

HARVIA

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INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT



Sauna industry leader expands through US momentum

Harvia is a leading company in its field, boasting clear competitive advantages and strong growth potential. All of this enables good earnings growth and ROIC, as well as value creation, in addition to which the company's capital allocation to acquisitions has been successful. Although the valuation is somewhat high (e.g., a 2026 P/E of 24x), the strong earnings growth outlook makes the expected return favorable. We reiterate our Accumulate recommendation and EUR 47 target price.

Sauna industry leader with significant US weight

Harvia is the world's largest sauna and spa company. The company itself estimates its market share to be over 5%, which we estimate means that its share of the relevant product market for Harvia would be around 12%. The company has significantly increased its market share over the past seven years (both through acquisitions and organically). Growth has come particularly from North America, which now accounts for 43% of Harvia's revenue (H1'26). After major fluctuations in 2020-2023, the global market has returned to growth, which Harvia expects to exceed 5% per annum in the coming years.

Harvia has clear competitive advantages that support value creation

In our opinion, Harvia has several clear competitive advantages that support the profitable growth and value creation of the company. They relate in particular to the market for traditional sauna heaters and their components, which account for around 50% of Harvia's revenue. Harvia's competitive advantages are: 1) vertical integration and own design, 2) economies of scale (in production), 3) strong brands, 4) broad and long-term distribution relationships. We feel that the company has already been very successful since 2014 in driving the international growth of Harvia and strengthening its competitive advantages. In our opinion, the company has also expanded its competitive advantages to the ready-made sauna product group (~30% of revenue). We estimate that the company

has succeeded in creating value by allocating capital to acquisitions. The competitive advantages and moderate capital requirements enable the company an ROIC of above 20% in the coming years.

We believe Harvia will reach its targets, with the US leading the way

Harvia updated its targets in 2024, which include annual sales growth of 10% (including acquisitions) and an operating profit margin of over 20%. We believe Harvia will meet these goals because we estimate its organic growth rate alone will surpass 10% in the coming years. As in recent years, growth will be driven by non-European regions, particularly the US. We believe Harvia will be able to grow faster than the market due to its competitive advantages. In the medium term, we estimate growth will also be supported by stronger expansion into infrared saunas, a market in which Harvia is currently still relatively small, as well as geographical expansion in steam saunas. We expect Harvia to maintain profitability at the target level of 20-21% in the next few years. However, growth investments are reflected in the margin, which is not scaled up significantly in our forecasts despite the growth. We made only minor refinements to our estimates in this report.

Earnings growth supports good expected return

We believe Harvia's current year multiples (EV/EBIT 19x, P/E 24x) appear high in absolute terms, but acceptable given the company's quality and growth profile. We consider the company's return on capital and cash flow generation capabilities excellent, and multiples will moderate in the coming years. We believe that Harvia's capital allocation will continue to be value-creating, and thus channeling cash either to acquisitions or larger dividends would support the investor's expected return. We also see Harvia as a viable acquisition target. The expected return of the share is driven primarily by annual earnings growth of around 15%, with the role of dividends and multiple revisions being less significant.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 47.00

(was EUR 47.00)

Share price:

EUR 41.95

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	199	226	253	282
growth-%	14%	14%	12%	11%
EBIT adj.	39.1	45.6	53.0	58.7
EBIT-% adj.	19.7 %	20.1 %	20.9 %	20.8 %
Net Income	26.4	32.5	39.0	44.2
EPS (adj.)	1.46	1.74	2.08	2.35
P/E (adj.)	29.4	24.1	20.2	17.8
P/B	6.2	5.3	4.6	4.0
Dividend yield-%	1.8 %	2.0 %	2.4 %	3.3 %
EV/EBIT (adj.)	22.1	18.5	15.7	13.9
EV/EBITDA	18.9	15.8	13.4	11.9
EV/S	4.3	3.7	3.3	2.9

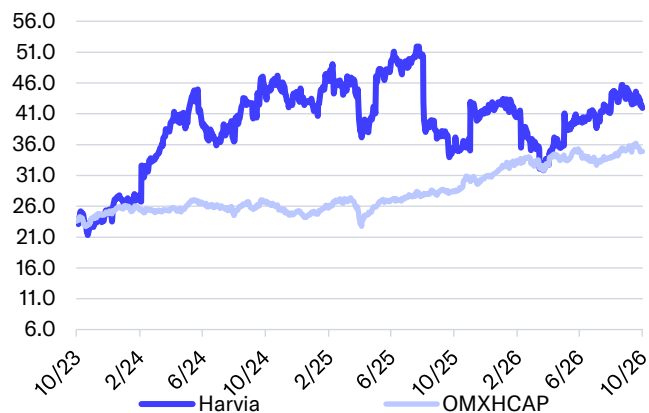
Source: Inderes

Guidance

(Unchanged)

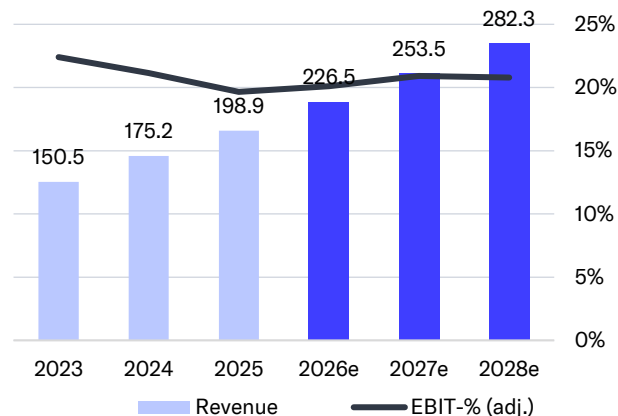
Harvia does not publish a short-term outlook.

Share price



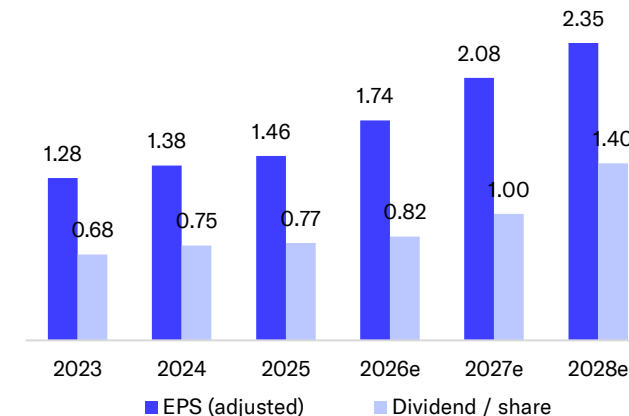
Source: Millstream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Stably growing sauna and spa market in the longer term
- Leading market position and best profitability in the sector
- Strong cash flow and moderate investment need
- Revenue growth through complementing acquisitions and expansion of the reseller network

Risk factors

- Dependence on the Muurame plant
- Changes in the competitive field or position
- Economic fluctuations and fluctuations on the construction market may slow down growth
- Successful integration of acquisitions
- Weakening global demand trend for saunas

Valuation	2026e	2027e	2028e
Share price	42.0	42.0	42.0
Number of shares, millions	18.8	18.8	18.8
Market cap	789	789	789
EV	844	830	815
P/E (adj.)	24.1	20.2	17.8
P/E	24.3	20.2	17.8
P/B	5.3	4.6	4.0
P/S	3.5	3.1	2.8
EV/Sales	3.7	3.3	2.9
EV/EBITDA	15.8	13.4	11.9
EV/EBIT (adj.)	18.5	15.7	13.9
Payout ratio (%)	47.5 %	48.2 %	59.5 %
Dividend yield-%	2.0 %	2.4 %	3.3 %

Source: Inderes

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Harvia in brief

Harvia is the world’s leading sauna and spa company. The company has an extensive selection from sauna heaters and heater components to comprehensive sauna and spa solutions. Harvia’s customers include both consumers, as well as sauna and spa sector professionals.

1950

Year of establishment

3/2018

Listing

211 MEUR

Revenue for the last 12 months (end of Q2’26)

40.8 MEUR (19.3% of revenue)

Comparable EBIT for the last 12 months

1

Position on sauna and spa market

806

Headcount at the end of Q2’26

1950-2014
Family-owned and -driven company

Strong market position in traditional sauna countries (Finland, Russia and Scandinavia)

2014-18
CapMan acquires a majority in Harvia in 2014

Sentiotec acquisition (Central Europe) 2016

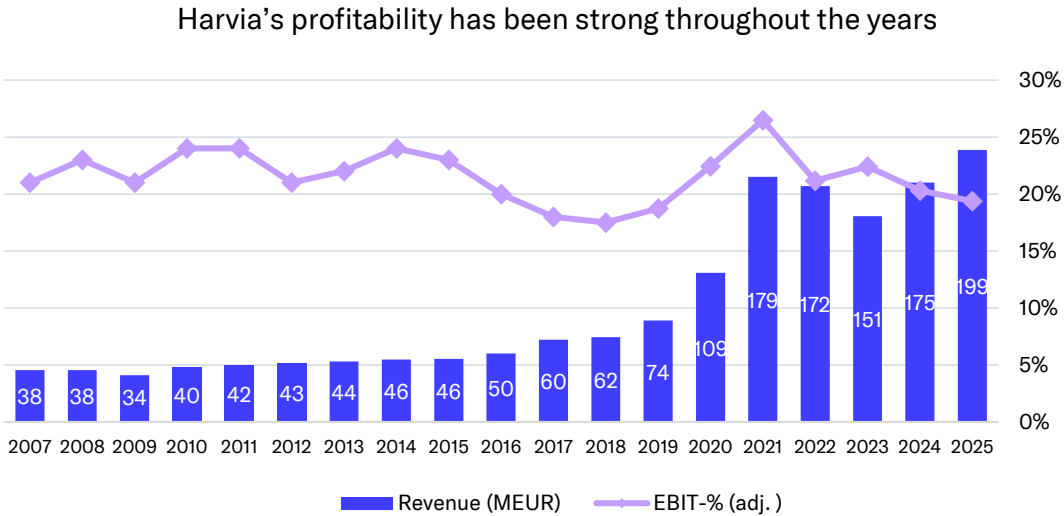
IPO 2018

2018-
Almost Heaven Saunas acquisition 2018

EOS acquisition 2020

Kirami acquisition 2021

ThermaSol acquisition 2024



Source: Harvia / Inderes
Figures for 2007 to 2014 are Harvia Oy's (current Harvia Finland Oy) actual figures in accordance with FAS accounting.
Figures for 2015-2025 are IFRS accordant EBIT adjusted for items that affect comparability.

Company description and business model 1/7

The world's leading sauna and spa company

Harvia, headquartered in Muurame, has during its 75-year history climbed to the world's leading sauna and spa company. Harvia's long history has resulted in considerable experience and skills in the organization, which creates a competitive advantage for Harvia in the relatively small and fragmented sauna and spa industry. We also believe that a well-known brand in the industry, vertical integration of production, economies of scale from large volumes and a wide distribution network are competitive advantages for the company.

The company has estimated its market share in the global sauna and spa market to be over 5% and in the more precisely defined heater and sauna component market over 20%. Harvia has systematically gained market share, as in 2019 the corresponding figures were only 3% and 14%. Historically, Harvia's market position has been particularly strong on large markets that focus on conventional sauna culture (Finland and Scandinavia). Market share gains have also been driven by acquisitions. As a result of the Sentiotec acquisition in 2016 and the EOS acquisition in spring 2020, the company reached a market leader position in heaters and components also in Germany and strengthened its position in Central and Eastern Europe. With the 2018 Almost Heaven Saunas (AHS) acquisition, the company expanded its operations in North America and laid the groundwork for strong growth. The acquisition of ThermaSol in the summer of 2024 strengthened the company's position in the US and gave it expertise in steam showers and steam saunas. However, the weak withdrawal from Russia had a negative impact on the 2023 figures.

Harvia has long-lasting customer relationships in all core areas of the sauna and spa market, and its brands (Harvia,

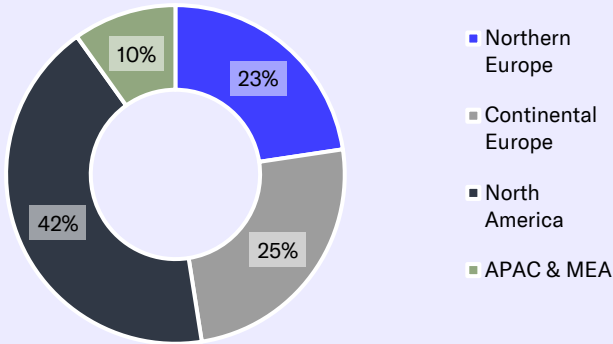
EOS, Almost Heaven Saunas) are among the best known in the industry. Harvia sells its products mainly through a network of distributors in about 90 countries around the world. Direct sales are a major channel in the US, however, and Harvia aims to grow them in other regions as well. In 2025, we estimate that around 85% of revenue came from outside Finland.

Products: From traditional heaters to sauna company

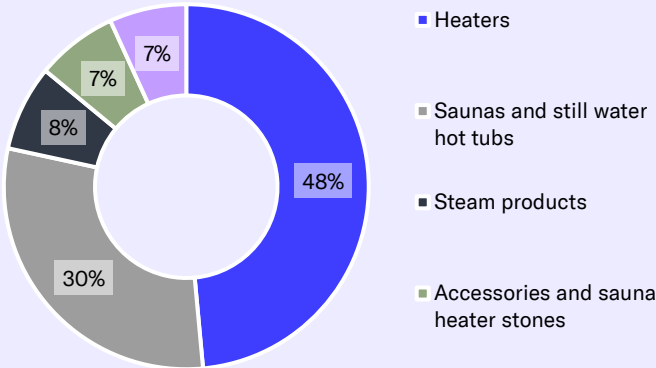
Prior to its IPO (2018), Harvia was mainly known as a sauna heater manufacturer, but since then the company has become a more holistic player in the sauna and spa sector through acquisitions, new product launches and the opening of sales channels. Harvia's strongest area is traditional sauna, and with the ThermaSol acquisition it now has a stronger base in steam saunas as well. The company also makes its own infrared panels, but these have so far played a minor role. We see significant growth potential for Harvia across all categories, driven by market growth, as well as in market share for infrared saunas. However, becoming a leading company in the infrared segment will likely require an acquisition. Cold plunge tubs could also serve as an almost entirely new category for the company and support its growth. The company has stated that it is also seeking acquisitions in the infrared and cold plunge tub categories. On the other hand, in traditional heaters and saunas, we believe it has a proven competitive advantage and further growth potential. According to Harvia, traditional sauna accounts for more than half of the market.

The majority of Harvia's revenue is made up of heaters (49% in H1'26), but the product range also includes complete saunas, steam generators, hot tubs, accessories, spare parts, and services. More details follow on the next page.

