undiluted earnings per share were EUR 0.29 (0.24).

JANUARY–SEPTEMBER 2024

Operating profit for January–September increased to EUR 27.1 million (23.8), while the operating profit margin was 21.8% (21.4%). The operating profit included EUR 1.3 million (0.3) of items affecting comparability, mainly related to business transactions and restructuring. Changes in exchange rates weakened the operating profit by approximately EUR 0.2 million, caused mainly by the value changes of the U.S. dollar.

Adjusted operating profit increased to EUR 28.4 million (24.1) and the adjusted operating profit margin was 22.8% (21.7%). The net financial items for January–September were EUR -2.6 million (-2.5).

Profit before taxes was EUR 24.4 million (21.3). The Group's taxes amounted to EUR 5.6 million (5.3).

The result for January–September was EUR 18.8 million (16.1) and undiluted earnings per share were EUR 1.01 (0.86).

FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of September 2024 was EUR 256.9 million (30 September 2023: 214.8), of which equity accounted for EUR 114.9 million (102.0).

At the end of September 2024, the company's net debt amounted to EUR 61.8 million (40.6). Loans from credit institutions were EUR 95.4 million (75.4) and lease liabilities were EUR 7.8 million (2.6). The increase in the loans from credit institutions relates to the acquisition of ThermaSol, which Harvia financed with a bullet loan of EUR 20 million and cash funds. Cash and cash equivalents at the end of the review period amounted to EUR 41.4 million (37.4). Leverage was 1.4 (1.1) at the end of the review period. The acquisition of ThermaSol drove the leverage increase.

Equity ratio was 44.8% (47.7%) at the end of the review period. The adjusted return on capital employed (ROCE) was 48.5% (42.5%).

In January–September, Harvia's operating free cash flow was EUR 20.0 million (29.1) and cash conversion was 60.0% (101.2%). The company increased its inventories especially in the second and third quarter, which decreased operating free cash flow and cash conversion. In addition, the company made several add-on investments to its production facilities and during the first quarter, purchased land next to the company's facility in West Virginia, United States. The increase of investments decreased the company's operating free cash flow and cash conversion.

INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

Harvia Group's investments in tangible and intangible assets in January–September amounted to EUR 4.3 million (1.7). During the first quarter, Harvia purchased 8.7 hectares of land around the production facility in West Virginia to secure strategic growth opportunities for the fast-growing North American market. Additionally, the company made several add-on investments in its production facilities during the review period, including a layout change and ramp-up of an upgraded, more automated production line for woodburning heaters in the Muurame factory. The company continued making these type of add-on investments also during the third quarter.

The Group's research and development expenditure recognized as expenses in January–September amounted to EUR 1.6 million (1.4). In 2024, Harvia's research and development activities will build on the company's four strategic priorities: 1. Delivering the full sauna experience; 2. Winning in strategically important markets; 3. Leading in key channels and 4. Best-in-class operations and great people. The company aims at launching new products and solutions especially in the sauna category, expanding the company's portfolio especially outside Europe and strengthening the company's digital capabilities. In addition, the company focuses on increasing automation and improving efficiency throughout its operations and ensuring its operations support the long-term growth of the company. During the third quarter, the company completed the development of several innovations, such as the woodburning version of its top-selling heater Cilindro, the world's first solar-powered electric sauna Kirami Finvision Tile, as well as a new Harvia control unit.

ACQUISITIONS

Harvia announced on 22 July 2024 that it had signed an agreement to acquire 100% of the shares and voting interest of ThermaSol Steam Bath LLC ("ThermaSol"). ThermaSol is a leading manufacturer of high-end steam showers and steam rooms in the United States. The acquisition complements Harvia Group's sauna offering in the attractive steam segment, supporting the company's growth in the United States and its leading position as a global sauna solutions provider. In 2023, ThermaSol's net sales were USD 14.4 million and adjusted EBITDA margin 17.2%.

The transaction was closed on 31 July 2024. The purchase price was USD 30.4 million. Harvia financed the acquisition with a bullet loan of EUR 20 million and with cash funds.

Fixed assets amounting to EUR 0.5 million, net working capital items amounting to EUR 4.7 million, and cash and cash equivalents amounting to EUR 1.1 million were transferred in the ThermaSol acquisition. EUR 5.8 million in right-of-use assets was recorded pertaining to a lease agreement. The preliminary purchase price allocation pertaining to the acquisition includes intangible assets amounting to EUR 8.3 million with annual amortization of approximately EUR 0.8 million. According to the preliminary purchase price allocation, goodwill amounted to EUR 16.7 million. The preliminary purchase price allocation is presented in the Note 5.2.

The acquisition is expected to create annual synergies of approximately EUR 1.7 million by the end of 2027. The identified key sources of synergy comprise sourcing and logistics, marketing, cross-sell, distribution, and common management within Harvia US companies. One-off transaction, integration and post-closing costs are estimated to total EUR 1.4 million over the years 2024–2026. As ThermaSol's relative profitability prior to the acquisition was below Harvia's level, the acquisition is expected to have a small short-term negative impact to the relative profitability of Harvia before the identified synergies are realized.

The transaction will not have impact on Harvia's long-term targets related to growth, profitability and leverage.

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 market.

