

HARVIA PLC

# INTERIM REPORT JANUARY–MARCH 2024

**HARVIA**

Sauna & Spa

*Healing with heat*

# HARVIA Q1 2024: STRONG PROFITABILITY – GOOD GROWTH OUTSIDE EUROPE

## HIGHLIGHTS OF THE REVIEW PERIOD

### JANUARY–MARCH 2024:

- Revenue increased by 2.3% to EUR 42.4 million (41.4). At comparable exchange rates, revenue increased by 2.7% to EUR 42.5 million. Organic revenue growth was 1.4%.
- Operating profit was EUR 9.9 million (9.2), making up 23.3% (22.2) of the revenue.
- Adjusted operating profit reached EUR 10.1 million (9.3), making up 23.8% (22.4) of the revenue. At comparable exchange rates, the adjusted operating profit was EUR 10.2 million (24.0% of the revenue).
- Operating free cash flow amounted to EUR 11.1 million (11.6) and cash conversion was 95.0% (107.6).
- Net debt amounted to EUR 26.5 million (45.8) and leverage, calculated as net debt divided by 12 months' adjusted EBITDA, was 0.6 (1.1).
- Equity ratio was 52.4% (49.3).
- Earnings per share were EUR 0.40 (0.34).

## KEY FIGURES

EUR million	1-3/2024	1-3/2023	Change %	1-12/2023
Revenue	42.4	41.4	2.3%	150.5
EBITDA	11.5	10.7	6.6%	39.3
% of revenue	27.0%	26.0%		26.1%
Items affecting comparability *	0.2	0.1	193.3%	0.6
Adjusted EBITDA **	11.7	10.8	8.0%	39.9
% of revenue	27.6%	26.2%		26.5%
Operating profit	9.9	9.2	7.1%	33.0
% of revenue	23.3%	22.2%		21.9%
Adjusted operating profit **	10.1	9.3	8.7%	33.7
% of revenue	23.8%	22.4%		22.4%
Basic EPS (EUR)	0.40	0.34	19.4%	1.25
Operating free cash flow	11.1	11.6	-4.6%	44.6
Cash conversion	95.0%	107.6%		111.7%
Investments in tangible and intangible assets	-2.2	-0.3	657.9%	-3.1
Net debt	26.5	45.8	-42.2%	37.6
Leverage	0.6	1.1		0.9
Net working capital	34.9	43.6	-19.9%	36.1
Adjusted return on capital employed (ROCE)	47.1%	49.3%		44.2%
Equity ratio	52.4%	49.3%		51.0%
Number of employees at end of period	625	624	0.2%	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.

## FINANCIAL TARGETS AND OUTLOOK

The company has set long-term targets related to growth, profitability and leverage. 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 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 first quarter of 2024, Harvia achieved once again strong profitability. Growth outside Europe in our strategically important markets was strong, whereas the overall growth was modest. At the same time, we took steps forward with our actions to support future growth.

Our revenue was EUR 42.4 million, increasing by 2.3% from the comparison period. Our performance was supported by very good growth in North America and in Asia-Pacific, whereas in Northern Europe our sales were weakened by the challenging market conditions. The political strikes taking place in Finland during the quarter had a negative impact on Harvia's Q1 sales, as we had to postpone some deliveries from March to April. Organic growth was 1.4%.

The market conditions in the first quarter remained largely similar to the latter part of 2023. Our key markets outside Europe, most importantly North America, continued to develop favorably in several product categories. At the Group level, we continued to increase the share of sauna rooms of our total sales, driven by our success in North America where the majority of our revenue comes from full sauna room solutions versus equipment such as heaters. I am also pleased with our sales growth in many key markets in Asia-Pacific and the Middle East.



In Central Europe, the market demand continued to stabilize but still has significant growth potential to meet its normal long-term level. Our most challenging market was Northern Europe, where continuing low consumer demand and the downturn in the construction sector were reflected in the revenue. Low demand in Northern Europe impacted our total revenue growth as well as sales performance of certain product groups, especially wood-burning heaters, for which Northern Europe is the most important market area. The revenue from accessories and heater stones developed well. This was driven by our successful actions in sales and pricing as well as several large orders.