Revenue by market area H1'26



Revenue by product group H1'26



Source: Harvia

Company description and business model 2/7 - Product groups

Product segment

Main products

Main brands

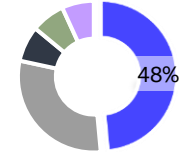
Share of revenue in H1'26

Heaters



- Electric and wood-burning heaters
- Infrared products
- Control units
- Accessories for heat include guardrails and walls, flue pipes and chimneys, etc.

- Harvia
- EOS

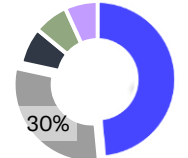


Saunas and still water hot tubs



- Ready-made indoor and outdoor saunas
- Still water hot tubs

- Harvia
- Almost Heaven Sauna (USA)
- Kirami (still water hot tubs)

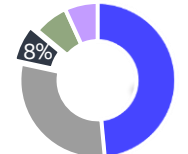


Steam products



- Steam generators
- Steam showers
- Steam sauna accessories, e.g. nozzles and scent pumps

- ThermaSol (USA)
- Harvia

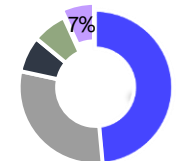


Accessories and sauna heater stones

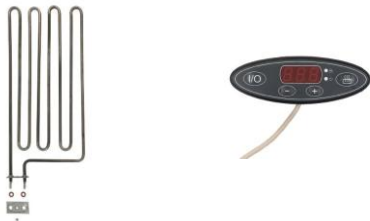


- Heater stones, sauna lights, water pails and ladles, textiles, thermometers, and sauna fragrances

- Harvia

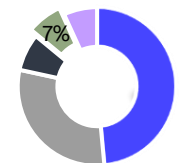


Spare parts and services



- Heater resistors and other spare parts
- Sauna maintenance, installation, and repair services for consumers and corporate customers

- Harvia



Company description and business model 3/7

Distribution mainly through resellers

In practice, the group's revenue comes only from product sales. Harvia sells most of its products to resellers, builders of complete saunas and distributors, although direct sales to consumers are an important sales channel in the US. As the US has grown to become the company's largest market, this distribution channel has become significant for the entire group as well. Harvia's largest customer relationship accounted for approximately 11% of revenue in 2025 (9% in 2024). The share of the largest customer turned to a clear increase in 2025 after decreasing in previous years. This suggests that the largest customer is currently in the relatively faster-growing US market, most likely Costco. This means that a single customer accounts for nearly 30% of the company's North American sales, making customer risk significant there. Harvia's order backlog is short, typically only two to three weeks.

Harvia's resale channels can vary considerably depending on the characteristics of different geographical areas. The company currently divides them into four main groups: 1) Retail stores, 2) Direct sales, 3) Sauna and other construction, 4) Other distribution (import & wholesale). We will discuss these on the next page.

Own component design gives a competitive advantage

Harvia designs and manufactures almost all of its products and is more vertically integrated than a typical competitor. We believe this is one of Harvia's competitive advantages, since broader supply chain management gives Harvia a larger share of the overall product margin than its competitors and enables more efficient technical solutions. Own production also reduces exposure to supply chain disruptions. Our view is that together with large volumes, this makes Harvia's efficiency superior to its competitors.

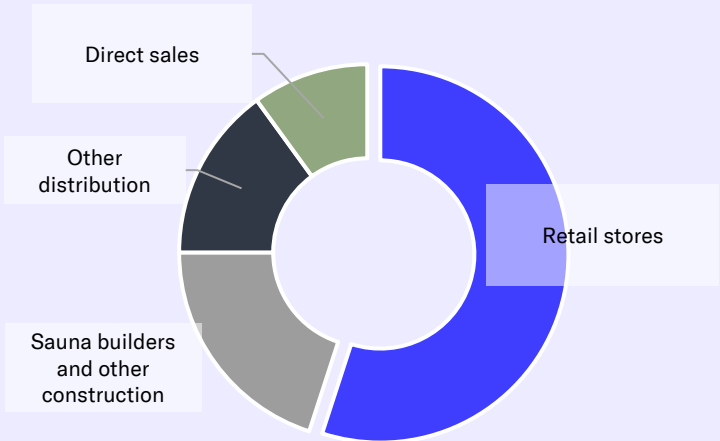
The components and raw materials that Harvia needs to build sauna heaters are electronics and electrical components, steel, and other metal materials. Wood is also needed for sauna structures. In addition, the company acquires heater frames from contract manufacturers, as well as various accessories from other third parties (e.g. sauna textiles). The company has many alternative suppliers and often also the ability to manufacture the parts it currently purchases from an external supplier.

Cost structure provides operational leverage

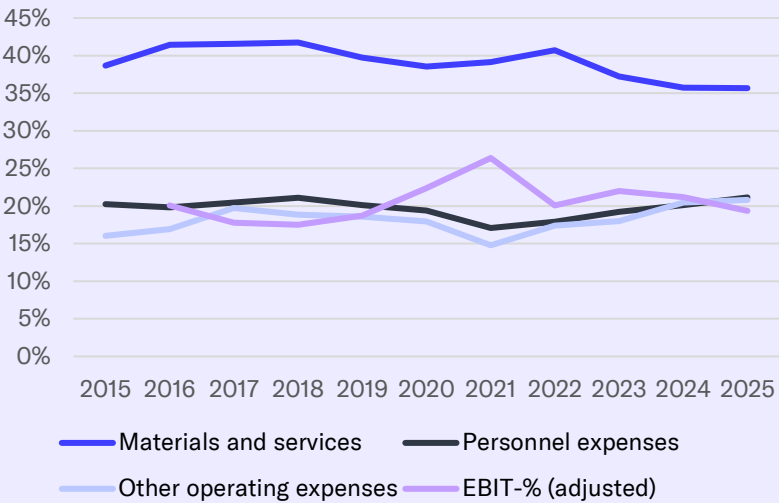
Approximately 35% of Harvia's costs (relative to revenue) go to materials and services, i.e. mainly metal, wood as well as electrical and electronic components. This percentage decreased in 2023-24 and was around 40% prior to that. In other words, the company's material margin has improved, which we believe is due to higher margins on saunas and improved geographical sales distribution (higher material margin outside Europe).

Personnel costs and other expenses have both historically been about 20% of revenue. This percentage has risen in recent years as the company has strengthened its organization to keep pace with current and future growth. We estimate that approximately 60% of the workforce are production workers, while the remainder are white-collar workers. Personnel costs in production are relatively flexible overall. However, a high material margin and a considerable proportion of fixed costs cause operational leverage, meaning that as volumes grow, the margin should improve, and as they decrease, the margin should decline. Nevertheless, Harvia has been able to adjust its costs well as volumes have declined (2022), while on the other hand, the increase in fixed costs has eroded the operational leverage in 2024-25.

Distribution channels, estimated shares



Harvia's cost structure



Source: Harvia

Company description and business model 4/7 – Customers and distribution channels

Distribution channels	Nature of the distribution channel	Share of revenue*	Example customers
Retail stores	- Retailers are typically construction material stores, especially in Finland and Sweden. This group also includes online shops. - In Central Europe, also, e.g., stores specialized in saunas - Also an important distribution channel in the US - Typical decision maker: end user or seller	~55%	     
Sauna builders and other construction	- Sauna builders are an important channel on markets that focus on ready-made sauna solutions like Central Europe and North America. - Sauna builders construct saunas or larger wellness complexes, or act more as integrators. - In the Nordic countries, the company's products are sold to larger construction companies and renovators that install saunas in residential buildings - Typical decision maker: seller or architect	~20%	     
Direct sales (mainly to consumers)	- A significant portion of Almost Heaven Saunas' sales, and therefore of Harvia's total sales in the US (around one-third), are direct sales to consumers. - The company opened its own webstore in Central Europe in early 2026 - The company selectively targets direct sales to end customers, such as hotels and gym chains - Typical decision maker: consumer, end user or architect	~10%	
Other distribution	- Mostly wholesalers and importers - Wholesalers are typically electricity, HVAC or bathroom equipment wholesalers - Important channel especially in Finland and Sweden and for ThermaSol's steam products in the US - Typical decision maker: seller or electrician	~15%	  

Company description and business model 5/7

Production in nine own plants

Harvia has nine own production plants. The largest remains in Harvia's hometown of Muurame. In addition to the Muurame facility (where the company primarily manufactures heaters and, to a lesser extent, saunas), the main production sites are the sauna production facility in West Virginia, US; Romania (primarily saunas); and China (primarily heaters). The German plant manufactures higher-price-point heaters for professional and consumer use under the EOS brand. The facility in Texas, US, manufactures steam products for ThermaSol. Harvia also has a small component production facility in Italy as well as still water hot tub and sauna heater stone production facilities in Finland. The current production sites have mainly come to the company through acquisitions. Centralization of certain product categories to different plants makes production and the availability of raw materials and components more efficient, as well as optimizing purchase costs.

The company promotes cost-effectiveness by covering some production plant employees with performance-related pay, and the piece work agreements used by the company (mainly in Finland and China) increase production flexibility. However, own production as such mainly increases earnings leverage generated by sales fluctuations, which works both ways.

Well-known brands support market position

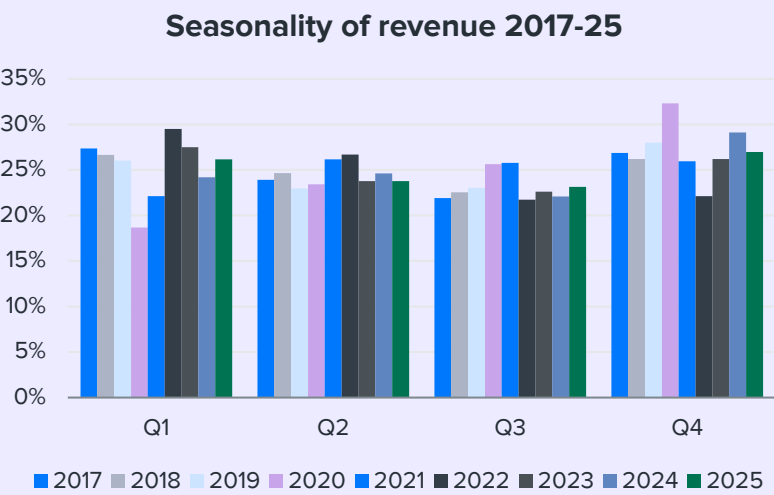
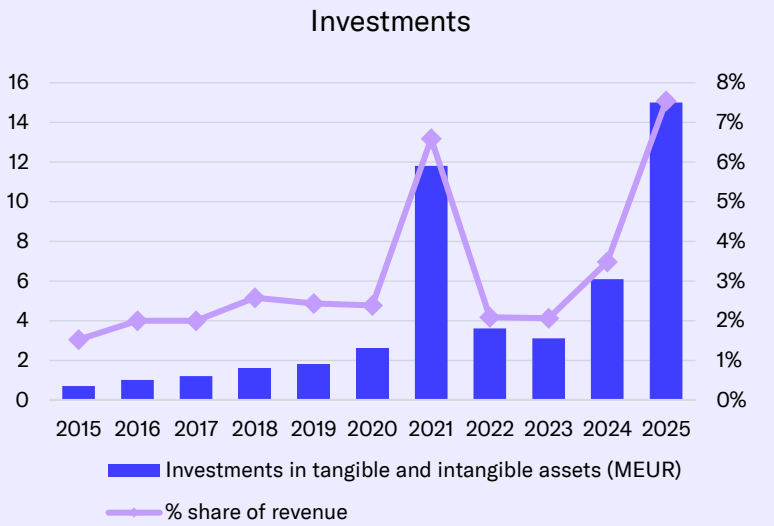
Harvia's brands have a strong market position and reputation in their areas of specialization and, in particular, in the traditional market areas of the sauna and spa markets. In recent years, the company has invested in the Harvia brand as the main global brand, and it also has a good selection and recognition with the EOS brand in professional and premium products in Europe. The ThermaSol and Almost Heaven Saunas brands are strong in their respective product categories in their home markets in the US.

Strong operational cash flow and low investment need

Harvia's operational cash flow is typically very strong. The company's EBIT margin has historically remained at an excellent level of around 20%, and due to the structure of the production, the annual investment need is relatively low. For instance, in 2015-2019 and 2022-23, the company invested only 2.0-2.5% of revenue. The company has modern production facilities, and capacity was raised to meet the high demand of the COVID era. Investments in 2021 were thus large compared to the company's previous level. They were particularly directed at sauna heater production in Muurame. We believe this capacity, especially in sauna heater manufacturing, will be sufficient to support growth well into the future. However, driven by strong demand, the company has invested in expanding US sauna production in recent years (the land acquisition and facility expansion are visible in the 2025 figures), and we estimate that this trend will continue in the coming years as well. The low capital intensity of production keeps investment needs moderate under normal circumstances. Thus, good operating cash flow is also converted into free cash flow.

Seasonal variation quite moderate

The seasonal variation in Harvia's business is rather moderate. A majority of orders in the distribution chains typically focus on Q1 and Q4, which have historically been the best quarters. Q3 is typically the weakest quarter of the year. After the COVID years, the company seems to have returned to this pattern. Most orders from Northern Europe are typically made in the first quarter, while the order activity of Central Europe and North America focuses on the end of the year. In Q4 of 2024, Harvia experienced an exceptionally high volume of campaign sales in North America, boosting sales.



Source: Harvia, Inderes

Company description and business model 6/7 - Main production facilities

Muurame, Finland

- Harvia's head office
- Own product development and testing unit
- Own production and custom tools / design & tool shop
- Logistics center
- Main products: traditional sauna heaters and sauna rooms, benches and sauna interior products

Driedorf, Germany

- EOS' headquarters
- Production
- Logistics center, sales, marketing and customer service office
- Main products: professional and premium class sauna heaters, control units and accessories
- Transferred to Harvia in the EOS acquisition in 2020

Gheorgheni, Romania

- Main products: sauna rooms, assembly of infrared elements and sensors, accessories
- Production plant was transferred to Harvia in connection with the Sentiotec acquisition at the end of 2016

Round Rock, Texas, US

- ThermaSol headquarters and production facility
- Main products: Steam showers, saunas and components
- Acquired by Harvia in 2024

Lewisburg, West Virginia, US

- Almost Heaven Saunas production plant, built in 2021, and replacing the previous plant acquired in the takeover in 2018
- Main products: Saunas (barrel saunas and sauna rooms)

Guangzhou, China

- Main products: cheaper electric heater models and steam generators
- Opened in 2005



Source: Harvia, Bing

Company description and business model 7/7

Fragmented ownership structure

Before the IPO in March 2018, Harvia was mainly owned by CapMan. CapMan sold its last shares in November 2019. This 12.3% stake in Harvia was acquired by the family-owned investment company Onvest, which however sold the majority of its holding in September 2021 and currently owns 4.4% of Harvia. With this holding, Onvest remains one of Harvia's largest shareholders. Those holding even larger stakes include the Dutch investment company Kempen, the Swedish pension company Alecta, and Nordea's funds, all of which own more than 5% of the company. However, the overall ownership of Harvia is fragmented. In addition to domestic and foreign institutional investors, the largest shareholders include Harvia family investment companies. Foreign ownership is currently about 48%. At the end of 2019, foreign ownership was 50%, and it has subsequently varied in the range of 40-50%.