Harvia has a sustainability program based on four commitments: Good and Healthy Living, Responsible Experience and Enjoyment, Minimizing the Ecological Footprint and maintaining a Safe and Warm Community, which includes employees, partners, customers, and other stakeholders. Harvia also has a sustainability plan based on those commitments. Harvia's corporate responsibility and the commitments are presented in more detail in the Annual Report 2023.

In June 2024, Harvia signed a letter of intent for installing TSF's hybrid thermal power plant at Harvia Group's EOS Saunatechnik factory in Driedorf, Germany. The hybrid thermal power plant uses modern heat pump technology, as well as thermal and solar energy. The new power plant will support Harvia's objective to reduce the greenhouse gas emissions of its operations to limit global warming and to participate in global efforts against climate change. Harvia's goal is to achieve carbon neutrality in its own operations by 2030.

Harvia follows its sustainability targets with various KPIs, and management remuneration is tied to the company's sustainability targets. Harvia will report according to the CSRD for the financial year 2024.

PERSONNEL

The number of personnel employed by the Group at the end of September 2024 was 675 (600) and averaged 651 (616) in January–September. Of the personnel at the end of September, 251 (240) worked in Finland, 131 (70) in the United States, 123 (119) in Germany, 61 (67) in Romania, 55 (56) in China and Hong Kong, 34 (27) in Austria, 12 (13) in Italy, 6 (6) in Estonia and 2 (2) in Sweden. The continuing strong growth in North America is reflected in the increasing personnel in the United States but also in Finland, as the majority of the company's heaters sold in North America are manufactured in the Muurame factory. In the review period, the acquisition of ThermaSol increased the personnel by 38 employees in the United States.

SHARES AND SHAREHOLDERS

Harvia's registered share capital is EUR 80,000 and at the end of September 2024, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume in January–September was EUR 264.4 million (145.9) and 7,030,981 shares (6,564,610). The share's volume weighted average price during the review period was EUR 37.60 (22.23), the highest price was EUR 47.80 (25.96) and the lowest EUR 25.18 (17.41). The closing price of the share at the end of September 2024 was EUR 47.05 (25.58). The market value of the share capital on 30 September 2024 was EUR 879.6

million (478.2) including treasury shares. At the end of September 2024, Harvia Plc held a total of 4,207 own shares, corresponding to 0.02% of the total number of shares.

At the end of September 2024, the number of registered shareholders was 32,934 (42,883), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 49.6% (42.8%) of the company's shares. The ten largest shareholders held a total of 21.8% (20.9%) of Harvia's shares and votes at the end of September 2024.

GOVERNANCE

Changes in management and organization

Harvia's new organizational structure took effect as of 1 January 2024. The new organization consists of four geographical sales regions: North America, Northern Europe, Continental Europe, and APAC & MEA. It also encompasses five Group functions: Marketing & Brand, Products & Solutions, Innovation & Technology, Operations, as well as Support functions. Additionally, there is a Management Team position for the Head of EOS Brand and Products.

On 26 January 2024, Harvia announced the appointment of Jennifer Thayer as Head of Region North America and President of Harvia US Inc, and a member Harvia's Management Team. In her role, Thayer is responsible for leading the North American commercial organization and driving the growth and profitability of Harvia's business in the region. Thayer assumed her position on 1 February 2024.

On 3 June 2024, Harvia announced the appointment of Philipp Krauth as Managing Director of EOS, Head of EOS Brands and Products, and a member of Harvia's Management Team. In his role, Krauth is responsible for leading EOS Group and ensuring a distinct and exciting identity for Harvia Group's highest-end solutions that are sold under the EOS brand. Krauth assumed his position on 12 August 2024. Rainer Kunz, former Managing Director of EOS Group and a member of Harvia's Management Team, continued to work full time for Harvia until the end of August 2024.

Long-term Performance Share Plan

On 27 March 2024, the Board of Directors of Harvia Plc decided to continue the Long-term Performance Share Plan for the Management Team and other key employees for the performance period 2024–2026. In the performance period 2024–2026, the plan has 27 participants at most and the targets for the performance period relate to the company's total shareholder return, revenue growth, CO_2 emissions and EBIT margin. The number of shares to be paid based on the performance period 2024–2026 is a maximum of 68,100 Harvia Plc shares. 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 2024–2026 will be paid out during spring 2027.

Annual General Meeting

The Annual General Meeting of Harvia, held on 26 April 2024, approved the financial statements and discharged the members of the Board of Directors and the company's CEO from liability for the financial year 2023. The Annual General Meeting approved in an advisory decision the remuneration report for the governing bodies. The Annual General Meeting resolved to reject the revised remuneration policy for the company's governing bodies. The resolution made is advisory.

The Annual General Meeting approved the Board of Directors' proposal that EUR 0.68 per share be paid as dividend and that the remainder of the distributable funds be transferred to shareholders' equity. The dividend is paid in two installments. The first installment, EUR 0.34 per share, was paid to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date of the dividend of 30 April 2024. This instalment of the dividend was paid on 8 May 2024. The second instalment, EUR 0.34 per share, was paid in October 2024. The record date of the dividend date was 21 October 2024 and the dividend payment date 28 October 2024.

The Annual General Meeting resolved that the Board of Directors consists of six members. Olli Liitola, Anders Holmén, Hille Korhonen, Heiner Olbrich, Markus Lengauer and Catharina Stackelberg-Hammarén were re-elected to the Board of Directors. Authorized Public Accounting firm Deloitte Oy was elected as the Auditor of the company and as a certification authority for the company's sustainability reporting in financial year 2024 and Authorized Public Accountant Johan Groop 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. The authorization may be used e.g. for the purposes of the company's share-based incentive systems, for the purposes of board compensation and other matters decided by the Board of Directors. The authorization is valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2025.