The first quarter's adjusted operating profit was EUR 10.1 million, increasing by 8.7% from the comparison period and corresponding to 23.8% of revenue. Harvia's strong profitability and cash flow continue to demonstrate the excellent work done in pricing, management of net working capital and operations as a whole. They were also supported by the decreasing inflation in key materials and components in some market areas. Our operating free cash flow amounted to EUR 11.1 million and cash conversion was 95.0%.

To strengthen the foundations for future growth, we made a long-term investment to support our North American business by acquiring more land around our production facility in Lewisburg, West Virginia. We are working on improving our performance and position as the industry leader also in Europe. Our key priority is to accelerate growth while maintaining strong profitability and operative performance. Our new organizational structure, which came into effect on 1 January 2024, is fully operational and will support us in delivering our ambitions for growth, profitability and operative performance.

The sauna and spa market remains attractive and continues to offer Harvia exciting organic and inorganic growth opportunities. As industry leader, we aim to continue inspiring the market and delivering exciting innovations and more sustainable solutions. Industry consolidation is also part of our strategy, and we are ready to move when the right moment and opportunity arises. I want to express my gratitude to the entire team Harvia and our partners for the continuing good work.

## MARKET REVIEW

According to Harvia's estimate, there are over 18 million saunas in the world, which generates a significant aftermarket for saunas and sauna heaters. The demand arising from the need to replace sauna heaters regularly increases the resilience of the sauna and spa 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 and spa 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 during the summer months. However, the market growth has not been fully steady as, for example, during the COVID-19 induced lockdowns prior to 2022 the demand growth was fast as it was fueled by increasing awareness of the health benefits of sauna and the home improvement boom. The unusual demand caused the seasonality to be hardly visible during the pandemic, but since 2023, there have been signs that the seasonality in demand is returning closer to the historical patterns. The awareness of sauna and its health benefits has continued to grow also after the pandemic, supporting the overall market development.

For the past two years, the sauna and spa market in Europe has been heavily impacted by the Russian invasion of Ukraine and the wider economic development afterwards. High economic uncertainty, elevated inflation and interest rates, as well as eroded consumer confidence have widely affected the European sauna and spa market across product segments. However, the negative impacts have not been equally strong in all European countries. At the end of 2023 and in early 2024, the market conditions have shown signs of stabilization in Central Europe, even if not yet indicating a full recovery. In Northern Europe, where the demand has traditionally been resilient in economic downturns, the market conditions have remained challenging as high interest rates, challenges in the construction sector and weak consumer confidence have continued to prevail.

Outside Europe, especially in North America and Asia-Pacific, the sauna and spa 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 as well as strong consumer confidence and economic conditions. The demand in market areas outside Europe continues to be skewed towards more high-end products, especially compared to Finland. 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 and spa markets.

According to the management's estimate, Harvia's share of the sauna and spa market has increased during the last few years. In 2023, Harvia's share of the sauna and spa 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 and spa market.

## REVENUE

Starting from the first quarter of 2024, Harvia will report its revenue by sales region and by product group in accordance with the tables below.

### REVENUE BY SALES REGION

EUR thousand	1–3/2024	1–3/2023	Change %	2023
Northern Europe <sup>1)</sup>	11,680	14,065	-17.0%	45,447
Continental Europe <sup>2)</sup>	13,591	13,492	0.7%	50,645
North America <sup>3)</sup>	13,732	11,098	23.7%	43,449
APAC & MEA <sup>4)</sup>	3,350	2,729	22.7%	11,007
<b>Total</b>	<b>42,353</b>	<b>41,384</b>	<b>2.3%</b>	<b>150,547</b>