In principle, fragmented ownership offers an opportunity for someone to make a bid for Harvia when there is no strong anchor owner nor an owner who alone could prevent the purchase (i.e. over 10% holding). However, as Harvia is the largest company in its industry, there are no natural buyers among competitors. We find it possible that Harvia could again end up in the hands of a venture capital company, as its strong cash flow and consolidation possibilities in the industry could still make it an interesting asset for a venture capitalist. A larger company that wants to enter the sector could also be a potential buyer, similar to how the US company Masco bought Harvia's competitor Sauna 360 and Kohler Klafs a few years ago.

Significant shareholdings in the Management Team

Matias Järnefelt, Harvia's CEO since June 2023, has a background in management positions at Hilti and Nokia,

among others. Järnefelt owns just over 4,000 shares. CFO Ari Vesterinen has worked at Harvia since 2014 and prior to that he worked for several years in management positions at Harvia's competitor the TylöHelo Group. Vesterinen owns a significant stake in the company (around 150,000 shares/0.8%).

Of the nine other members of the management team, two own more than 100,000 shares, three own tens of thousands, and two who joined the company more recently still own zero shares. We understand that most of the holdings were acquired in 2014 as part of a change of ownership, and that, as people have gradually changed, the holdings have remained clearly smaller than these.

We feel that Harvia's management has performed well and efficiently implemented the chosen strategy of international growth. Acquisitions also seem to have been successful for the most part, and we will discuss them further later in this report. In the future, we would like to see internal appointments to senior management as well, as this would support, for example, the continuity of a good culture, expertise, and operations.

The Chair of Harvia's Board of Directors is Catharina Stackelberg-Hammarén, whose work history includes Coca-Cola, among others. She is also the Chair of Alma Media's Board of Directors. Olli Liitola, who joined the Board in 2014 as CapMan's representative and was chairman for a long time, is still a Board member. The composition of the Board of Directors, with the exception of Liitola, has changed in recent years, as other members have started working for the Board of Directors in or after 2021. At the same time, the Board of Directors has become international (3/7 foreigners), which we see as a positive.

Largest shareholders on 9/30/2026		Holding
Nordea Funds		6.3%
Van Lanschot Kempen		5.3%
Alecta		5.1%
Varma		4.5%
Onvest		4.4%
Evli Fund Management Company		3.9%
BNP Paribas Asset Management		3.4%
Ilmarinen		3.3%
OP Fund Management Company		2.8%
WestStar		2.2%
Source: Inderes		

Investment profile 1/2 – Harvia's competitive advantages

Harvia has clear competitive advantages

In our opinion, Harvia has several clear competitive advantages that support the profitable growth and value creation of the company. We also discuss these elsewhere in the report but give a summary of them here. The company's competitive advantages are of great importance for long-term success and thus crucial for share development. Regarding competitive advantages, we note that they are slightly different for Harvia's traditional product areas of wood and electric heaters, as well as their components (~60% of Harvia's sales), than for complete saunas or steam products.

Vertical integration and own design

Harvia designs and manufactures almost all the products it sells, as well as most of the components itself, i.e. it is vertically more integrated than a typical competitor. We believe this is one of Harvia's main competitive advantages, since broader supply chain management gives Harvia a larger share of the overall product margin than its competitors and enables more efficient technical solutions. Related expertise has accumulated in Harvia over the decades, and we believe that it is not easy to copy. Own design and efficient manufacturing also require some resources that small companies probably cannot afford. This is particularly true for the production of traditional stoves.

We do not believe that Harvia has such an advantage in selling complete saunas, although sauna construction can be seen as a continuation of vertical integration. Harvia has also brought its own industrial expertise to Almost Heaven Saunas (acquired in the US in 2018), which has supported production efficiency. When it comes to steam products, ThermaSol,

which Harvia acquired last year, is also more of an assembly company in terms of production structure and does not differ significantly from its competitors in this respect.

Economies of scale

Partly related to the previous point, Harvia's large production volumes also bring efficiency to production, which smaller competitors are unlikely to be able to achieve. This enables good profitability for Harvia also in lower price segment products.

In the US, Harvia has a large number of saunas compared to its competitors and a new, efficient production plant. In addition, some competitors import products and components from abroad, in which case Harvia is supported by the domestic manufacturer's label and avoids tariffs. In other words, we think Harvia has a competitive advantage in the US for saunas as well, at least for the time being. In other areas, we believe the scale of sauna production is not currently ahead of competitors. The company aims to increase production at its existing largest plants to increase economies of scale.

Strong brands

The Harvia brand is well known, especially in the traditional and larger sauna markets, both among consumers and among professionals in general. Since the decision-maker for purchasing a sauna heater is often someone other than the end user/consumer, brand awareness is important among professionals (wholesalers, electricians, architects, etc.). Harvia's long history and strong position, especially in electric and wood-burning heaters directed at consumer use, guarantee the brand's reputation. EOS is strong in the

professional heater segment, ThermaSol in the US steam product market, and Almost Heaven Saunas in the US consumer market.

In ready-made saunas, Harvia should be able to utilize its relatively well-known brand, especially in Europe. However, the importance of the brand in sauna construction in general is supposedly less important than in heaters, which also reduces the impact of this competitive advantage for saunas.

Extensive and long-term distribution relationships

As the products in Harvia's product groups are primarily sold through distributors, the distribution network and distributor relationships are important. With its long history and wide product range, Harvia has an extensive distribution network and often decades-long customer relations. Compared to competitors in the industry, we see this more as a result of Harvia's other competitive advantages. However, the barrier to entry in the industry, at least on a larger scale, is hampered by the well-established positions of existing operators in the main sales channels.

We also see, e.g., the quality of the company's management, acquisitions and the strategy and its implementation as good things, but we do not include them in this list, as we believe competitive advantages should be more permanent and long-term issues related to the company. We will discuss the success of acquisitions separately later.

Investment profile 2/2

- 1 Strong market position and well-known brands
- 2 Vertical integration and scale support high profitability
- 3 Reasonable investment needs support creation of free cash flow
- 4 The company's ROIC is high and well above the required return, i.e. the company creates value
- 5 Good market growth outlook, especially outside Europe
- 6 Expanding into new categories increases growth potential

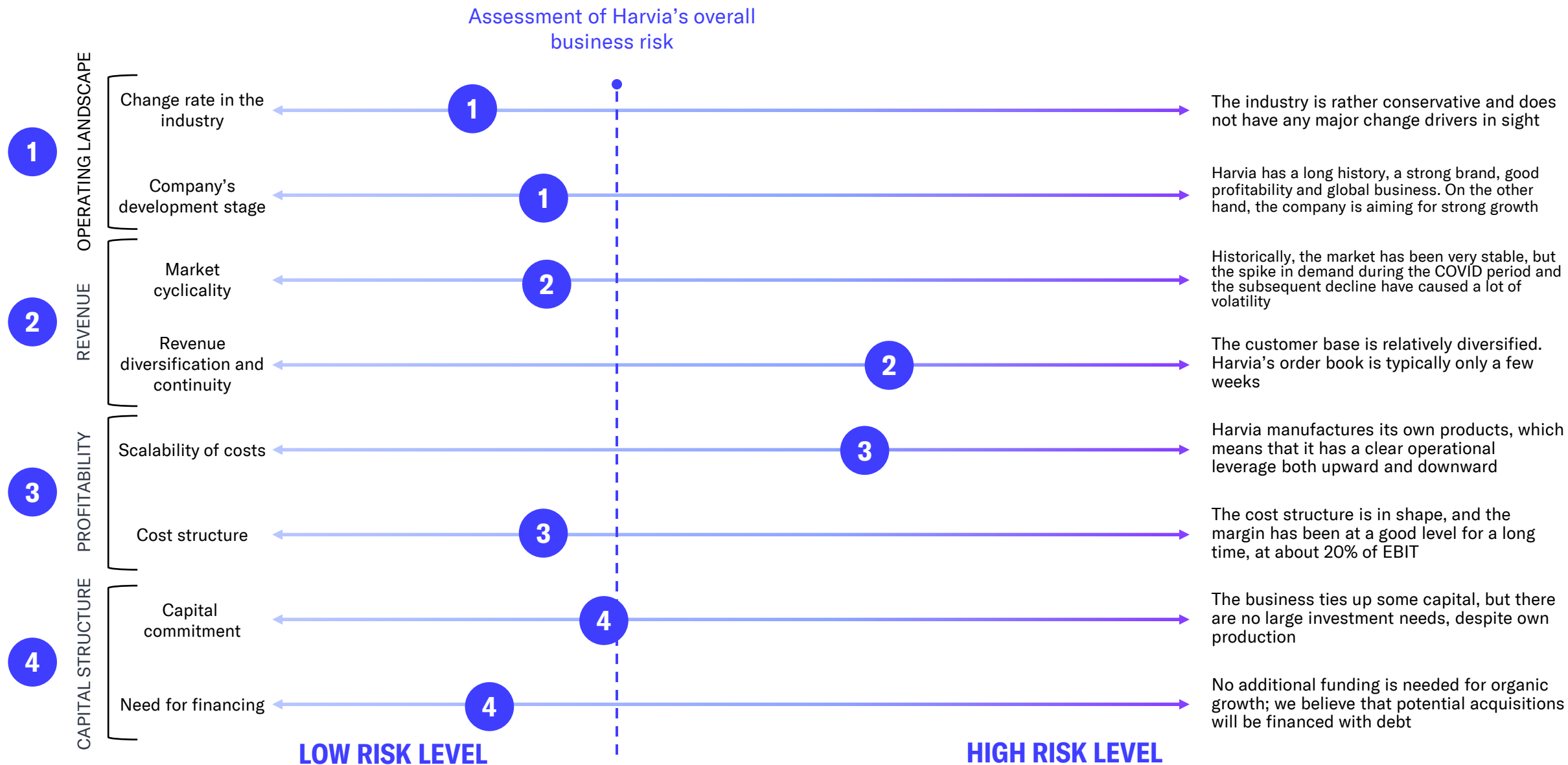
Potential

- Continued growth in the US, supported by market growth
- Expanding the product lineup more significantly, particularly in infrared products, as well as in steam and cold plunge tub products
- Complementing acquisitions: We believe Harvia will continue making complementing acquisitions, in which it has a good track record, should suitable targets be found

Risks

- Acquisition risks: Price paid in possible future acquisitions and integration of operations generate their own operational risk
- Weakening of the global “sauna trend”. The use of and demand for saunas is currently on a clear upward trend worldwide. A slowdown or reversal of this trend would have a negative impact on Harvia's demand prospects
- Dependence on the largest plants, although the expanded production network has mitigated this risk

Risk profile of the business model



Industry and markets 1/4

The information in this section is mainly estimates by the company and in some cases several years old. Precise figures on the market are not collected and are therefore not available. We therefore believe that the figures should only be seen as rough estimates.

Global sauna and spa market

Harvia estimates that the global sauna and spa market in 2025 will be around 4 BEUR, about the same as in 2021, the peak year of the COVID era. Excluding Russia (where Harvia no longer operates), we estimate the market to be about 3.4 BEUR. A rough estimate of the total market is that about half of the market consists of installation, maintenance and repair services for saunas and spas, and around 15% consists of heaters, sauna components and control units. The remaining share of the market includes sauna and spa room structures and other accessories.

The sauna and spa market has historically grown at an annual rate of 4.5% (2008-2019). The sauna heater market has grown slightly slower, at about 3%. The strong market growth in the COVID era was partly due to so-called advance demand, according to our and the company's estimates. We believe that this was partly due to increased product penetration, which means that new users have come more quickly than average, but also due to a temporary shortening of the replacement cycle, i.e., during the COVID era saunas, heaters, etc., were renewed more quickly than average. We estimate that this was reflected in correspondingly weaker demand in 2022–24, though the impact has faded over time.

According to the company's estimate, there are more than 18 million saunas in the world, of which around 95% are used by households. Of these, approximately 6 million are in Russia, which means that the market is clearly smaller without

Russia. In addition to households, saunas are in commercial use in, e.g. hotels, spas, gyms and swimming pools.

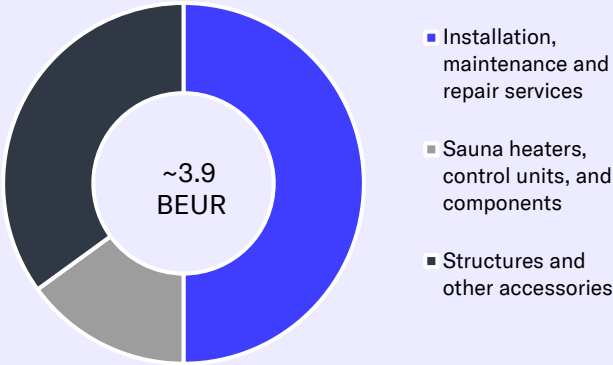
Harvia's target market approximately 1.7 BEUR

Harvia's target market covers three sauna types: traditional saunas, steam saunas and infrared saunas. Traditional saunas (electric and wood-burning) are the most common type of saunas and are estimated to account for about 2/3 of the sauna stock and, according to the company, more than half of the market value. Especially in Finland, saunas are largely traditional saunas. Steam saunas represent approximately 15% of the sauna stock, and it is the most popular sauna type especially in Southern Europe and the Middle East. Between 15 and 20% of saunas are infrared. Infrared saunas are best known in Central Europe and North America. Regarding future growth, the company believes traditional and infrared saunas will play the biggest role.

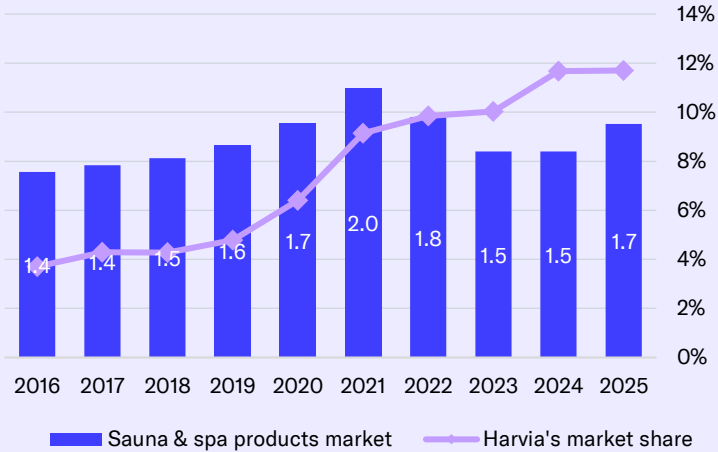
Harvia's target markets consist of sauna heaters and sauna components (incl. steam generators and infrared regulators), sauna rooms, control units and other accessories. As installation, repair, and maintenance are not part of Harvia's core business, we estimate Harvia's target market to be around half of the total market, which translates to 1.7 BEUR globally, excluding Russia. Competitor Masco has estimated the global sauna market to be slightly smaller (1.5 BUSD), although the exact definition of their market is not known.