Heiner Olbrich was elected the Chair and Catharina Stackelberg-Hammarén was elected the Vice Chair of the Board of Directors at the Board of Directors' organizational meeting on 26 April 2024. The Board of Directors elected from among its members Hille Korhonen (Chair), Anders Holmén and Markus Lengauer as members of the Audit Committee. In addition, Harvia Plc's Board of Directors decided to establish a Personnel and Remuneration Committee. The Committee's task is to assist the Board of Directors in issues related to personnel and remuneration. The Board of Directors elected from among its members Heiner Olbrich (Chair), Olli Liitola and Catharina Stackelberg-Hammarén as members of the Personnel and Remuneration Committee.

The full resolutions by the Annual General Meeting as well as the decisions by the organizational meeting of the Board of Directors were published in stock exchange releases on 26 April 2024.

Strategy update and adjusted long-term financial targets

On 29 May 2024, Harvia announced its updated strategy and long-term financial targets. Harvia's long-term financial targets were adjusted to reflect the company's growth ambitions. The new long-term targets are an average annual revenue growth of 10%, an adjusted operating profit margin exceeding 20% and a net debt/adjusted EBITDA below 2.5x. Harvia's updated strategic focus areas are 1. Delivering the full sauna experience; 2. Winning in strategically important markets; 3. Leading in key channels, and 4. Best-in-class operations and great people.

Directed share issue

On 6 June 2024, the Board of Directors of Harvia Plc decided on a directed share issue without consideration for the payment of rewards earned under the company's share-based incentive program. The share payments concerned the performance period 2021–2023 of the company's share-based incentive program launched in 2021. In the share issue, 865 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 under the incentive program, the company holds a total of 4,207 own shares.

Shareholders' Nomination Board

On 9 September 2024, Harvia announced the composition of the Shareholders' Nomination Board, which is comprised of representatives appointed by the company's four largest shareholders. Juho Lipsanen, Minna Laaksonen, Janne Kujala and Josefin Degerholm were appointed to the Shareholders' Nomination Board. In addition, Heiner Olbrich, Chairman of the Board of Directors of Harvia Plc, serves as an expert in the Nomination Board without being a member. The nomination Board will forward its proposals for the 2025 Annual General Meeting to the Board of Directors by 31 January 2025.

RISKS AND UNCERTAINTIES

Harvia's business is exposed to several risks and uncertainties. This is partly a result of the company's global presence and supply chain network, even though these factors also help Harvia to recognize and actively mitigate its risks. Harvia is familiar with operating successfully in an environment shaped by changing market conditions and risks, but the full impact of all changes in different markets is difficult to foresee, as situations often develop fast and are hard to fully predict.

General economic, social and political conditions impact Harvia's operating environment. Economic uncertainty and rapid developments in Finland, Europe, North America or more widely across the globe can affect the company's business in many ways and make accurate predictions and planning of future business more difficult than usual. Changes in consumer confidence and the resulting demand implications directly impact Harvia's business. Especially in the direct-to-consumer market, deteriorating consumer confidence can result in individual consumers postponing investments in new saunas and components, and to a lesser extent, in postponing replacement demand. In addition, the availability of energy and energy prices may impact consumer confidence and the frequency of sauna usage.

Geopolitical events and uncertainties can affect Harvia either directly or indirectly through, for example, deteriorating market conditions. A notable example of this is the Russian invasion of Ukraine in February 2022. Harvia suspended its operations in Russia at the beginning of March 2022 and completed its exit from Russia by selling its 80% share in EOS Russia in November 2022. The transaction was closed in March 2023 after receiving relevant approvals from Russian authorities. In addition to this direct impact, the ongoing war has impacted the sauna and spa market and the company's business indirectly through increased economic uncertainty and inflation, especially in Europe. Developments related to the war in Ukraine as well as other geopolitical developments around the world can affect Harvia also in the future.

The self-sufficiency of the Group's manufacturing process, the backup supplier system for materials and the widely dispersed customer base balance potential strategic risks. Production is based on the company's own design and patents, and these are used to manage potential operational risks. Damage risks are covered with insurances where possible, and their coverage is assessed annually together with the insurance company. However, disruptions in Harvia's global supply chain or logistics network as well as significant industrial actions, such as strikes, in key countries can have a negative impact on the company's business.

The increase in cyber threats worldwide alongside the growing dependency on digital infrastructure cause risks to Harvia's business and its critical data. The impacts of these risks can occur either directly by disrupting or endangering Harvia's daily operations or compromising data or indirectly through attacking Harvia's suppliers or customers, and thus can potentially result in financial, operational or reputational damage to the company. The company continuously takes actions to prepare for these risks by protecting its digital infrastructure, operations and people against them. In addition to having various technical solutions, the company focuses on training its personnel to recognize potential threats and to mitigate cyber risks with their own actions.

Harvia has business operations in several countries and is exposed to transaction and translation risks mainly relating to the U.S. dollar. Exchange rate risks have thus far not been significant for the Group, and Harvia has not protected itself from these risks with currency derivatives. The Group's loans consist of long-term liabilities. The loans include covenants, which in unfavorable business conditions may require new financing negotiations with the bank. The company protects itself from interest risks arising from bank loans with interest rate swaps amounting to EUR 36.5 million.