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	1–3/2024	1–3/2023	Change %	2023
Heating equipment*	23,961	24,135	-0.7%	82,128
Saunas and Scandinavian hot tubs	11,097	10,574	4.9%	42,952
Steam generators	1,043	1,159	-10.0%	4,573
Accessories and heater stones	2,921	2,113	38.2%	8,811
Spare parts and services	3,330	3,402	-2.1%	12,083
<b>Total</b>	<b>42,353</b>	<b>41,383</b>	<b>2.3%</b>	<b>150,547</b>

\* Sauna heaters, control units, IR components

The Group's revenue increased in January–March by 2.3% to EUR 42.4 million (41.4), driven especially by the growth in North America. At comparable exchange rates, revenue increased by 2.7% to EUR 42.5 million. Organic revenue growth was 1.4%. Revenue increased significantly in North America and the region APAC & MEA, with Continental Europe also experiencing a slight increase in demand. The clear 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 in saunas and Scandinavian hot tubs as well as in accessories and heater stones in January–March. The growth in North America supported especially the group-level sauna room sales, as sauna rooms form the majority of sales in North America. The sales declined slightly in all other product groups due to the decline in demand in Northern Europe.

## RESULT

Operating profit for January–March increased to EUR 9.9 million (9.2), while the operating profit margin increased to 23.3% (22.2). The increase in operating profit was especially due to the decrease in material and service costs. The operating profit included EUR 0.2 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 0.1 million, caused mainly by the weakening of the U.S. dollar.

Adjusted operating profit increased to EUR 10.1 million (9.3) and the adjusted operating profit margin was 23.8% (22.4). The net financial items for January–March were EUR -0.1 million (-0.9).

Profit before taxes was EUR 9.8 million (8.3). The Group's taxes amounted to EUR -2.3 million (-2.0).

The result for January–March was EUR 7.5 million (6.3) and undiluted earnings per share were EUR 0.40 (0.34).

## FINANCIAL POSITION AND CASH FLOW

Balance sheet total at the end of March 2024 was EUR 224.3 million (31 March 2023: 211.8), of which equity accounted for EUR 116.9 million (104.0).

At the end of March 2024, the company's net debt amounted to EUR 26.5 million (45.8). Loans from credit institutions were EUR 75.4 million (75.4) and lease liabilities were EUR 2.6 million (2.3). Cash and cash equivalents at the end of the review period amounted to EUR 51.5 million (31.9). Leverage was 0.6 (1.1) at the end of the review period.

Equity ratio was 52.4% (49.3) at the end of the review period. The adjusted return on capital employed (ROCE) was 47.1% (49.3).

In January–March, Harvia's operating free cash flow was EUR 11.1 million (11.6) and cash conversion was 95.0% (107.6).

## INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

Harvia Group's investments in tangible and intangible assets in January–March amounted to EUR 2.2 million (0.3). During the review period, Harvia purchased 8.7 hectares of land around the production facility in West Virginia to secure strategic development opportunities for the fast-growing North American market.

The Group's research and development expenditure recognized as expenses amounted to EUR 0.5 million (0.5). In 2024, Harvia will focus on its strategic priorities: increasing the average purchase value by launching new products especially in the sauna category, expanding geographically by developing, getting approvals and launching new products to markets especially outside Europe, and improving productivity by focusing on quality, increasing automation and improving the efficiency of production processes.

## 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 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.

Harvia follows its sustainability targets with various KPIs, and management remuneration is tied to the company's sustainability targets. In the first quarter, Harvia continued to identify sustainability topics in accordance with CSRD reporting, which became effective in 2024.

## PERSONNEL

The number of personnel employed by the Group at the end of March 2024 was 625 (624) and averaged 613 (621) in January–March. Of the personnel at the end of March, 245 (247) worked in Finland, 118 (130) in Germany, 89 (69) in the United States, 63 (75) in Romania, 55 (61) in China and Hong Kong, 36 (31) in Austria, 11 (0) in Italy, 6 (9) in Estonia and 2 (2) in Sweden.