According to Harvia's estimate, it has a market share of over 5% of the entire sauna and spa market and over 20% of the heater market. Taking into account that Harvia does not provide installation services and does not operate in Russia, we estimate its share of the relevant market to be around 12%. This share has been growing both organically and through acquisitions.

Global sauna and spa market



Market relevant to Harvia (BEUR) and market share



Source: Inderes' estimate. From 2023 onwards, market excluding Russia, where Harvia does not operate

Industry and markets 2/4

Harvia does not pursue a labor-intensive service market, as the company is focused on manufacturing and selling products and, in our opinion, would not have clear competitive advantages in services. Installation is performed by customers or cooperation partners.

In our opinion, some sort of expansion in maintenance services could be possible, e.g., through cooperation partners. We believe this might be a value-creating business for Harvia, because even if the margin was relatively small, the business would not tie up capital from Harvia's point of view and the company would not bear much risk. On the other hand, it could utilize its strong brand to sell the service. Maintenance services could also encourage more customers to purchase a sauna.

Historically cycle-resilient market

The sauna and spa market has historically been extremely cyclically stable with a large installed base of saunas and, in particular, heater replacements providing steady demand. In the company's experience, especially in Finland and other traditional sauna markets, when a heater or other sauna component ages, it is repaired or replaced regardless of the economic situation, although major and/or non-compulsory renovations may be postponed. The market has not historically been dependent on or correlated with, among other things, the construction market. This is well reflected, for example, during the financial crisis, when the market grew slightly in 2009 and in 2010, the Sauna and Spa market only decreased by 2%, while the heater market remained slightly positive (1%). In 2022-23, however, demand fell sharply, partly because of the exceptionally high demand that preceded it, but also because of weakening consumer purchasing power and economic conditions.

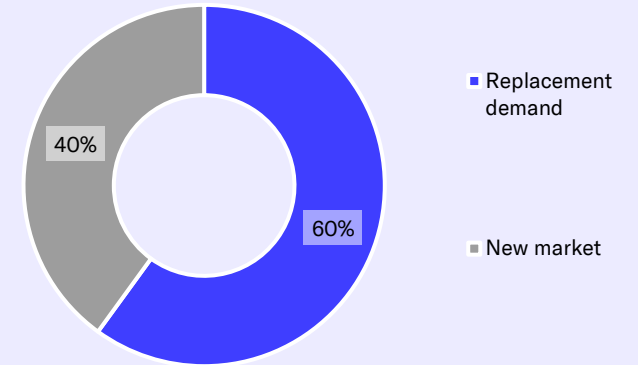
Compared to the past, though, Harvia is currently significantly more dependent on new demand because its largest market, the US, consists almost entirely of new demand. This could increase demand volatility in the future.

Large replacement market supports demand

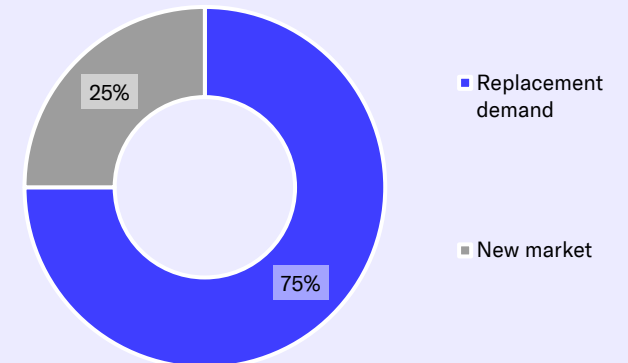
Management estimates that replacement demand for saunas and spa facilities accounts for about 60% of the global market, leaving 40% for the new market. This ratio has not changed substantially in recent years. However, no one knows the exact figures and, e.g., in COVID demand the figure may have been lower when advance demand has been more concentrated on new product demand. Similarly, we believe that strong growth in the US could increase the new market's share, as demand there is, at this stage, almost exclusively for new saunas. As sauna benches, other structures and equipment wear over time, saunas are estimated to be renewed every 20 to 30 years depending on the stress, and in joint commercial use more often than in household use. The new market includes building of saunas and spas in new construction works and existing buildings.

Replacing sauna heaters and other sauna components is relatively cheaper than renewing entire saunas, and they are renewed more often. According to Harvia's management, a sauna heater is renewed or replaced in two to five years in commercial use and in some 10-20 years in household use. Management estimates that around 75% of the heater and component market is replacement demand and therefore 25% is new demand. There have not been major changes in this figure either based on available information. The relative effect of replacement demand and new market on sauna and spa market growth varies from region to region and market to market. In newer sauna markets, the share of new demand is naturally higher.

Demand in Sauna and Spa market



Demand for sauna heaters



Source: Harvia, management estimates

Industry and markets 3/4

Growth drivers for the market

During 2010-2019, the sauna and spa market grew by about 5% annually and the new market grew somewhat faster than replacement demand. In 2020-21, the market grew much faster whereas in 2022 it declined. Harvia's management expects the market to grow by more than 5% in the coming years as strong growth continues outside Europe (especially in the US) and as Europe continues the growth that began last year. If there is no significant change in the current trend of increasing sauna popularity, we consider the growth expectations to be realistic. Growth drivers include:

Sauna is becoming more known: Awareness of saunas varies by region and is expected to grow in many emerging sauna and spa markets. Factors that affect how well sauna is known are, e.g. increasing awareness of the health benefits related to saunas and people focusing more on wellbeing.

Growth of the average purchase: In addition to the replacement demand and new market for saunas, sauna heaters and sauna components, the growth in average purchases is estimated to affect the development of the Sauna and Spa market. The average purchase is affected by the price development of a similar sauna solution, switching to a better product and the expansion of the average purchase to include different accessories alongside the sauna heater.

Breakdown of the Sauna and Spa market

Harvia has published its estimates of the geographical distribution of the sauna market in 2023. Based on market development in recent years, we derived our own estimates of last year's market breakdown from these estimates. We estimate that Europe continues to dominate the sauna market, accounting for almost 50% of the global sauna

market, even if Russia is excluded. The largest markets are Finland, Germany and Sweden. Russia alone accounts for around 15% of the global sauna market. North America accounts for ~25% of the global market and the rest of the world accounts for ~15%.

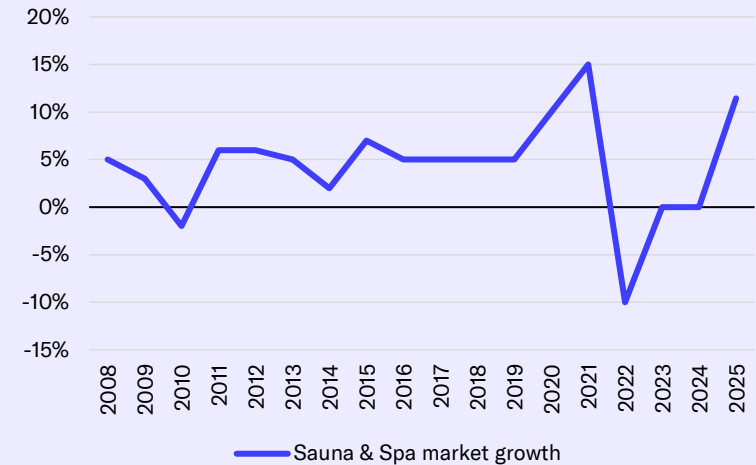
Northern Europe accounts for about 15% of the global market and has about 4 million saunas, of which about 2.5 million in Finland and over 0.5 million in Sweden. Harvia is the market leader in Finland and second in Sweden after TylöHelo (Sauna 360/Masco). The market consists almost exclusively of traditional saunas. Due to the large number of existing saunas, the share of the new market is low.

Central Europe accounts for 30-35% and has 5-6 million saunas, almost half of them in Germany. Harvia is Germany's largest manufacturer of sauna heaters and components. Compared to Northern Europe, the share of professional and complete solutions is much higher, and there is also a significant market for infrared and steam saunas in the region.

North America (US & Canada) has grown strongly during this decade and now accounts for about 25% of the global market. There is an estimated 1-1.5 million saunas in the region, most of which are for private use (~65% of the market). Steam saunas account for 15-20% of the market, infrared saunas for around 40%, and traditional saunas for 40-45%. Harvia is an industry leader. The share of the new market is high because the sauna stock is small and sales are often of complete solutions.

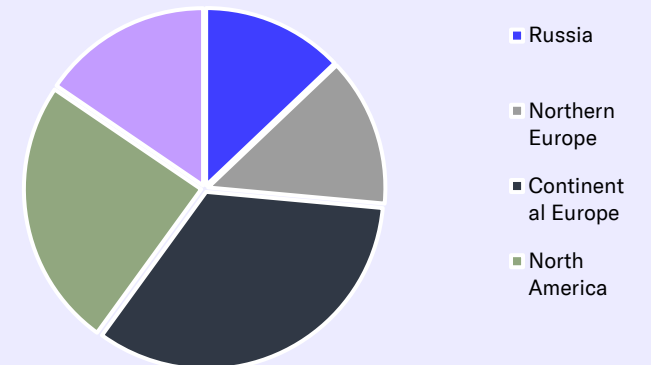
The rest of the world, i.e. Asia, the Middle East and Africa, accounts for about 15% of the market and has 1-2 million saunas. The most important single market for Harvia is Japan. Demand in these areas is heavily weighted toward professional solutions.

Estimated market growth



Source: Harvia, Inderes

Geographical distribution of Sauna & Spa market



Source: Inderes' estimate

Industry and markets 4/4

Harvia has taken significant market share in North America, but there is still potential

According to Harvia, the North American market was worth around 800 MUSD in 2023, having grown by about 15% per year compared to 2019. This means that the market was only around 450 MUSD in 2019. Harvia's operations in North America at the end of 2018 were rather small and focused on heater exports, with revenue of only 3 MEUR. However, the acquisition of sauna manufacturer Almost Heaven Saunas at the end of 2018 significantly changed Harvia's position in the region, especially in the US, and Harvia has grown strongly since then. To support this growth, Harvia also invested in a new factory in 2021 and a significant expansion in 2024–25. Average annual growth in 2019-25 has been nearly 40% (which, except for the ThermaSol acquisition, has been organic), and the company has remained on a strong growth path during and after the pandemic years. H1'26 North America was Harvia's largest region, accounting for over 40% of revenue already.

Based on the market figures provided by Harvia, it can be estimated that the company's share of the total North American market has increased from 3% in 2019 to 6% in 2023. During this period, Harvia was only present in traditional saunas, which account for less than half of the total market. As a result, its share of the traditional sauna market would be around 13% in 2023. Again, we believe there is room for improvement, although the kind of relative improvement (i.e., doubling of market share) seen in recent years will be difficult to repeat.

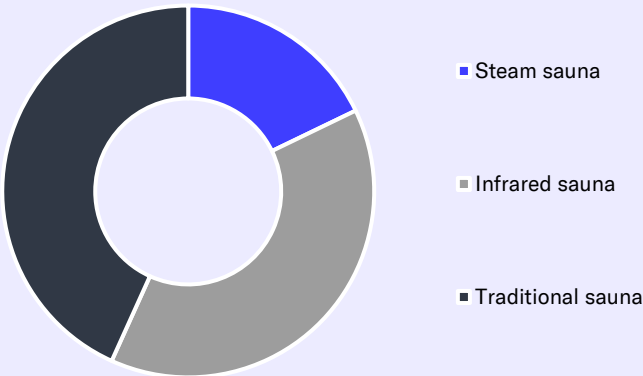
ThermaSol, which Harvia acquired in July 2024, took the company into a completely new segment in North America,

namely steam rooms. In 2023, this market segment amounted to about 160 MUSD, while ThermaSol's revenue was about 14 MUSD. ThermaSol thus has a market share of around 9%. Combined with Harvia's figures, Harvia's market share in 2023 would have been about 7.5%, or 12% of the traditional sauna and steam room market. Harvia's goal is to use ThermaSol's expertise to bring products to lower price points on the steam side, where the company has not been before. We therefore see good potential to further increase market share in Harvia's current segments.

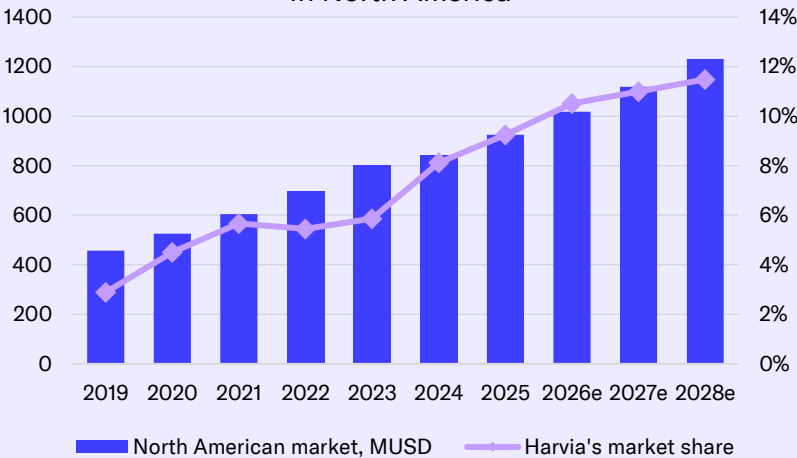
In addition, Harvia has the potential to grow in infrared saunas, where it does not yet have a significant presence. Infrared saunas are popular in the US and easier to obtain than other types of saunas. On the other hand, the distribution channels are somewhat different, requiring investment from Harvia. Growth will be pursued both organically and possibly through acquisitions.

Assuming that the North American market will grow by 10% p.a. for the next 4 years in all categories, the market would be around 1.2 BUSD in 2028. In spring 2026, competitor Masco estimated that US market growth would be 6-7%, which sounds like a moderate expectation compared to recent years. If Harvia were to improve its position in all product groups so that, e.g., in 2028, its market share would be 20% for traditional saunas, 10% for steam saunas, and 5% for infrared saunas, its sales would reach around 150 MUSD. This is roughly in line with our estimate. In our opinion, growth can be accelerated, particularly in the infrared sector, through M&A activity.

North American sauna market



Harvia's market share is increasing in North America



Source: Inderes' estimate

Competitive landscape

Harvia is the industry leader

The global Sauna and Spa market is relatively fragmented. Venture capitalists are also active in the sector. Therefore, we believe that the consolidation of the market will continue. We see Harvia continuing to complement its own portfolio through acquisitions.

Harvia's competition field consists primarily of two types of companies: 1) heater and component manufacturers, and 2) sauna builders and integrators. The operating models of these two groups differ from each other so that the latter usually do not manufacture the heaters and components they use but purchase them from Harvia, for instance.