The principles of Harvia's financing risk management are described in the Consolidated Financial Statements 2023 and the general principles of risk management on the company's website at www.harviagroup.com.

EVENTS AFTER THE REVIEW PERIOD

On 17 October 2024, The Board of Directors of Harvia Plc decided on the record date and payment date of the second dividend instalment for the financial year 2023, EUR 0,34 per share, based on the decision by the Annual General Meeting held on 26 April 2024. The dividend, EUR 0.34 per share, was paid to a shareholder registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date for the dividend, 21 October 2024. The dividend was paid on 28 October 2024.

FINANCIAL RELEASES IN 2025

Harvia will publish its financial statements for 2024 and interim reports in 2025 as follows:

13 February 2025 Financial statements bulletin for 2024

7 May 2025 January−March 2025 interim report

7 August 2025 Half-year (January−June) 2025 financial report

6 November 2025 January−September 2025 interim report

MUURAME, 6 NOVEMBER 2024

HARVIA PLC
Board of Directors

For more information, please contact:

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Ari Vesterinen, CFO, tel. +358 40 5050 440

PRESS CONFERENCE ON FINANCIAL RESULTS

Harvia will hold a webcast for analysts, investors and media on 7 November 2024 at 12:00 p.m. noon EET. The conference will be held in English. Harvia's CEO Matias Järnefelt and CFO Ari Vesterinen will host the event. The webcast can be followed at https://harvia.videosync.fi/q3-2024.

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

HARVIA PLC INTERIM REPORT JANUARY–SEPTEMBER 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Revenue	2.1	**38,719**	**33,978**	**124,254**	**111,141**	**150,547**
Other operating income		157	70	417	305	864
Materials and services		-11,882	-13,255	-42,060	-41,710	-56,101
Employee benefit expenses		-8,794	-6,767	-25,779	-21,624	-28,919
Other operating expenses	2.2	-8,142	-5,698	-24,779	-19,650	-27,093
Depreciation and amortisation		-1,779	-1,549	-4,991	-4,643	-6,254
Operating profit		**8,279**	**6,780**	**27,062**	**23,819**	**33,044**
Share in profits and losses of associated companies		-3	-21	-23	-253	-242
Finance income		375	257	1,213	542	795
Finance costs		-1,413	-1,015	-3,444	-2,813	-3,929
Changes in fair values		-479	75	-392	33	-136
Financial items		-1,519	-704	-2,647	-2,491	-3,511
Profit before income taxes		**6,760**	**6,076**	**24,415**	**21,328**	**29,533**
Income taxes		-1,305	-1,601	-5,614	-5,275	-6,253
Profit for the period		**5,455**	**4,475**	**18,801**	**16,054**	**23,280**
Attributable to:						
Owners of the parent		5,455	4,471	18,801	16,044	23,271
Non-controlling interests*		0	3	0	10	10
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Translation differences		-1,878	670	-982	-912	-1,785
Items that will not be reclassified to profit or loss:						
Actuarial gains and losses						124
Other comprehensive income, net of tax		-1,878	670	-982	-912	-1,662
Total comprehensive income		**3,577**	**5,145**	**17,820**	**15,142**	**21,619**
Attributable to:						
Owners of the parent		3,577	5,141	17,820	15,132	21,609
Non-controlling interests*		0	3	0	10	10
Earnings per share for profit attributable to the owners of the parent:						
Basic EPS (EUR)	2.3	0.29	0.24	1.01	0.86	1.25
Diluted EPS (EUR)	2.3	0.29	0.24	1.00	0.86	1.24

* Kirami AB non-controlling interests.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	30-Sep-2024	30-Sep-2023	31-Dec-2023
ASSETS				
Non-current assets				
Intangible assets		15,676	9,338	8,704
Goodwill		89,503	73,445	73,402
Property, plant and equipment		27,711	26,238	26,904
Right-of-use assets		7,717	2,346	2,488
Investments in associated companies		437	474	460
Derivative financial instruments	4.1	1,477	3,276	1,869
Deferred tax assets		796	1,304	1,045
Total non-current assets		**143,317**	**116,422**	**114,872**
Current assets				
Inventories	3	47,814	39,694	35,480
Trade and other receivables	3	23,284	19,532	18,697
Income tax receivables		1,051	1,751	4,634
Cash and cash equivalents	4	41,441	37,428	40,581
Total current assets		**113,589**	**98,405**	**99,392**
Total assets		**256,906**	**214,827**	**214,264**

EUR thousand	Note	30-Sep-2024	30-Sep-2023	31-Dec-2023
EQUITY AND LIABILITIES				
Share capital		80	80	80
Other reserves		32,418	33,006	32,414
Retained earnings		62,373	51,816	51,810
Profit for the period		18,801	16,044	23,271
Equity attributable to owners of the parent		**113,672**	**100,945**	**107,575**
Non-controlling interests		1,244	1,082	1,082
Total equity		**114,917**	**102,027**	**108,656**
Liabilities				
Non-current liabilities				
Loans from credit institutions	4	95,392	75,419	75,404
Lease liabilities	4	5,673	1,902	1,981
Deferred tax liabilities		2,710	1,302	1,182
Employee benefit obligations		1,847	1,897	1,671
Other non-current liabilities		3,144	3,869	202
Provisions		891	279	277
Total non-current liabilities		**109,656**	**84,669**	**80,716**
Current liabilities				
Loans from credit institutions	4	6	12	6
Lease liabilities	4	2,175	689	760
Employee benefit obligations		176	174	176
Income tax liabilities		1,409	3,659	5,662
Trade and other payables	3	28,312	23,356	18,045
Provisions		255	241	242
Total current liabilities		**32,333**	**28,131**	**24,891**
Total liabilities		**141,989**	**112,800**	**105,607**
Total equity and liabilities		**256,906**	**214,827**	**214,264**