## SHARES AND SHAREHOLDERS

Harvia's registered share capital is EUR 80,000 and at the end of March 2024, the company had 18,694,236 (18,694,236) fully paid shares. The share trading volume in January–March was EUR 81.0 million (59.8) and 2,546,119 shares (2,873,972). The share's volume weighted average price during the review period was EUR 31.80 (27.79), the highest price was EUR 39.10 (23.02) and the lowest EUR 25.18 (17.41). The closing price of the share at the end of March 2024 was EUR 38.32 (21.92). The market value of the share capital on 31 March 2024 was EUR 716.4 million (409.8) including treasury shares. At the end of March 2024, Harvia Plc held a total of 5,072 own shares, corresponding to 0.03% of the total number of shares.

At the end of March 2024, the number of registered shareholders was 37,830 (45,036), including nominee registers. At the end of the review period, nominee-registered and direct foreign shareholders held 46.7% (41.7) of the company's shares. The ten largest shareholders held a total of 21.2% (21.1) of Harvia's shares and votes at the end of March 2024.

## GOVERNANCE

### Changes in management and organization

Harvia's new organizational structure, announced on 17 October 2023, 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 of the management team of Harvia Group. 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.

### 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<sub>2</sub> 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.

## RISKS AND UNCERTAINTIES

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

## EVENTS AFTER THE REVIEW PERIOD

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, will be 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 will be paid on 8 May 2024. The second instalment, EUR 0.34 per share, will be paid in October 2024. The record date of the dividend date would then be 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 von Stackelberg-Hammarén were re-elected to the Board of Directors. Authorised 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 Authorised 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.

## **FINANCIAL RELEASES IN 2024**

Harvia will publish its interim reports in 2024 as follows:

8 August 2024, Half-year (January–June) 2024 financial report

7 November 2024, January–September 2024 interim report

### **MUURAME, 2 MAY 2024**

HARVIA PLC  
Board of Directors

For more information, please contact:

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### **PRESS CONFERENCE ON FINANCIAL RESULTS**

Harvia will hold a webcast for analysts, investors and media on 3 May 2024 at 11:00 a.m. EEST. 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/q1-2024>

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–MARCH 2024

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	1-3/2024	1-3/2023	1-12/2023
<b>Revenue</b>	2.1	<b>42,353</b>	<b>41,384</b>	<b>150,547</b>
Other operating income		122	102	864
Materials and services		-14,988	-15,917	-56,101
Employee benefit expenses		-8,014	-7,462	-28,919
Other operating expenses	2.2	-8,020	-7,358	-27,093
Depreciation and amortization		-1,601	-1,550	-6,254
<b>Operating profit</b>		<b>9,851</b>	<b>9,199</b>	<b>33,044</b>
Share in profits and losses of associated companies		-9	-66	-242
Finance income**		482	132	795
Finance costs**		-985	-932	-3,929
Changes in fair values		449	-47	-136
Financial items		-64	-913	-3,511
<b>Profit before income taxes</b>		<b>9,788</b>	<b>8,286</b>	<b>29,533</b>
Income taxes		-2,311	-2,023	-6,253
<b>Profit for the period</b>		<b>7,477</b>	<b>6,263</b>	<b>23,280</b>
Attributable to:				
Owners of the parent		7,477	6,260	23,271
Non-controlling interests*		0	2	10
<b>Other comprehensive income</b>				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences		454	-776	-1,785
Items that will not be reclassified to profit or loss:				
Actuarial gains and losses				124
<b>Other comprehensive income, net of tax</b>		<b>454</b>	<b>-776</b>	<b>-1,662</b>
<b>Total comprehensive income</b>		<b>7,931</b>	<b>5,486</b>	<b>21,619</b>
Attributable to:				
Owners of the parent		7,931	5,484	21,609
Non-controlling interests*		0	2	10
Earnings per share for profit attributable to the owners of the parent:				
Basic EPS (EUR)	2.3	0.40	0.34	1.25
Diluted EPS (EUR)	2.3	0.40	0.33	1.24

\* Kirami AB non-controlling interests.