We believe that measured by revenue Harvia's biggest competitor is the German Klafs that supplies sauna solutions for both consumers and commercial use. Sauna and spa solutions delivered by Klafs can be found, e.g., in many hotels, gyms and spas. Klafs offers a range of sauna solutions, heaters and control units for home use as well as, e.g., swimming pools. Klafs was sold at the turn of the year 23/24 to Kohler, a US company specializing in HVAC products such as bathrooms. Harvia's approach to the industry is very different than that of Klafs. Harvia's revenue mainly consists of products (sauna heaters, sauna components, control units, sauna rooms, steam generators, spare parts, etc.), which the company distributes through different sales channels.

Harvia's clear direct competitor is the heater and component manufacturer Sauna 360, which was acquired by the US listed company Masco in the summer of 2023. Masco is a company the size of Kohler (revenue of around 8 BUSD in 2025) that specializes in bathrooms, swimming pools, and other interior and building products.

Like Harvia, Sauna360 is more focused on manufacturing products than on building or maintaining saunas. Its brands include Tylö, Helo, and Finnleo. The company lost market share and sales throughout the 2010s but managed to grow to a revenue level of more than 80 MEUR in 2021-22. Sauna360's profitability in the past has been well below Harvia's but has been on an upward trend in 2021–22 as revenue has grown. Since Masco bought the company in 2023, its figures are no longer publicly available. However, at its Capital Markets Day in May 2026, Masco stated that its market share in saunas is around 15% (in a market it estimates to be worth 1.5 BUSD), which would mean revenue of nearly 200 MEUR. The company estimates its market position as second, with Harvia presumably being the largest even in Masco's view. Masco is also heavily involved in infrared saunas, unlike Harvia, which we estimate has supported its growth. Masco aims for strong growth in saunas and plans to increase its market share to 25% by 2030. Masco/Sauna360 thus aims to challenge, among others, Harvia's position in the United States. Masco identifies not only Harvia but also Sunlighten, an infrared sauna company, as its main competitors.

Significant players on the infrared side also include Golden Designs and Sauna Works/Clearlight. Since Harvia's infrared sales are relatively small, they do not currently compete directly with Harvia to any significant extent. However, they affect Harvia's potential growth in infrared saunas.

There are also several local companies operating on the Sauna and Spa market, e.g., Lang (a German competitor of EOS in the premium segment), Steamist, also owned by Masco (manufacturer of steam rooms and generators, also a customer of Harvia), Effegibi (traditional saunas and steam rooms), and Physiotherm (infrared saunas). Smaller

traditional sauna heater manufacturers include Narvi (revenue 13 MEUR in 2025), which is strong in Finland, especially in the wood-burning stove market. Narvi was taken over by a venture capitalist in 2022. The Estonian company Huum, which manufactures design heaters, has already reached a revenue of over 15 MEUR.

Harvia has a particularly strong market position on the developed sauna and spa markets (Finland, Sweden, and Germany) and the company is the biggest or second biggest player in these markets. Harvia has significantly strengthened its position in the North American market through acquisitions and growth and is also a leading player there in traditional saunas. On the APAC market, Harvia belongs to the top 5 to 10 players.

Harvia's profitability among the best in the industry

Harvia's profitability is the best among its competitors, and its EBIT margin has been around 20% for the past 10 years. Most competitors for which public figures are available typically have margins of 5-10%. According to the company, however, there are companies in the industry that achieve even greater profitability than Harvia. The competitors' performance shows the tailwind caused by the COVID era and, on the other hand, the challenges of the subsequent period for the entire industry. We believe Harvia's strong profitability is due at least to 1) its own component design and production, 2) a strong brand, and 3) economies of scale from large volumes.

Past development

Revenue in 2025 surpassed the peak reached during the COVID era

Until the Sentiotec acquisition in 2016, Harvia’s revenue development was quite stable (low one-digit growth rates), after which the revenue started growing strongly, in particular through acquisitions.

In 2016–2018, Harvia’s organic growth was slightly slower than the average of the global Sauna and Spa market, at 3 to 4% annually. We estimate that this was caused by the company’s heavy exposure to the more slowly growing traditional sauna markets (Finland, Scandinavia and Russia), which in 2018 still generated one-half of the company’s revenue. Harvia’s strong area, the heater market, also typically grows slightly slower than the market as a whole. Thanks to acquisitions, new product launches, and new distribution channels, the company has, however, been able to expand sales geographically, and an increasing share of its revenue now comes from more rapidly growing sauna markets. This was also the strategy created by CapMan, who took ownership in 2014, and the management team at the time, and it worked well.

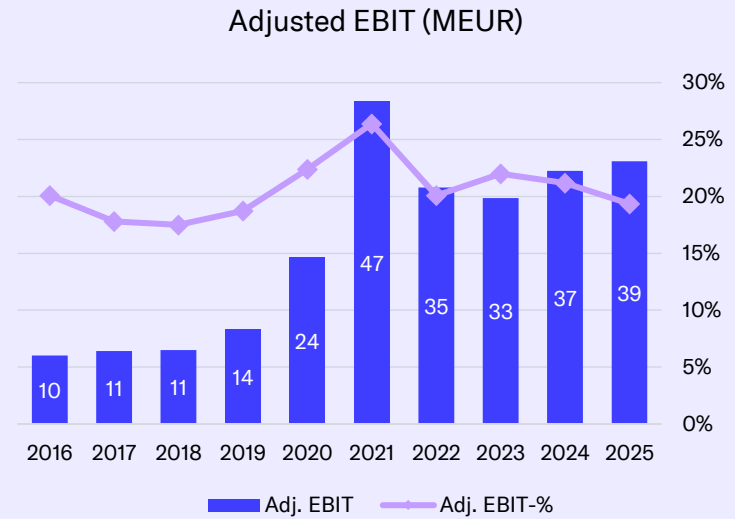
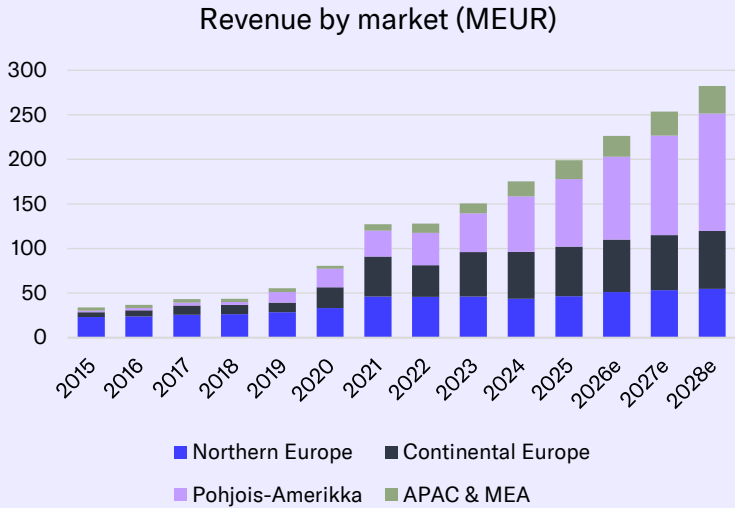
However, supported by acquisitions the growth rate was approximately 20% in both 2017 and 2019, after which COVID blew off the top of demand and, partly supported by acquisitions, growth was 47% and 64% in 2020 and 2021. The pace remained strong in Q1'22 but fell 4% overall in 2022 as demand weakened as the pandemic-driven stay-at-home boom faded and consumer purchasing power weakened as inflation rose. In 2023, the decline is 13%, or 9% excluding the impact of the withdrawal from Russia. Growth accelerated to nearly 30% in 2024 following an

acquisition, with organic growth also exceeding 20%, as markets outside of Europe expanded. Growth continued at a solid rate of 14% in 2025.

Profitability among the best in the industry

Harvia's profitability is among the best in the industry, and it has also been highly stable. The company's excellent profitability has continued for decades. In 2015-2018, Harvia’s adjusted EBIT fluctuated in a narrow range (10-11 MEUR) and the company reached on average an adjusted EBIT margin of 18.5%. In 2019, adjusted EBIT improved to 13.9 MEUR as a result of, e.g. the AHS acquisition.

Despite the fact that the companies acquired by Harvia have partly been less profitable than its traditional operations, the profitability trend during 2020-21 was clearly upward. This was naturally supported by a huge sales increase, which has allowed the company to enjoy positive operational leverage and, according to our assessment, also good pricing when product demand was high. Harvia also improved the efficiency and expanded the operations of the acquired companies, increasing their margin. The adjusted EBIT margin rose well above the 20% target in 2021, reaching over 26%. Despite the drop in revenue, the margin remained above 20% in 2022 and rose to 22% in 2023, thanks to efficiency measures and improved material margin. In 2024, the adj. EBIT margin decreased to 21%, as Q4 margin was weighed down by price-driven campaigns in the US. The rapid increase in fixed costs also negatively impacted the EBIT margin, despite the improvement in the material margin. This same trend kept the margin at around 20% in 2025.



Source: Harvia, 2015-2022 segment revenues are partly Inderes' estimates

Financial position

Apart from goodwill, the balance sheet is quite light

The main item on the assets side of Harvia’s balance sheet is goodwill and other intangible assets resulting from structural arrangements and acquisitions, which account for about a third of the balance sheet. Given the company’s strong profitability, we see no realistic risk of goodwill impairment. As indicated above, Harvia’s production structure is rather light and less than 15% of the balance sheet is committed to tangible assets. Significant items include working capital reserves (~20%) and trade receivables (~10%). Harvia also had a substantial amount of cash at the end of Q2’26, accounting for ~15% of the total balance sheet.

On the liabilities side, the company’s balance sheet is fairly straightforward. Share capital represents 47%, i.e., the equity ratio is strong, while the majority of the other half is non-current interest-bearing debt (36%). Trade payables are just under 15%, i.e., almost 15% of the balance sheet total is net working capital, or 22% relative to revenue.

Capital turnover is strong and investments typically create value

The company’s capital turnover is good, if goodwill is removed from capital. This in practice translates to the productivity of the company’s operating assets. The capital turnover ratio for the last 12 months would then settle at 2.1x. Taking goodwill into account, the capital turnover ratio is approximately 1.1x. Due to this and a good margin level, the company achieves a value-creating return on capital (ROIC of nearly 20 %). Excluding goodwill, the ROIC is expected to be between 30-40% in 2023-2029e. This is roughly in line with the pre-COVID level, i.e., the level of 2017-19. During the COVID era, return on capital increased significantly as the company generated strong earnings and factories operated at full capacity. Post-COVID, the return on capital excluding

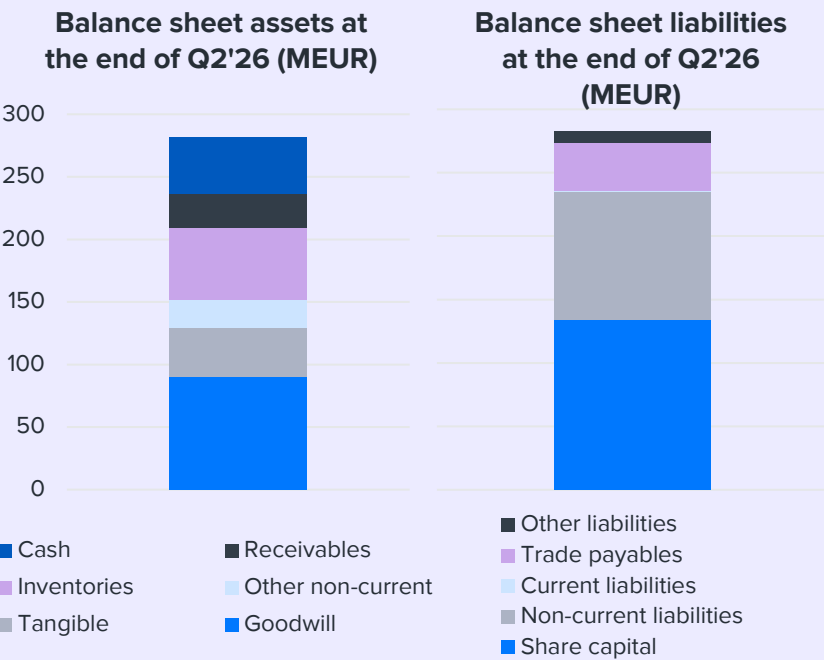
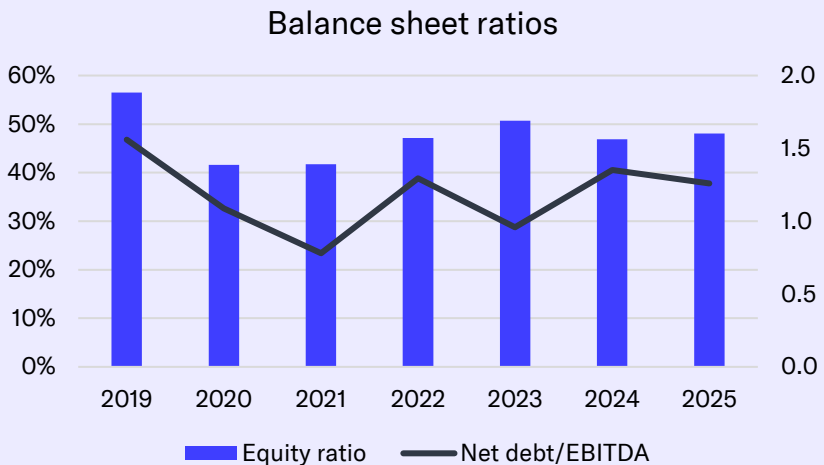
goodwill has drifted lower as invested capital has grown faster than earnings. However, the level remains excellent.

We estimate that the company will invest relatively heavily in the coming years, more so than in the past. The investments are intended to enable growth in the US by expanding the production facility. However, based on our understanding, returns on growth investments have historically been excellent, and with the strong US growth outlook, these investments should clearly create value.

Strong balance sheet position enables continued acquisitions

The company’s financial leverage target is to maintain a ratio of net debt to adjusted EBITDA below 2.5x. Throughout the company’s stock market history, Harvia has succeeded in this goal, and the ratio has mostly been on a downward trend. As of the end of Q2’26, the ratio was already 1.2x.

The company wants to keep room on its balance sheet for acquisitions, and we believe that leverage will increase when an acquisition is completed and otherwise decrease with earnings growth and cash flow. As acquisitions are an important part of Harvia’s strategy, we believe that the company will accept a strengthening of the balance sheet to nearly net debt-free before a significant increase in the profit distribution. Within the framework of its balance sheet targets, Harvia could take on a total of roughly 125 MEUR in debt, which translates to about 70 MEUR of additional debt. Looking back and according to our estimates, the size of potential acquisitions fits well into this figure. Harvia may also temporarily exceed the target level in connection with an acquisition. Depending on the acquired company’s earnings contribution, the amount of debt could increase even further in an acquisition scenario. However, we do not believe that Harvia is aiming for such large deals.