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 2023	**80**	**32,562**	**865**	**63,766**	**97,273**	**1,072**	**98,345**
Share-based incentive plan		762			762		762
Dividend distribution				-11,951	-11,951		-11,951
Share-based payments		-272			-272		-272
Total transactions with shareholders		491		-11,951	-11,460		-11,460
Profit for the period				16,044	16,044	10	16,054
Other comprehensive income			-912		-912		-912
Total comprehensive income			-912	16,044	15,132	10	15,142
Equity at 30 September 2023	**80**	**33,053**	**-47**	**67,859**	**100,945**	**1,082**	**102,027**

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 2023	**80**	**32,562**	**865**	**63,766**	**97,273**	**1,072**	**98,345**
Share-based incentive plan		995			995		995
Dividend distribution				-11,956	-11,956		-11,956
Share-based payments		-346			-346		-346
Total transactions with shareholders		649		-11,956	-11,307		-11,307
Profit for the period				23,271	23,271	10	23,280
Actuarial gains and losses		124			124		124
Translational differences			-1,785		-1,785		-1,785
Total comprehensive income		124	-1,785	23,271	21,609	10	21,619
Equity at 31 December 2023	**80**	**33,334**	**-921**	**75,081**	**107,575**	**1,082**	**108,656**

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 2024	**80**	**33,334**	**-921**	**75,081**	**107,575**	**1,082**	**108,656**
Share-based incentive plan		1,017			1,017		1,017
Dividend distribution				-12,709	-12,709		-12,709
Share-based payments		-30			-30		-30
Total transactions with shareholders				-12,709	-11,722		-11,722
Profit for the period				18,801	18,801		18,801
Acquisitions						163	163
Translational differences			-982		-982		-982
Total comprehensive income			-982	18,801	17,820	163	17,983
Equity at 30 September 2024	**80**	**33,334**	**-1,903**	**81,174**	**113,673**	**1,244**	**114,917**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Cash flows from operating activities						
Profit before taxes		6,760	6,067	24,415	21,320	29,533
Adjustments						
Depreciation and amortisation		1,779	1,549	4,991	4,643	6,254
Finance income and finance costs		1,519	704	2,647	2,491	3,511
Other adjustments		-14	350	657	617	310
Cash flows before changes in working capital		10,044	8,669	32,710	29,070	39,608
Change in working capital						
Increase (-) / decrease (+) in trade and other receivables	3	1,969	509	-2,713	-1,985	-1,395
Increase (-) / decrease (+) in inventories	3	-5,247	1,216	-8,141	5,918	10,108
Increase (+) / decrease (-) in trade and other payables	3	-2,479	-1,311	1,796	-1,911	-912
Cash flows from operating activities before financial items and taxes		4,287	9,083	23,651	31,092	47,409
Interest and other finance costs paid		15	-30	-50	-125	-26
Interest and other finance income received		-106	46	155	126	100
Income taxes paid/received		-1,331	-2,056	-6,241	-6,625	-8,343
Net cash from operating activities		**2,866**	**7,043**	**17,516**	**24,468**	**39,139**
Cash flows from investing activities						
Purchases of tangible and intangible assets		-1,518	-515	-4,310	-1,678	-3,124
Sale of tangible and intangible assets				7	89	89
Acquisition of subsidiaries, net of cash acquired		-23,708	-444	-23,708	-444	-2,801
Net cash from investing activities		**-25,225**	**-959**	**-28,011**	**-2,033**	**-5,835**
Cash flows from financing activities						
Proceeds from non-current loans	4	20,000		20,000		925
Repayment of non-current liabilities	4	18	-14		-11	-850
Proceeds from current loans	4	-1				
Repayment of current liabilities	4		11		-2,004	-2,011
Repayment of lease liabilities	4	-206	-33	-414	-494	-765
Interest and other finance costs received		335		335		
Interest and other finance costs paid	4	-1,206	-397	-2,012	-1,493	-2,928
Dividends paid				-6,354	-5,975	-11,956
Net cash from financing activities		**18,939**	**-433**	**11,555**	**-9,979**	**-17,585**
Net change in cash and cash equivalents		-3,420	5,651	1,060	12,456	15,718
Cash and cash equivalents at beginning of period		45,381	31,726	40,581	25,310	25,310
Exchange gains/losses on cash and cash equivalents		-520	51	-200	-339	-447
Cash and cash equivalents at end of period		**41,441**	**37,428**	**41,441**	**37,428**	**40,581**

NOTES TO THE GROUP'S INTERIM REPORT JANUARY–SEPTEMBER 2024

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 and should therefore be read in conjunction with the Consolidated Financial Statements 2023 prepared in accordance with IFRS Accounting Standards. The same accounting principles have been applied to the interim information as to the consolidated financial statements. Starting from the first quarter of 2024, Harvia has reported its revenue by sales region: Northern Europe, Continental Europe, North America, and APAC & MEA.