\*\* Amended financial income and expense derived from interest swap to correspond to disclosure in financial statements. No impact on net financial items.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	31-Mar-2024	31-Mar-2023	31-Dec-2023
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		8,105	9,953	8,704
Goodwill		73,424	73,418	73,402
Property, plant and equipment		28,080	26,475	26,904
Right-of-use assets		2,345	2,062	2,488
Investments in associated companies		451	661	460
Derivative financial instruments	4.1	2,318	3,196	1,869
Deferred tax assets		901	1,401	1,045
<b>Total non-current assets</b>		<b>115,625</b>	<b>117,166</b>	<b>114,872</b>
<b>Current assets</b>				
Inventories	3	35,272	41,195	35,480
Trade and other receivables	3	21,337	20,933	18,697
Income tax receivables		536	579	4,634
Cash and cash equivalents	4	51,514	31,908	40,581
<b>Total current assets</b>		<b>108,659</b>	<b>94,614</b>	<b>99,392</b>
<b>Total assets</b>		<b>224,283</b>	<b>211,781</b>	<b>214,264</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		80	80	80
Other reserves		33,063	32,841	32,414
Retained earnings		75,024	63,766	51,810
Profit for the period		7,477	6,260	23,271
<b>Equity attributable to owners of the parent</b>		<b>115,644</b>	<b>102,948</b>	<b>107,575</b>
Non-controlling interests		1,244	1,074	1,082
<b>Total equity</b>		<b>116,888</b>	<b>104,022</b>	<b>108,657</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Loans from credit institutions	4	75,409	75,406	75,404
Lease liabilities	4	1,998	1,809	1,981
Deferred tax liabilities		1,061	1,546	1,182
Employee benefit obligations		1,666	1,897	1,671
Other non-current liabilities		208	3,695	202
Provisions		257	322	277
<b>Total non-current liabilities</b>		<b>80,599</b>	<b>84,675</b>	<b>80,716</b>
<b>Current liabilities</b>				
Loans from credit institutions	4	5	15	6
Lease liabilities	4	582	504	760
Employee benefit obligations		176	174	176
Income tax liabilities		4,086	3,532	5,662
Trade and other payables	3	21,722	18,576	18,045
Provisions		228	284	242
<b>Total current liabilities</b>		<b>26,972</b>	<b>23,084</b>	<b>24,891</b>
<b>Total liabilities</b>		<b>107,396</b>	<b>107,759</b>	<b>105,607</b>
<b>Total equity and liabilities</b>		<b>224,283</b>	<b>211,781</b>	<b>214,264</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Invested unrestricted equity reserve	Translation differences	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
<b>Equity at 1 January 2023</b>	<b>80</b>	<b>32,562</b>	<b>865</b>	<b>63,766</b>	<b>97,273</b>	<b>1,072</b>	<b>98,345</b>
Share-based incentive plan		191			191		191
Total transactions with shareholders		191			191		191
Profit for the period				6,260	6,260	2	6,263
Other comprehensive income			-776		-776		-776
Total comprehensive income			-776	6,260	5,484	2	5,486
<b>Equity at 31 March 2023</b>	<b>80</b>	<b>32,753</b>	<b>88</b>	<b>70,026</b>	<b>102,948</b>	<b>1,074</b>	<b>104,022</b>
<b>Equity at 1 January 2023</b>	<b>80</b>	<b>32,562</b>	<b>865</b>	<b>63,766</b>	<b>97,273</b>	<b>1,072</b>	<b>98,345</b>
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
<b>Equity at 31 December 2023</b>	<b>80</b>	<b>33,334</b>	<b>-921</b>	<b>75,081</b>	<b>107,575</b>	<b>1,082</b>	<b>108,656</b>
<b>Equity at 1 January 2024</b>	<b>80</b>	<b>33,334</b>	<b>-921</b>	<b>75,081</b>	<b>107,575</b>	<b>1,082</b>	<b>108,656</b>
Share-based incentive plan		196			196		196
Total transactions with shareholders		196			196		196
Profit for the period				7,477	7,477		7,477
Actuarial gains and losses							
Translational differences			454		454	163	617
Total comprehensive income			454	7,419	7,873	163	8,036
<b>Equity at 31 March 2024</b>	<b>80</b>	<b>33,530</b>	<b>-468</b>	<b>82,500</b>	<b>115,644</b>	<b>1,244</b>	<b>116,888</b>