Source: Harvia

Strategy and financial targets 1/2

Harvia's strategic focus areas (announced in May 2024)

Delivering the full sauna experience

- Increasing sales of end-to-end systems and solutions
- Being a leader in all sauna types by increasing the share of steam and infrared saunas
- Bringing new innovations to market, including design, user experience, and digital solutions

Winning in strategically important markets

Market-specific targets:

- In North America, continued growth across all price points, product groups and channels;
- Strengthening its position in Europe and growth in the short term as the market recovers;
- APAC & MEA market development in 'high potential countries'
- Harvia also wants to be an active consolidator

Leading in key channels

- "the right product in the right channel"
- For resellers (B2B), the best long-term partner
- Strengthening the direct consumer channel
- Supporting end-users over the product life cycle

Best-in-class operations and great people

- Automation of operations and strong capacity growth in fast-growing markets
- Enhancing group integration to support productivity and growth
- Developing employees' abilities and supporting their well-being
- Continuous improvement of sustainability in operations and supply chains

Inderes' comments on Harvia's focus areas

- Increasing sales of complete solutions is a logical goal, and Harvia has demonstrated its ability to achieve good margins while expanding its portfolio
- Adding more steam and infrared to the company's portfolio will significantly increase its growth potential and is, in our view, a very sensible direction to take. In our opinion, entering the infrared segment more strongly would be even more important than steam for long-term growth
- Innovations are a normal part of any company's business. In Harvia's market, products change rather slowly, so we do not see the introduction of major innovations as critical for Harvia

- The company has clearly stated that its geographical coverage is already sufficient and that it now needs to focus particularly on markets with significant potential – we believe this is a good approach
- We believe that the company's strong brand and good products also support expansion opportunities in newer sauna markets
- We believe that the development of cross-selling through acquisitions can support sales growth, e.g., in steam and professional products
- However, there are a limited number of good acquisition targets, so even if we continue to see takeovers, they may be few and far between.

- The direct-to-consumer channel accounts for about 1/3 of sales in the US, and supporting its growth is key to continued growth in the US and therefore important.
- The company also opened its own webstore in Central Europe in early 2026, which we see as a good move
- In some product groups, such as traditional sauna heaters, Harvia has a very broad product range, while in others there are clear gaps in the market. Clarifying the product range and targeting the right markets and channels sounds like a good way to develop the range without having to increase it significantly

- Harvia's production and other operations as well are already extremely efficient, but as the company grows, there is a constant need to expand and streamline production
- Continuously improving efficiency and taking care of employees is part of the normal business of any company
- We believe that the company will continue to expand its capacity, especially in the fast-growing North American market, while the Muurame factory (traditional heaters and saunas), for example, will be able to produce significantly higher volumes only by increasing the number of shifts

Strategy and financial targets 2/2

Financial targets (updated in May 2024)

Annual organic revenue growth on average 10%

- The target includes the impact of acquisitions
- However, Harvia expects the market to grow by more than 5% in the coming years and the company to continue to gain market share, which should bring organic growth close to 10%
- We expect Harvia's average growth for 2025-29 to be 10% (CAGR), i.e., in line with the targets

Adjusted EBIT margin over 20%

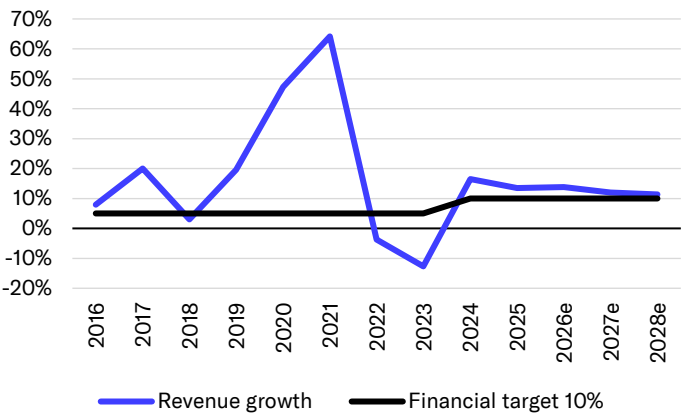
- Harvia's profitability has historically been on both sides of the target, and in recent years above the target. We believe that Harvia will continue to be able to achieve the targeted margin level
- Growth supports profitability through operational leverage, but on the other hand, the investments required for growth (increase in fixed costs) and the potential negative impact of acquisitions limit margin increases

Net debt/adjusted EBITDA <2.5x

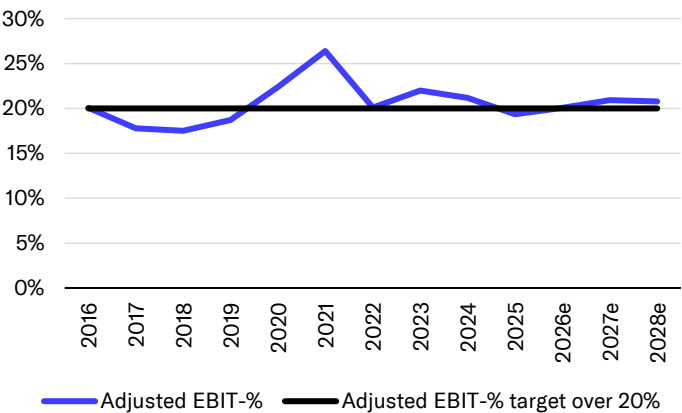
- Harvia's cash flow is strong and its investment needs are low, which means that the company can easily repay its debt under normal circumstances, and the ratio will increase mainly due to potential acquisitions
- At the end of Q2'26, the level was 1.2x, and we believe Harvia will continue to meet its target as the current balance sheet situation leaves ample opportunity for new acquisitions
- Our forecast does not include any acquisitions, which means debt will fall towards zero in the coming years

Dividend: Harvia's target is to pay a regularly increasing dividend with a bi-annual payout.

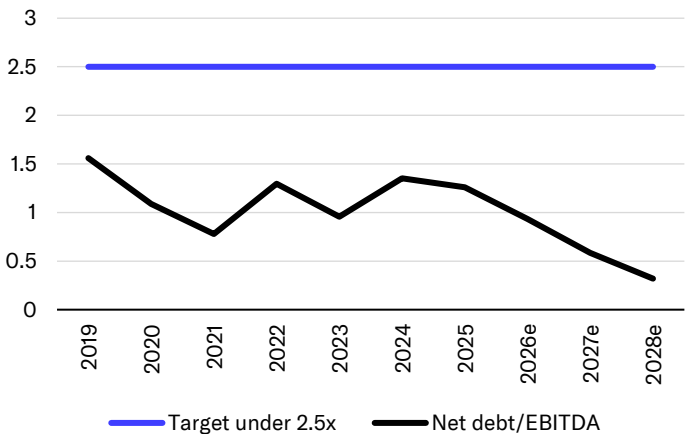
Revenue growth target



EBIT-% target



Net debt/adj. EBITDA target



Harvia's most significant acquisitions

	 11/2016 Sentiotec	 12/2018 Almost Heaven Saunas	 4/2020 EOS	 7/2024 ThermaSol
Revenue	7.4 MEUR (2015)	~8 MEUR (2017)	17.3 MEUR (2019)	14.4 MUSD (2023)
Profitability	Weaker than Harvia's at time of acquisition (EBITDA <10%)	EBITDA neg. (2017)	Adj. EBIT-%: 16.5% (2019)	Adj. EBITDA-%: 17.2% (2023)
Deal price	4.5 MEUR	4 MEUR (EV/S ~0.5x)	19.7 MEUR (EV/EBITDA ~8x) + second tranche purchase price 19 MEUR (7/22) with same multiple from last 12 months	30.4 MUSD (EV/EBITDA ~12X)
Holding	100%	100%	78.6% of German and 80% of Russian businesses (the remainder of German business acquired in 7/22, Russian operations divested in 3/23)	100%
Headcount	73	Around 40	Around 150	Around 40
Seller	Abatec Group	Individual owner	Individual owner	Individual owner
Main brands			 	
Product selection	Higher-price-class sauna heaters, control units, sauna rooms and accessories	Lower-price-class outdoor and indoor saunas (e.g. barrel saunas)	Professional and premium class sauna heaters and steam generators (EOS), gas-operated heaters (Kusatek), control units and electronics (Spatronic)	Steam saunas and showers and their components

Estimates 1/3

We expect organic development

We model Harvia based on the revenue of its geographical segments and group level gross margin, expenses and, hence, operating profit. We do not include potential future acquisitions in our estimates, so they are based on organic development.

The company does not publish a guidance or short-term outlook

Harvia does not publish a short-term outlook, and thus no earnings or revenue guidance. As previously stated, the company has set long-term targets of 10% average annual revenue growth and an adjusted EBIT margin in excess of 20%. The company has stressed that the margin target is valid also during weaker demand, although individual quarters may sometimes fall short of the target. The company has largely been able to do this in recent years.

Revenue in good organic growth, shift in deliveries supports growth in Q3

Following the downturn after the surge during the pandemic, Harvia’s revenue began to rise in Q4’23, subsequently growing organically by over 10% in both 2024 and 2025, with the acquisition of ThermaSol further accelerating growth. Growth remained strong in H1’26 as well, with organic growth reaching 16%. While North America was a major driver of growth, all segments saw growth. The performance in Europe was particularly strong, considering a production stoppage resulting from an IT system upgrade at Muurame pushed deliveries into Q3. This was reflected most notably in Europe, where most heater deliveries from Muurame are directed.

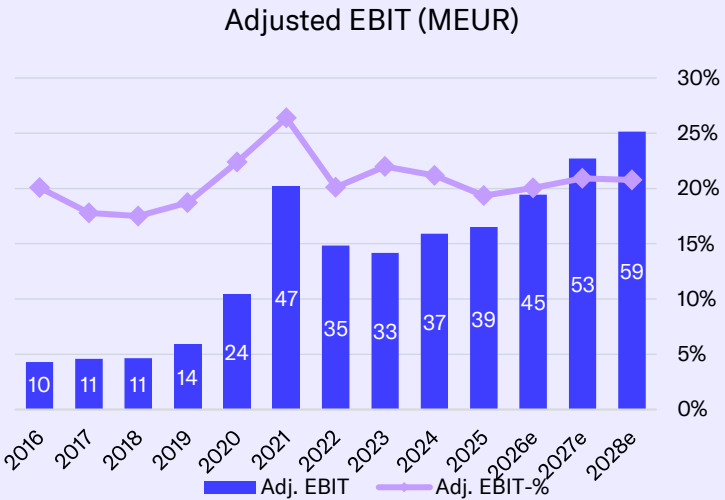
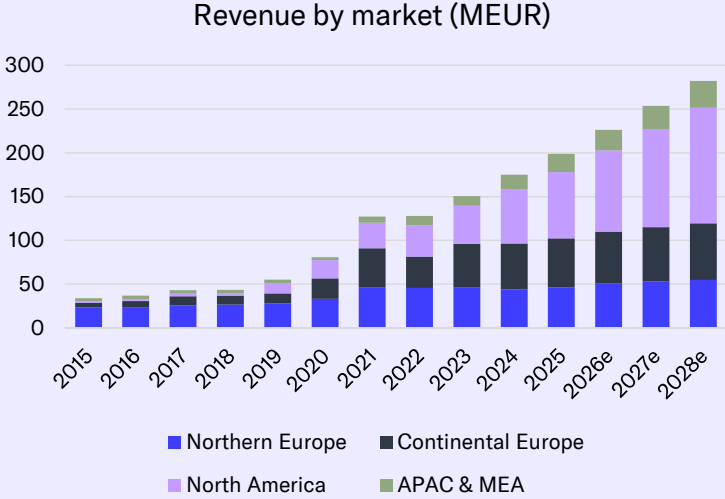
Due to deferred shipments and continued strong growth in the US, we estimate that Q3 growth will reach as high

as 20%. For the full year of 2026, we estimate Harvia will be able to achieve a growth rate of 14%, similar to that of recent years. While the North America segment continues to drive growth at a pace of over 20%, Europe is also growing reasonably well in our forecasts (Northern Europe 10%, Continental Europe 6%). Growth in the APAC & MEA region is being slowed by canceled or delayed deliveries to the Middle East due to the war in Iran. Nevertheless, we anticipate that the APAC & MEA region as a whole will achieve around 10% growth this year. We believe that Harvia will continue to gain market share from competitors, supported by the competitive advantages mentioned earlier in the report.

Years of strong growth ahead

In 2027-29, we expect the market to reach trend growth of around 5% or more at times, as Harvia itself expects. We also believe that Harvia will continue to gain market share. This is partly supported by our expectation that the company will expand its product portfolio of steam and infrared products, in which it currently has a very small global presence. Conversely, we also believe that Harvia is capable of achieving a faster growth rate than the market in the traditional sauna category.

We estimate 12% (fully organic) growth for 2026, which will continue to be driven by the North American and APAC & MEA segments with 15-20% growth. According to our estimates, the growth rate we expect implies continued market share gains. We also expect the European market to continue growing, albeit slightly more moderately than this year, at around 5%. Thus, the growth rate in Europe is roughly in line with our expectations for market trends.



Source: Harvia, Inderes estimates

Estimates 2/3

For 2028-29, we estimate 10-11% revenue growth, which is still good progress in line with the target. We expect this growth rate to also continue well into the 2030s. As before, this growth will be driven by double-digit growth in the North American and APAC & MEA segments and slight growth in the European market. The growth rate means that we expect Harvia as a whole to grow slightly faster than the market. We expect this to happen through both the positive development of traditional saunas and through the expansion of Harvia's product range to include steam and infrared saunas/products, where the supply has been limited in the past. We also believe that Harvia will be able to capture more business in newer sauna markets beyond its current market share.

EBIT margin remains at the target level of above 20%

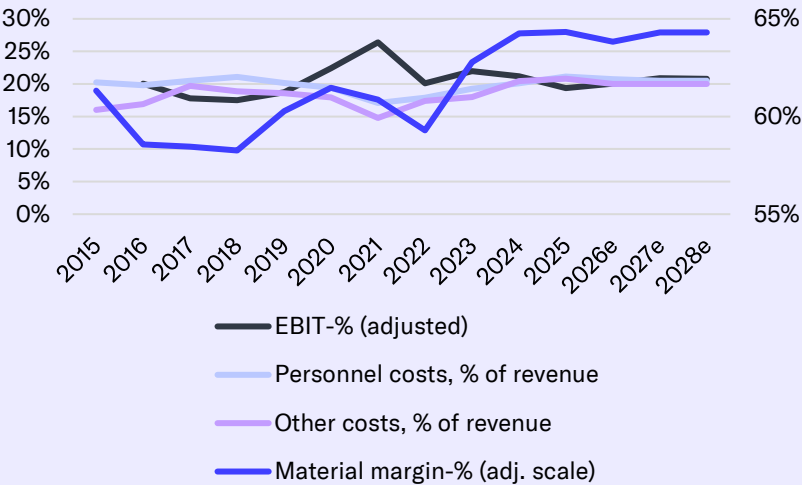
Historically (2015-2022), Harvia's material margin was around 60%. However, in 2023–26, the material margin has averaged around 64%, fluctuating between 60% and 69% on a quarterly basis. The company itself has indicated that a typical material margin level is around 65%, although significant volatility can be seen between quarters. The improved margin level compared to the past is supported by Harvia's growth outside Europe, where product prices as well as material and gross margins are typically higher than in Europe, especially in Finland. Thanks to its strong market position and brands, the company is also able to price its products well and can pass on cost increases to prices if necessary. This has resulted in a strong material margin despite various cost pressures in recent years. Increased production efficiency has also supported the improvement in the material margin.