Harvia's Board of Directors has approved this interim report in its meeting on 6 November 2024. The figures in this report are not audited. The figures have been rounded, and consequently, the sum of individual figures may deviate from the presented sum figure.

Accounting estimates and management judgements made in preparation of the interim information

The preparation of interim information requires management to make accounting estimates and judgements as well as assumptions that affect the application of the preparation principles and the accounting estimates on assets, liabilities, income, and expenses. Actual results may differ from previously made estimates and judgements. Estimates and judgements are reviewed regularly. Changes in estimates are presented in the period during which the change occurs if the change only affects one period. If it affects both the period under review and following periods, the changes are presented in the period under review and following periods.

The significant management judgements and accounting estimates concerning key uncertainty factors in connection with the preparation of this interim information are identical to those that were applied in the Consolidated Financial Statements for 2023.

2. GROUP PERFORMANCE

2.1 GROUP REVENUE

Starting from the first quarter of 2024, Harvia has reported its revenue by sales region and by product group. The Group's product and service offerings have been divided into five groups: heating equipment, saunas and Scandinavian hot tubs, steam products, accessories and heater stones, and spare parts and services. Each product group includes products suitable for different customer categories to meet different customer needs. The largest customer category of the Group consists of retailers and wholesale customers who sell products to builders or end customers.

Revenue by market area

EUR thousand	7-9/2024	7-9/2023	Change %	1-9/2024	1-9/2023	Change %	2023
Northern Europe 1)	9,648	10,356	-6.8%	32,912	35,540	-7.4%	45,447
Continental Europe 2)	11,451	10,617	7.9%	37,777	36,135	4.5%	50,645
North America 3)	13,439	9,652	39.2%	41,882	31,052	34.9%	43,449
APAC & MEA 4)	4,180	3,353	24.7%	11,683	8,415	38.8%	11,007
Total	**38,719**	**33,978**	14.0%	**124,254**	**111,141**	11.8%	**150,547**

1) Finland, Sweden, Denmark, Norway, Iceland, Estonia, Latvia, Lithuania
2) Europe excluding countries specified as Northern Europe
3) The United States and Canada
4) The region Asia-Pacific, Middle East, Africa, and all other countries excluding above

Revenue by product group

EUR thousand	7-9/2024	7-9/2023	Change %	1-9/2024	1-9/2023	Change %	2023
Heating equipment *	20,946	17,938	16.8%	68,107	60,463	12.6%	82,128
Saunas and Scandinavian hot tubs	9,363	10,094	-7.2%	32,845	31,260	5.1%	42,020
Steam products **	3,238	1,286	151.7%	6,050	4,061	49.0%	5,505
Accessories and heater stones	2,786	2,145	29.9%	8,557	6,114	40.0%	8,812
Spare parts and services	2,385	2,515	-5.2%	8,695	9,243	-5.9%	12,083
Total	**38,719**	**33,978**	14.0%	**124,254**	**111,141**	11.8%	**150,547**

* Sauna heaters, control units, IR components
** Including steam generators and other steam equipment

2.2 OPERATING EXPENSES

Other operating expenses for the period 1 January–30 September 2024 include items affecting comparability of EUR 1,328 thousand (325) that are related to the Group's strategic development projects, acquisitions, divestments or loss on sales of fixed assets, and restructuring, and affect the comparability between the different periods. Further information on these items is given in Appendix 1 Key figures and calculation of key figures.

2.3 EARNINGS PER SHARE

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

EUR thousand	7–9/2024	7–9/2023	1-9/2024	1–9/2023	1–12/2023
Profit for the period attributable to the owners of the parent company, EUR thousand	5,455	4,471	18,801	16,044	23,271
Weighted average number of shares outstanding during the financial period, '000	18,690	18,692	18,690	18,684	18,687
Basic earnings per share, EUR	**0.29**	**0.24**	**1.01**	**0.86**	**1.25**
Share-based long-term incentive plan	131	70	125	66	77
Weighted average number of shares outstanding during the year, diluted, '000	18,821	18,763	18,815	18,750	18,764
Diluted earnings per share, EUR	**0.29**	**0.24**	**1.00**	**0.86**	**1.24**

3. NET WORKING CAPITAL

EUR thousand	30-Sep-2024	30-Sep-2023	31-Dec-2023
Net working capital			
Inventories	47,814	39,694	35,480
Trade receivables	19,472	17,134	16,336
Other receivables	3,811	2,399	2,361
Trade payables	-11,409	-7,604	-8,690
Other payables	-16,903	-15,752	-9,355
Total	**42,786**	**35,870**	**36,132**
Change in net working capital in the statement of financial position	6,654	-9,449	-9,187
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*	2,405	7,427	1,386
Change in net working capital in the statement of cash flows	9,059	-2,022	-7,801

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

4. NET DEBT

Interest-bearing net debt

EUR thousand	30-Sep-2024	30-Sep-2023	31-Dec-2023
Interest-bearing debt	95,398	75,432	75,409
Lease liabilities	7,848	2,591	2,741
Less cash and cash equivalents	-41,441	-37,428	-40,581
Net debt	**61,804**	**40,595**	**37,569**

During the review period, Harvia withdrew a new loan in the amount of EUR 20,000 thousand to finance the acquisition of ThermaSol. The new term loan will mature in July 2027. Harvia had existing term loans totaling EUR 75,500 thousand and a EUR 10,000 thousand revolving credit limit. Harvia has not utilized the revolving credit limit. These term loans mature in two installments. The term loan of EUR 36,500 thousand and the revolving credit limit of EUR 5,000 thousand mature in December 2026 and the term loan of EUR 39,000 thousand and the revolving credit limit EUR of 5,000 thousand mature in March 2027.