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	1-3/2024	1-3/2023	1-12/2023
<b>Cash flows from operating activities</b>				
Profit before taxes		9,788	8,286	29,533
Adjustments				
Depreciation and amortisation		1,601	1,550	6,254
Finance income and finance costs		64	913	3,511
Other adjustments		221	22	310
Cash flows before changes in working capital		11,674	10,771	39,608
Change in working capital				
Increase (-) / decrease (+) in trade and other receivables	3	-2,215	-3,118	-1,395
Increase (-) / decrease (+) in inventories	3	402	4,337	10,108
Increase (+) / decrease (-) in trade and other payables	3	3,477	-103	-912
Cash flows from operating activities before financial items and taxes		13,338	11,887	47,409
Interest and other finance costs paid		-162	-70	-26
Interest and other finance income received			31	100
Income taxes paid/received		230	-2,182	-8,343
<b>Net cash from operating activities</b>		<b>13,406</b>	<b>9,666</b>	<b>39,139</b>
<b>Cash flows from investing activities</b>				
Purchases of tangible and intangible assets		-2,243	-296	-3,124
Sale of tangible and intangible assets				89
Acquisition of subsidiaries, net of cash acquired				-2,801
<b>Net cash from investing activities</b>		<b>-2,243</b>	<b>-296</b>	<b>-5,835</b>
<b>Cash flows from financing activities</b>				
Proceeds from non-current loans	4			925
Repayment of non-current liabilities	4	-12		-850
Proceeds from current loans	4	0		
Repayment of current liabilities	4		-2,007	-2,011
Repayment of lease liabilities	4	-206	-225	-765
Interest and other finance costs paid	4	-133	-406	-2,928
Dividends paid				-11,956
<b>Net cash from financing activities</b>		<b>-352</b>	<b>-2,637</b>	<b>-17,585</b>
<b>Net change in cash and cash equivalents</b>		<b>10,811</b>	<b>6,733</b>	<b>15,718</b>
Cash and cash equivalents at beginning of period		40,581	25,310	25,310
Exchange gains/losses on cash and cash equivalents		122	-135	-447
<b>Cash and cash equivalents at end of period</b>		<b>51,514</b>	<b>31,908</b>	<b>40,581</b>

# NOTES TO THE GROUP'S INTERIM REPORT JANUARY–MARCH 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 will report 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 2 May 2024. The figures in this interim 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 will report 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 generators, 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	1-3/2024	1-3/2023	Change %	2023
Northern Europe <sup>1)</sup>	11,680	14,065	-17.0%	45,447
Continental Europe <sup>2)</sup>	13,591	13,492	0.7%	50,645
North America <sup>3)</sup>	13,732	11,098	23.7%	43,449
APAC & MEA <sup>4)</sup>	3,350	2,729	22.7%	11,007
<b>Total</b>	<b>42,353</b>	<b>41,384</b>	<b>2.3%</b>	<b>150,547</b>

1) Finland, Sweden, 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	1-3/2024	1-3/2023	Change %	2023
Heating equipment *	23,961	24,135	-0.7%	82,128
Saunas and Scandinavian hot tubs	11,097	10,574	4.9%	42,952
Steam generators	1,043	1,159	-10.0%	4,573
Accessories and heater stones	2,921	2,113	38.2%	8,811
Spare parts and services	3,330	3,402	-2.1%	12,083
<b>Total</b>	<b>42,353</b>	<b>41,383</b>	<b>2.3%</b>	<b>150,547</b>