In terms of EBIT, we believe that the margin difference between different regions is smaller because growing markets also require continuous investments in growth. However, we estimate that the smallest segment, APAC & MEA, will have lower profitability than the others.

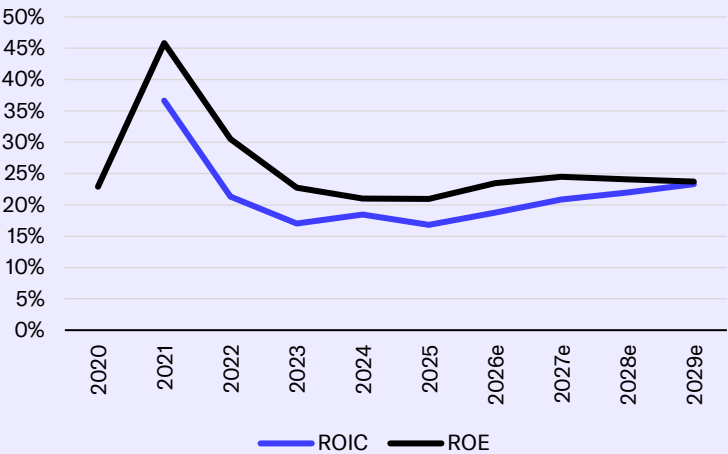
For this year, as in recent years, we expect a material margin of around 64%. We believe that the level will remain relatively stable at around 64% in 2027–29 as well. However, this could fluctuate due to potential major campaigns, as observed in 2024. Permanent price decreases would probably not create significant additional demand, so we feel they would mainly come out of the company's profitability, making them an unsound decision.

Although Harvia has been able to maintain a high EBIT margin, fixed costs as a percentage of revenue (fixed costs in this case are all personnel costs + other operating costs) increased significantly in 2023-25. This has been due to the company's investments in growth, such as hiring new employees and investing in IT systems. The company has also clearly stated that these investments will continue in the coming years. However, relative to revenue, fixed costs have leveled off over the past year and have partially turned into a slight decrease. We expect this trend to continue in 2026–27, albeit with only slight operational leverage. We believe that a more significant margin improvement driven by operational leverage over the next few years is likely only if the company's revenue growth significantly exceeds its 10% target. In terms of production, personnel costs are, to some extent, flexible upwards, as was mentioned earlier.

Harvia's cost and margin structure



Good return on capital levels



Source: Harvia, Inderes

Estimates 3/3

This year, we estimate the adjusted EBIT margin to be 20.1%. For next year, we predict a slightly higher material margin and a slightly lower fixed cost-to-revenue ratio. Consequently, the adjusted EBIT margin will increase to approximately 21%, a level at which it will also remain in our estimates for 2028–29.

EPS and dividend

Harvia's indebtedness is moderate (net debt/EBITDA was 1.2x at the end of Q2'26), so finance costs are relatively low. On a cash flow basis, the company's net finance costs are around 3 MEUR per year. Fluctuations arising from changes in interest rate hedges and exchange rates may impact reported finance costs. For this year, we forecast reported expenses of around 3.5 MEUR and for next year, cash flow-based expenses of around 3 MEUR. After that, finance costs will decrease as the debt decreases in our estimates. We expect the tax rate to be about 22% in the next few years.

According to our estimates, comparable EPS will increase by nearly 20% in 2026 as EBIT grows and finance costs decrease. Our forecasts show that growth will remain equally strong in 2027, resulting in the highest ever EPS by far (EUR 2.08 vs. 1.85 in 2021.)

Harvia has traditionally distributed a relatively large proportion of its profits as dividends. In connection with the 2021 dividend decision, the company removed the previous target of 'at least 60% of net profit' from its dividend policy and now seeks 'only' growing dividend. Supported by this, the company sensibly decreased the payout ratio clearly for 2021 but nonetheless increased its absolute dividend. As a result, we believe that Harvia has been able to continue

increasing the dividend despite declining results in some periods. Last year's payout ratio was a healthy level of just under 60%, and we expect the company to maintain a similar payout ratio in the coming years. Even with this payout ratio, the company's strong cash flow will significantly reduce its debt and allow for new acquisitions.

Balance sheet to remain strong in forecasts despite US investment

We forecast that Harvia will invest approximately 15 MEUR per year in the coming years, or about 5–6% of its revenue. While this is significantly higher than the historical average, it is slightly lower as a percentage of revenue than in the peak years of 2021 and 2025 (7–8%). The investments are primarily targeted at the US, where Harvia is expanding its sauna production to meet growing demand. We believe that Harvia will also consider starting sauna heater production in the US as demand grows in the coming years (currently, sauna heaters are mainly imported from Finland). As the US business grows, the company may also require, for instance, logistics centers in various regions of the country. In other countries, we do not anticipate the need for significant growth investments.

Harvia's net debt/EBITDA margin is around 1x at the end of 2026 and then falls to zero in our projections by the end of 2030. In other words, Harvia is well-positioned for new acquisitions, which it is pursuing. If no acquisition targets are found or if the acquisitions are smallish Harvia could also optimize its balance sheet structure with an extra dividend. However, the company seems to have a clear target for further acquisitions and thus a significant increase in dividend payout in the coming years seems unlikely.

High ROE creates value

The return on capital we expect (return on invested capital, ROIC, and return on equity, ROE, see image on previous page) for the next few years is around 15-25% for Harvia. As the company's growth requires only moderate capital, capital recycling and return have typically risen as earnings have grown. In this respect, we see the only clear risk that Harvia would commit its capital to a costly acquisition that would also be reflected in lower return on capital.

In relative terms, the strengthening of the balance sheet will have some negative impact on return on equity in the coming years. For example, by using assets for successful acquisitions and/or larger dividends, the ROE could be further improved.

Valuation 1/3 – Growth supports the expected return

Traditional valuation methods work well

Harvia is a growing and well-performing quality company. This enables the use of both the DCF model and earnings-based valuation and also makes dividend yield more predictable. Following rapid growth during the COVID pandemic and a decline in 2022–23, the company's revenue and earnings trend is once again clearly on the rise. Our expected return looks at the profit and cash flow levels and their growth, dividends and possible changes in valuation multiples for the next few years.

We expect Harvia to deliver good annual growth from this year well into the 2030s, and the company has proven its quality and margin resilience even in the challenging years 2022-23.

Strong growth potential is attractive

From a valuation perspective, we think our projected P/E of approximately 25x and EV/EBIT of 19x for 2026 are relatively high. P/E will be just over 20x in 2026, while EV/EBIT will fall to 16x in 2026. Although we find Harvia's multiples relatively high for the next few years, we note that we expect the company's earnings growth and cash flow to push multiples down over the years. We believe that the valuation is at an acceptable level, considering the strong growth outlook and high return on capital.

The multiples are also above average for the peer group, which we consider justified, given the company's quality and growth outlook. We also do not consider the group to be directly comparable to Harvia.

Outlined in terms of earnings growth and dividend (i.e., assuming the current valuation is maintained), we arrive at an expected return of approximately 20% over the next few years. However, we see a slight downside to the multiples,

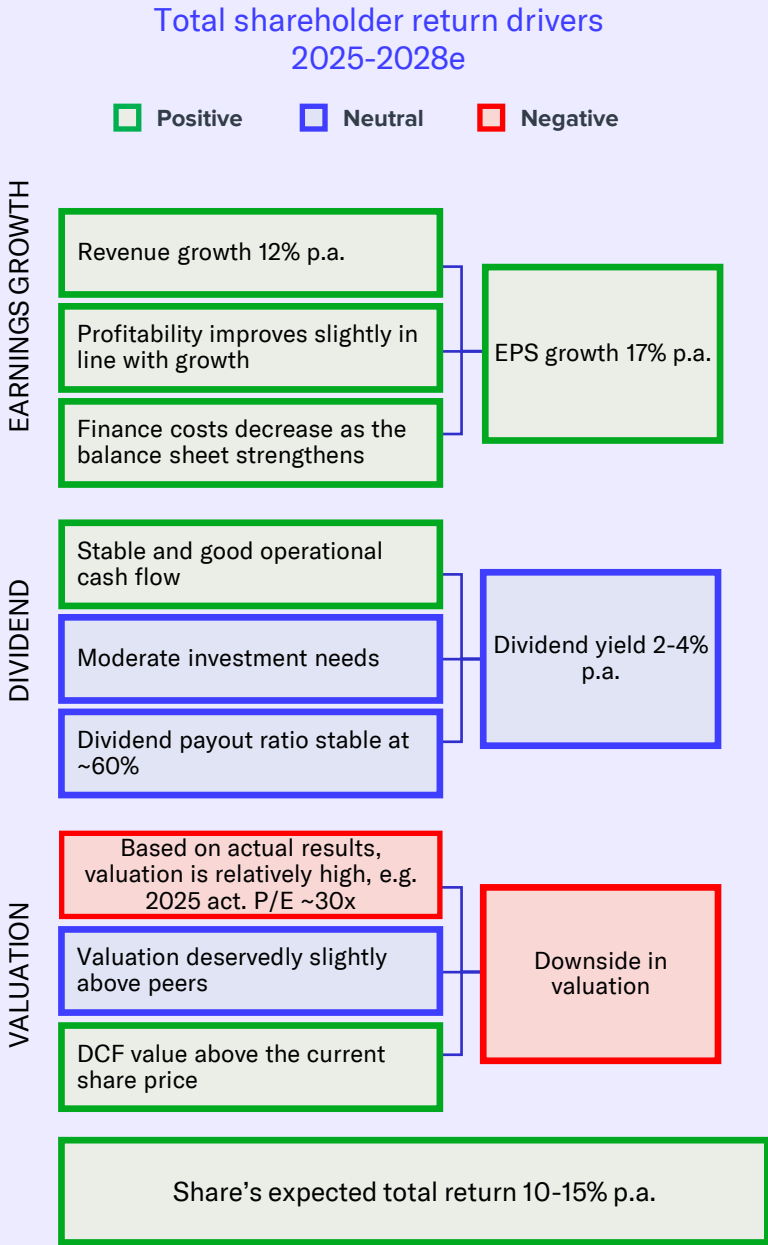
which limits the expected return. It is also worth noting that our projections keep Harvia's net debt/EBITDA low (less than 1x), while the target is below 2.5x. This will allow the company to either distribute more profits or make acquisitions, which we believe will support the expected returns in the long term. Harvia will therefore continue to pursue acquisitions and has a history of success with them.

As a sum of different valuation methods, we estimate the fair value range for Harvia to be around EUR 36-50, with the lower range representing acceptable multiples for this year's earnings and the upper range representing the DCF value plus successful acquisitions.

DCF model offers an upside for the stock

With a stable industry, steady profitability and a fairly predictable business, we believe that the DCF model is a relevant valuation method for Harvia. After the more detailed forecast years described above, we estimate the company's revenue growth to remain at 10% and the EBIT margin to gradually rise to 22.5% in 2029-2034. Thus, in our estimates, Harvia will reach approximately 500 MEUR in revenue and around 100 MEUR in EBIT in 2034. Our terminal growth estimate is 3%, with an EBIT margin of 22.5%.

We expect the level of investment in the coming years to remain slightly higher than previously expected due to growth investments in the US. The company's capital requirement is generally moderate, and the return on capital is high, which enables strong cash flow and growth. Our medium-term assumption for the company's capex/revenue ratio is around 4%, which also allows for growth, with maintenance capex closer to 2% in our view.



Valuation 2/3

As the required return (WACC) we use 8.8%. A large proportion (about 2/3) of cash flows will only be generated after 2035, i.e. during the terminal period. Our DCF model gives Harvia a debt-free value of about 960 MEUR, which means that the share capital is worth about 880 MEUR, or about EUR 47 per share.

Earnings-based valuation at an acceptable level with 2027 multiples

Harvia's EV/EBIT valuation is approximately 19x with 2026 earnings. The 2027 EV/EBIT is 16x, which we consider to already be an acceptable level (15-16x). As 2026 is already in its latter half, we believe it is reasonable to also examine the 2027 multiples. Harvia's historical valuation has fluctuated wildly, as the company did not have such a clear growth profile in the early years of its stock market history, and on the other hand, with the rapid growth of the pandemic era, the multiples rose very high in 2020-21. Considering the company's return on capital of over 20% and its growth outlook, we believe the current valuation is acceptable. A strengthening balance sheet, supported by good cash flow, also provides opportunities for acquisitions.

With the P/E ratio, Harvia is priced at about 25x with 2026 earnings, which translates into an earnings return of 4%. As an acceptable level, we see around 20x, which Harvia will reach in 2027. From the perspective of absolute earnings multiples, the valuation is therefore at an acceptable level with next year's multiples.

At the current share price and a dividend payout ratio of 60%, Harvia will offer a dividend yield of 2-3% over the next few years. We estimate that Harvia's free cash flow will be around 30 MEUR in the next few years, which at the current share price offers a cash-flow rate of just under 4%. Because

we believe that Harvia can achieve an earnings growth of over 15% in the coming years, the expected return is around 20% p.a.

Valuation justifiably above the peer group

It is difficult to find comparable listed peer companies for Harvia, as there are no relevant sauna and spa benchmark companies. We have used international listed companies in the peer group that each in their own characteristics are somehow similar to Harvia. Common features can be found in the same geographical business area, similar production and distribution strategy, growth and profitability profiles, etc. The peer companies and their multiples are listed on page 33.

The median EV/EBIT of the peer group for 2026 is 14x and the P/E is around 18x. With both the 2026 and 2027 figures, Harvia's valuation is 30-50% higher than that of its peer group in terms of both EV/EBIT and P/E. Due to the differences in the peer group, we do not feel its valuation is directly applicable to Harvia. We believe a premium valuation is warranted for Harvia, given its strong return on capital, positive growth outlook (through both market growth and gaining market share), relatively successful acquisition history, and relatively stable margin profile.

The sale of Harvia's unlisted competitor Sauna 360 to US Masco in July 2023 offers one approach to the valuation. The EV/S ratio for 2022 was 1.5x and the EV/EBIT ratio about 14x, while the corresponding figures for Harvia (for 2025) are ~3.6x and 18x. Harvia's clearly higher EV/S ratio is due to better profitability. Even on an EV/EBIT basis, the company's valuation is significantly lower than Harvia's current valuation.