The nominal interest of the loans is tied to Euribor, and its margin is tied to the Group’s net debt / adjusted EBITDA ratio.

The lease liabilities increased due to the acquisition of ThermaSol. The company operates in rental facilities in the United States.

4.1 DERIVATIVES

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

5. OTHER NOTES

5.1 RELATED PARTY TRANSACTIONS

Harvia's key management personnel, the members of the Board of Directors, and their family members are entitled to purchase sauna products from Harvia in accordance with the policy applying to the entire personnel of Harvia. Transactions with related parties have been made on an arm's length basis.

EUR thousand	1–9/2024	1–9/2023	2023
Sales	61	55	86
Purchases	226	11	22

5.2 ACQUISITION OF THERMASOL STEAM BATH LLC

On 31 July 2024, Harvia acquired a 100% share of ThermaSol Steam Bath LLC, a leading manufacturer of high-end steam showers and steam rooms in the United States. The acquisition complements Harvia Group's sauna offering in the attractive steam segment, supporting the company's growth in the United States and its leading position as a global sauna solutions provider. The acquisition is expected to create annual synergies of approximately EUR 1.7 million by the end of 2027.

Preliminary purchase price allocation of the acquisition is presented in the table below.

EUR thousand	
Purchase price	**28,639**
Net identifiable assets acquired	
Non-current assets	
Intangible assets	8,251
Property, plant and equipment	478
Right-of-use assets	5,824
Current assets	
Inventories	4,448
Trade and other receivables	1,510
Cash and cash equivalents	1,103
Total assets	21,615
Non-current liabilities	
Provisions	626
Deferred tax liabilities	1,951
Lease liabilities	5,406
Current liabilities	
Trade and other payables	1,235
Lease liabilities	418
Total liabilities	9,637
Total net assets acquired	**11,978**
Group's share of net assets	11,978
Goodwill	**16,661**

Cash flow impact **EUR thousand**	
Cash consideration of the acquisition	24,811
Cash balance acquired	-1,103
Impact on cash flows – investing activities	**23,708**

Expenses related to the acquisition totaling EUR 1.3 million are presented under other operating expenses and in operating cash flows in the consolidated statement of cash flows.

The fair value of trade and other receivables included trade receivables with a fair value of EUR 1.3 million. At the date of the acquisition, the gross contractual amount for trade receivables was EUR 1.3 million, which is not expected to include uncollectible receivables.

More information on the acquisition of ThermaSol is presented in the Acquisitions section.

APPENDIX 1: KEY FIGURES AND CALCULATION OF KEY FIGURES

EUR thousand	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Key statement of comprehensive income indicators					
Revenue	38,719	33,978	124,254	111,141	150,547
EBITDA	10,058	8,328	32,053	28,462	39,298
% of revenue	26.0	24.5	25.8	25.6	26.1
Adjusted EBITDA	10,650	8,435	33,380	28,787	39,924
% of revenue	27.5	24.8	26.9	25.9	26.5
Operating profit	8,279	6,780	27,062	23,819	33,044
% of revenue	21.4	20.0	21.8	21.4	21.9
Adjusted operating profit	8,871	6,887	28,389	24,144	33,670
% of revenue	22.9	20.3	22.8	21.7	22.4
Adjusted profit before income taxes	7,353	6,183	25,743	21,653	30,159
Basic EPS (EUR)	0.29	0.24	1.01	0.86	1.25
Diluted EPS (EUR)	0.29	0.24	1.00	0.86	1.24
Key cash flow indicators					
Cash flow from operating activities	2,866	7,043	17,516	24,468	39,139
Operating free cash flow	3,377	8,334	20,012	29,131	44,601
Cash conversion	31.7 %	98.8%	60.0 %	101.2%	111.7%
Investments in tangible and intangible assets	-1,518	-515	-4,310	-1,678	-3,124
Key balance sheet indicators					
Net debt	61,804	40,595	61,804	40,595	37,569
Leverage	1.4	1.1	1.4	1.1	0.9
Net working capital	42,786	35,870	42,786	35,870	36,132
Capital employed excluding goodwill	78,197	75,461	78,197	75,461	76,129
Adjusted return on capital employed (ROCE)	48.5%	42.5%	48.5%	42.5%	44.2%
Equity ratio	44.8%	47.7%	44.8%	47.7%	51.0%
Number of employees at end of period	675*	600	675*	600	605
Average number of employees during the period	681*	607	651*	616	612

* Includes the personnel of ThermaSol Steam Bath LLC, totaling 38 employees on 30 September 2024.

RECONCILIATION OF CERTAIN KEY FIGURES AND CALCULATION OF KEY FIGURES

Harvia presents alternative performance measures as additional information to measures presented in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS Accounting Standards. In Harvia's view, alternative performance measures provide the management, investors, securities market analysts and other parties with significant additional information related to the Company's results from operations, financial position and cash flows and are widely used by analysts, investors, and other parties.