\* Sauna heaters, control units, IR components

## 2.2 OPERATING EXPENSES

Other operating expenses for the period 1 January–31 March 2024 include items affecting comparability of EUR 238 thousand (81) that are related to the Group's strategic development projects, acquisitions, divestments or loss on sales of fixed assets, 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	1-3/2024	1-3/2023	1-12/2023
Profit for the period attributable to the owners of the parent company, EUR thousand	7,477	6,260	23,271
Weighted average number of shares outstanding during the financial period, '000	18,689	18,678	18,687
<b>Basic earnings per share, EUR</b>	<b>0.40</b>	<b>0.34</b>	<b>1.25</b>
Share-based long-term incentive plan	112	163	77
Weighted average number of shares outstanding during the year, diluted, '000	18,801	18,842	18,764
<b>Diluted earnings per share, EUR</b>	<b>0.40</b>	<b>0.33</b>	<b>1.24</b>

### 3. NET WORKING CAPITAL

EUR thousand	31-Mar-2024	31-Mar-2023	31-Dec-2023
<b>Net working capital</b>			
Inventories	35,272	41,195	35,480
Trade receivables	17,798	18,565	16,336
Other receivables	3,539	2,368	2,361
Trade payables	-11,392	-8,352	-8,690
Other payables	-10,330	-10,224	-9,355
<b>Total</b>	<b>34,886</b>	<b>43,552</b>	<b>36,132</b>
Change in net working capital in the statement of financial position	-1,245	-1,767	-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*	-419	651	1,386
Change in net working capital in the statement of cash flows	-1,664	-1,116	-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	31-Mar-2024	31-Mar-2023	31-Dec-2023
Interest-bearing debt	75,414	75,420	75,409
Lease liabilities	2,580	2,313	2,741
Less cash and cash equivalents	-51,514	-31,908	-40,581
<b>Net debt</b>	<b>26,480</b>	<b>45,825</b>	<b>37,569</b>

Harvia has term loans totaling EUR 75,500 thousand and a EUR 10,000 thousand revolving credit limit. The 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.

#### 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	1-3/2024	1-3/2023	2023
Sales	27	35	86
Purchases	128	7	22

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

EUR thousand	1-3/2024	1-3/2023	1-12/2023
<b>Key statement of comprehensive income indicators</b>			
Revenue	42,353	41,384	150,547
EBITDA	11,453	10,749	39,298
% of revenue	27.0	26.0	26.1
Adjusted EBITDA	11,691	10,830	39,924
% of revenue	27.6	26.2	26.5
Operating profit	9,851	9,199	33,044
% of revenue	23.3	22.2	21.9
Adjusted operating profit	10,090	9,280	33,670
% of revenue	23.8	22.4	22.4
Adjusted profit before income taxes	10,026	8,367	30,159
Basic EPS (EUR)	0.40	0.34	1.25
Diluted EPS (EUR)	0.40	0.33	1.24
<b>Key cash flow indicators</b>			
Cash flow from operating activities	13,406	9,666	39,139
Operating free cash flow	11,112	11,650	44,601
Cash conversion	95.0%	107.6%	111.7%
Investments in tangible and intangible assets	-2,243	-296	-3,124
<b>Key balance sheet indicators</b>			
Net debt	26,480	45,825	37,569
Leverage	0.6	1.1	0.9
Net working capital	34,886	43,552	36,132
Capital employed excluding goodwill	73,186	68,245	76,129
Adjusted return on capital employed (ROCE)	47.1%	49.3%	44.2%
Equity ratio	52.4%	49.3%	51.0%
Number of employees at end of period	625	624	605
Average number of employees during the period	613	621	612

## 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	1-3/2024	1-3/2023	1-12/2023
<b>Operating profit</b>	9,851	9,199	33,044
Depreciation and amortization	1,601	1,550	6,254
<b>EBITDA</b>	11,453	10,749	39,298
<b>Items affecting comparability</b>			
Business transactions related expenses	234	68	231
Restructuring expenses	4	14	395
<b>Total items affecting comparability</b>	238	81	626
<b>Adjusted EBITDA</b>	11,691	10,830	39,924
Depreciation and amortization	-1,601	-1,550	-6,254
<b>Adjusted operating profit</b>	10,090	9,280	33,670
Finance costs, net	-64	-913	-3,511
<b>Adjusted profit before income taxes</b>	10,026	8,367	30,159

## CALCULATION OF KEY FIGURES

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



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