The company presents its adjusted operating profit, adjusted EBITDA, adjusted return on capital employed (ROCE), operating free cash flow and cash conversion, which have been adjusted for material items outside the ordinary course of business, to improve comparability between periods.

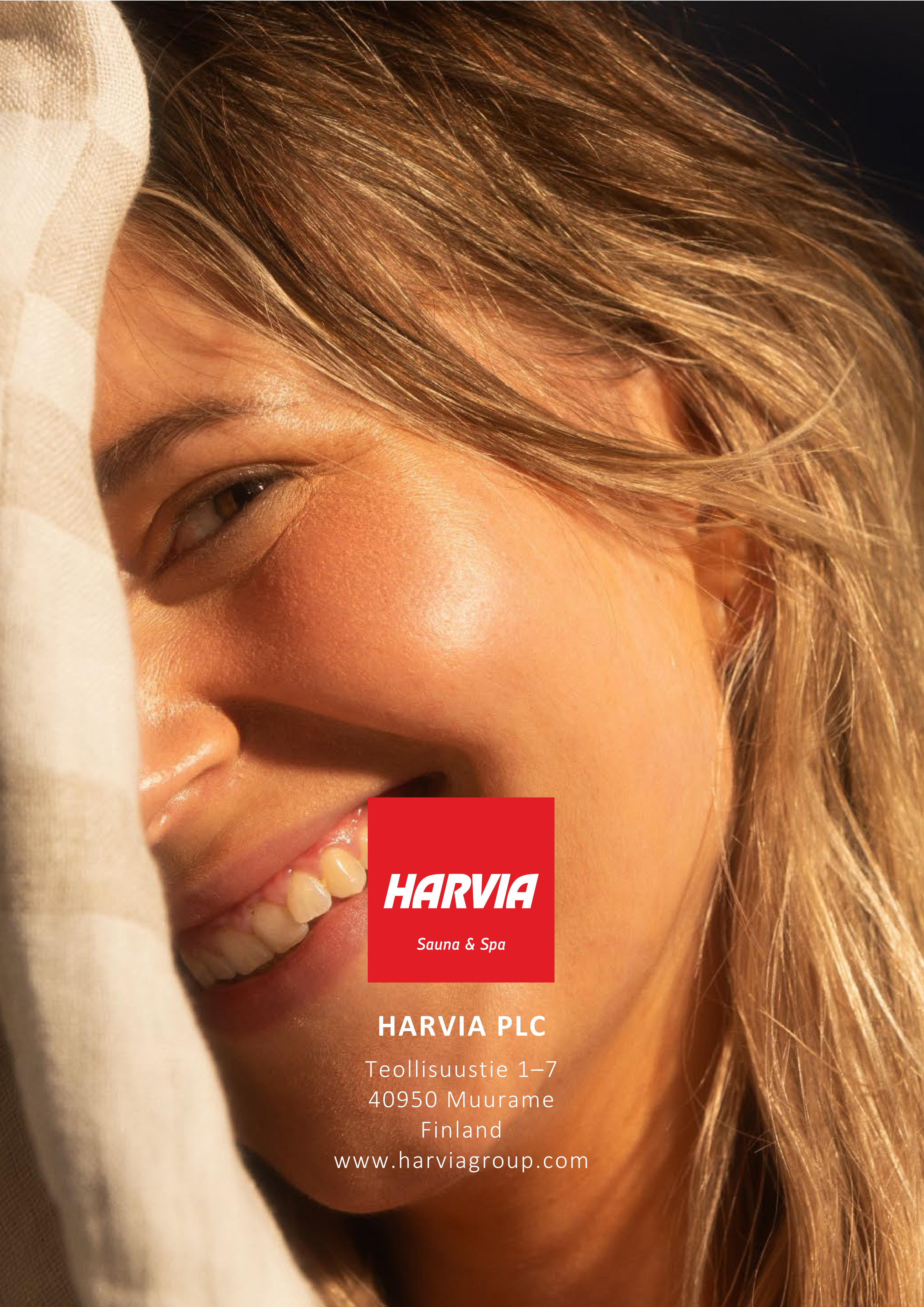
Alternative performance measures should not be viewed in isolation or as a substitute to the measures under IFRS Accounting Standards. All companies do not calculate alternative performance measures in a uniform way, and therefore the alternative performance measures presented in this report may not be comparable with similarly named measures presented by other companies.

Alternative performance measures are unaudited except for operating profit, net cash from operating activities, investments in tangible and intangible assets, net working capital and net debt in 2023.

EUR thousand	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Operating profit	8,279	6,780	27,062	23,819	33,044
Depreciation and amortization	1,779	1,549	4,991	4,643	6,254
EBITDA	10,058	8,328	32,053	28,462	39,298
Items affecting comparability					
Business transactions related expenses	588	71	1,319	157	231
Restructuring expenses	5	36	9	168	395
Total items affecting comparability	593	107	1,328	325	626
Adjusted EBITDA	10,650	8,435	33,380	28,787	39,924
Depreciation and amortization	-1,779	-1,549	-4,991	-4,643	-6,254
Adjusted operating profit	8,871	6,887	28,389	24,144	33,670
Finance costs, net	-1,519	-704	-2,647	-2,491	-3,511
Adjusted profit before income taxes	7,353	6,183	25,743	21,653	30,159

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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