Valuation	2026e	2027e	2028e
Share price	42.0	42.0	42.0
Number of shares, millions	18.8	18.8	18.8
Market cap	789	789	789
EV	844	830	815
P/E (adj.)	24.1	20.2	17.8
P/E	24.3	20.2	17.8
P/B	5.3	4.6	4.0
P/S	3.5	3.1	2.8
EV/Sales	3.7	3.3	2.9
EV/EBITDA	15.8	13.4	11.9
EV/EBIT (adj.)	18.5	15.7	13.9
Payout ratio (%)	47.5 %	48.2 %	59.5 %
Dividend yield-%	2.0 %	2.4 %	3.3 %

Source: Inderes

Valuation 3/3

At the turn of 23/24, there was also another transaction in the industry when Kohler, a US-based company, acquired Harvia's rival Klafs. However, the figures for this transaction have not been published. We also believe that Harvia is a potential acquisition target for large players such as Masco and Kohler, but considering the required premium, the current valuation already sets the price quite high for a possible bid.

Previous acquisitions clearly in the black

Harvia has been relatively active in acquisitions and will continue to pursue them in the future. On average, the company has also succeeded in developing them and been able to improve the profitability of the acquired targets. For example, Sentiotec and Almost Heaven Saunas acquired years ago have been brought to a much better profitability level by bringing Harvia's know-how of different processes to the acquired companies and by utilizing the organization of the acquired companies to sell Harvia's products. With the acquisition of AHS, Harvia's US business started to grow very strongly. Since the purchase prices of these acquisitions were only 4-5 MEUR, it is safe to say that they have been value-creating acquisitions for Harvia and very much so for AHS.

The EOS acquisition made in 2020 seems promising as well, though not as clearly value-creating as the previous two. For Kirami, a still water hot tub manufacturer that was purchased at the peak of demand during the COVID pandemic, the timing of the deal was poor, and the company's revenue has decreased significantly in 2022–2025, although its earnings were pushed slightly into the black last year. Although the purchase price was very low considering Kirami's strong earnings during the pandemic, the deal appears to have failed to create value in light of

the current situation. It is obviously too early to assess the latest ThermaSol transaction, but given the price and the strategic fit of the company, we believe it is a sensible acquisition for Harvia. However, steam product growth has not recently developed in line with the company's plans. Steam's role in Harvia's long-term growth also appears to be somewhat more moderate than we anticipated at the time of the ThermaSol acquisition.

We see acquisitions as an opportunity

As a whole, we see that Harvia's acquisitions have been successful and thus we believe the company will continue to have an opportunity to create value with them. As we mentioned earlier, the most logical target for a potential acquisition in our view would be to complement the product category, particularly in infrared (and preferably in the US market). Regarding ready-made saunas, opportunities to expand presence and/or production could also arise through an acquisition, though Harvia should be well-positioned to achieve this organically as well.

In infrared saunas, most of the major players have outsourced sauna production, making it difficult to stand out and increase efficiency on that side. The sales arguments for infrared saunas and the use of the products are also somewhat different from Harvia's current product portfolio. On the other hand, Harvia already has its own infrared expertise within the company. In terms of infrared, we believe that direct synergies and efficiency improvement possibilities are smaller than in, e.g., the Sentiotec or Almost Heaven Saunas acquisitions. In these, Harvia brought its own expertise to the acquired companies and, on the other hand, gained a stronger foothold in the markets of these companies, which resulted in a clear improvement in the acquired companies. In our view, Harvia has no production

capacity needs (especially in Europe) that could be met by an acquisition. In terms of growth in the US, investments in the company's own expansion are likely a more sensible way to continue growing.

We can roughly estimate the impact of potential future acquisitions, although it is virtually impossible to estimate the timing, size and price of deals. With the current high valuation multiples, we believe Harvia has good prospects for making value-creating transactions, provided that the market values the acquired companies as part of Harvia at the same multiples as Harvia's share is currently valued. A more fundamental way is to include acquisitions in our DCF model. Assuming that at the end of 2026, 2028 and 2030, Harvia would make acquisitions worth around 50 MEUR, generate 20 MEUR in revenue (EV/S 2.5x), and reach Harvia's average profitability (for simplicity, from the beginning, which is unlikely to happen in practice). If organic growth were to accelerate by a further 1 percentage point per year between 2028-35, this would add a further EUR 3 per share to the DCF.

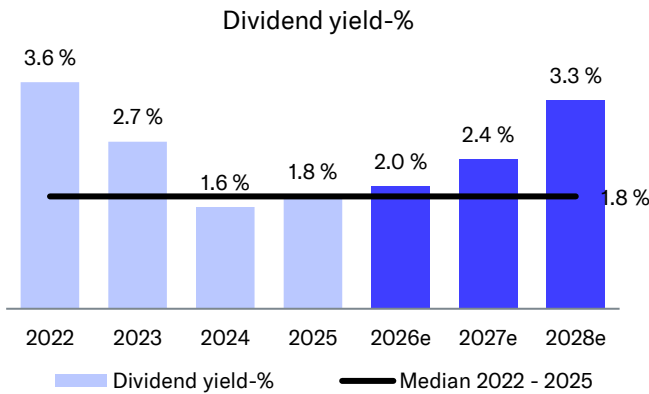
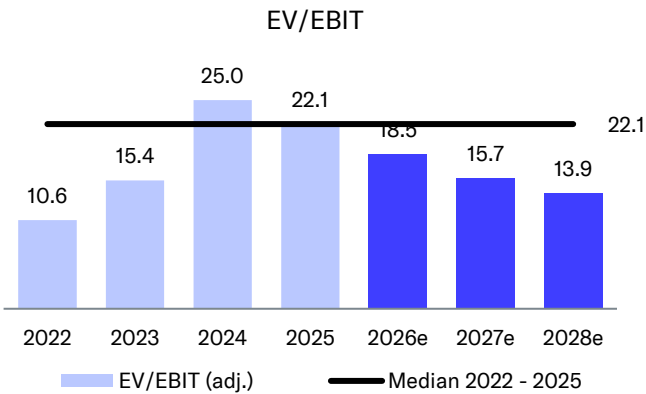
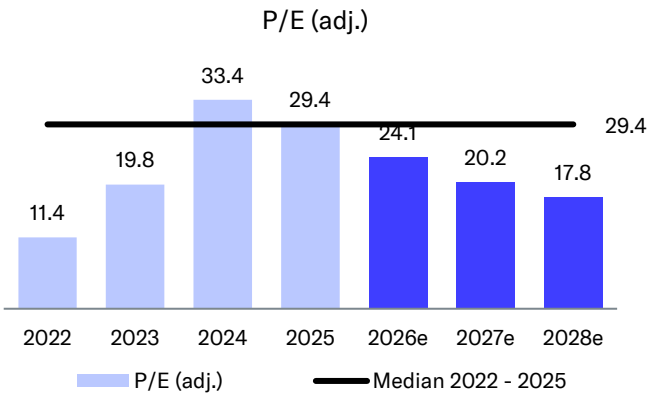
Good expected return in the longer term

We expect that Harvia will continue to grow at a rate of around 10% through the mid-2030s. Organically, the forecast is largely in line with the company's target. We believe that the EBIT margin target of over 20% remains achievable, although not at the peak level of over 25%. The margin will therefore remain relatively unchanged, and the medium-term profit growth expectation will be in line with revenue growth, i.e. ~ 10% per year. Add in a dividend yield of about 2-5%, and the total return stands at 10-15%, which is above our required return. Therefore, even in the longer term, the expected return is good.

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	58.7	17.7	25.5	46.1	42.9	42.0	42.0	42.0	42.0
Number of shares, millions	18.6	18.7	18.7	18.7	18.7	18.8	18.8	18.8	18.8
Market cap	1091	330	476	860	801	789	789	789	789
EV	1181	388	518	926	865	844	830	815	803
P/E (adj.)	31.7	11.4	19.8	33.4	29.4	24.1	20.2	17.8	16.0
P/E	32.4	12.2	20.4	35.6	30.3	24.3	20.2	17.8	16.0
P/B	13.5	3.4	4.4	7.0	6.2	5.3	4.6	4.0	3.6
P/S	6.1	1.9	3.2	4.9	4.0	3.5	3.1	2.8	2.5
EV/Sales	6.6	2.3	3.4	5.3	4.3	3.7	3.3	2.9	2.6
EV/EBITDA	22.5	9.2	13.2	21.8	18.9	15.8	13.4	11.9	10.5
EV/EBIT (adj.)	24.9	10.6	15.4	25.0	22.1	18.5	15.7	13.9	12.2
Payout ratio (%)	33%	44%	55%	58%	54%	47%	48%	60%	60%
Dividend yield-%	1.0 %	3.6 %	2.7 %	1.6 %	1.8 %	2.0 %	2.4 %	3.3 %	3.8 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Thule Group AB	1847	2207	14.0	12.5	11.7	10.5	2.4	2.2	17.0	14.9	4.6	5.3	2.7
Nobia AB	178	461	14.3	10.1	6.9	5.5	0.9	0.9	30.3	7.2			0.9
Dometic Group AB	577	1550	9.7	7.9	6.2	5.4	0.9	0.8	7.9	5.4	4.7	6.0	0.3
Nokian Tyres plc	2151	2966	23.9	17.0	11.0	9.1	2.0	1.8	25.2	17.5	2.0	2.7	1.7
Rapala VMC Oyj	66	152	9.5	10.5	5.8	5.7	0.6	0.6	17.0	14.7		0.6	0.6
Husqvarna AB	1774	2600	10.3	8.4	5.2	4.5	0.7	0.6	11.8	9.9	3.8	5.1	0.8
Inwido AB	954	1217	13.9	11.8	9.7	8.5	1.3	1.2	17.2	14.0	3.3	3.5	1.9
Nibe Industrier AB	7928	9522	21.0	18.4	14.5	13.1	2.5	2.3	27.1	22.4	1.1	1.3	2.7
Technogym SpA	2603	2516	15.0	13.1	11.1	9.9	2.3	2.1	21.0	18.4	3.2	3.5	6.8
Rockwool A/S	5415	5583	11.0	9.9	6.8	6.3	1.5	1.4	13.8	12.7	2.2	2.5	1.8
Kingspan Group PLC													
Electrolux AB	1824	3936	14.0	8.8	5.5	4.2	0.3	0.3	17.5	7.3	0.1	3.8	1.0
De' Longhi SpA	5943	5463	10.0	9.4	8.1	7.7	1.4	1.3	15.9	15.0	2.6	2.8	2.6
Tulikivi	31	38		18.8	18.8	9.4	1.3	1.2		25.6		3.9	1.9
Harvia (Inderes)	789	844	18.5	15.7	15.8	13.4	3.7	3.3	24.1	20.2	2.0	2.4	5.3
Average			13.9	12.0	9.3	7.7	1.4	1.3	18.5	14.2	2.8	3.4	2.0
Median			13.9	10.5	8.1	7.7	1.3	1.2	17.1	14.7	2.9	3.5	1.8
Diff-% to median			33%	49%	96%	75%	182%	164%	41%	37%	-33%	-32%	204%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	175	52.0	47.2	46.0	53.7	199	58.6	52.8	54.8	60.2	226	253	282	312
Northern Europe	43.8	11.9	11.5	11.1	12.1	46.6	13.9	11.3	13.3	12.7	51.2	53.3	54.9	56.5
Continental Europe	52.7	14.5	12.7	12.6	15.8	55.6	15.3	12.4	14.5	16.5	58.8	61.7	64.8	68.0
North America	62.0	21.8	16.6	16.6	20.8	75.8	24.4	23.0	20.8	24.8	93.0	112	132	151
APAC & MEA	16.7	3.8	6.4	5.7	5.1	21.0	4.9	6.1	6.3	6.1	23.4	26.9	30.9	35.6
EBITDA	42.4	13.8	9.4	10.2	12.4	45.8	14.8	10.4	13.7	14.4	53.3	61.8	68.7	76.3
Depreciation	-7.0	-1.9	-1.8	-1.8	-2.0	-7.5	-2.0	-2.0	-2.0	-2.0	-8.0	-8.8	-10.0	-10.7
EBIT (excl. NRI)	37.1	11.9	8.2	8.5	10.5	39.1	12.9	8.6	11.7	12.4	45.6	53.0	58.7	65.6
EBIT	35.5	11.9	7.6	8.4	10.4	38.3	12.8	8.4	11.7	12.4	45.3	53.0	58.7	65.6
Net financial items	-3.6	-1.4	-2.2	-0.5	-1.1	-5.1	-0.7	-1.3	-0.8	-0.8	-3.6	-3.0	-2.0	-2.3
PTP	31.8	10.5	5.4	8.0	9.3	33.2	12.1	7.1	10.9	11.6	41.7	50.0	56.7	63.3
Taxes	-7.6	-2.1	-1.1	-1.9	-1.7	-6.8	-2.8	-1.5	-2.4	-2.6	-9.2	-11.0	-12.5	-13.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Net earnings	24.2	8.4	4.4	6.1	7.6	26.4	9.3	5.6	8.5	9.1	32.4	39.0	44.2	49.4
EPS (adj.)	1.38	0.45	0.27	0.33	0.41	1.46	0.50	0.31	0.45	0.48	1.74	2.08	2.35	2.63
EPS (rep.)	1.30	0.45	0.23	0.33	0.41	1.42	0.49	0.30	0.45	0.48	1.73	2.08	2.35	2.63

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	16.4 %	22.6 %	9.3 %	18.9 %	5.5 %	13.5 %	12.8 %	11.9 %	19.2 %	12.1 %	13.9 %	11.9 %	11.4 %	10.4 %
Adjusted EBIT growth-%	9.9 %	17.8 %	-12.7 %	-3.8 %	20.3 %	5.5 %	8.4 %	4.3 %	36.9 %	18.7 %	16.5 %	16.3 %	10.7 %	11.7 %
EBITDA-%	24.2 %	26.5 %	19.9 %	22.2 %	23.0 %	23.0 %	25.2 %	19.7 %	24.9 %	24.0 %	23.5 %	24.4 %	24.3 %	24.5 %
Adjusted EBIT-%	21.2 %	22.9 %	17.4 %	18.5 %	19.5 %	19.7 %	22.0 %	16.2 %	21.3 %	20.6 %	20.1 %	20.9 %	20.8 %	21.0 %
Net earnings-%	13.8 %	16.1 %	9.2 %	13.2 %	14.2 %	13.3 %	15.8 %	10.6 %	15.5 %	15.1 %	14.3 %	15.4 %	15.7 %	15.8 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	146	149	155	161	166
Goodwill	91.1	89.3	89.3	89.3	89.3
Intangible assets	16.9	19.2	19.4	19.6	19.6
Tangible assets	36.3	38.8	44.6	50.5	55.5
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	1.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.8	1.4	1.4	1.4	1.4
Current assets	119	123	132	120	133
Inventories	49.2	52.1	56.6	60.8	67.7
Other current assets	0.6	0.8	0.8	0.8	0.8
Receivables	22.3	24.6	29.4	33.0	36.7
Cash and equivalents	46.4	45.2	45.3	25.3	28.2
Balance sheet total	265	271	287	281	299

Source: Inderes

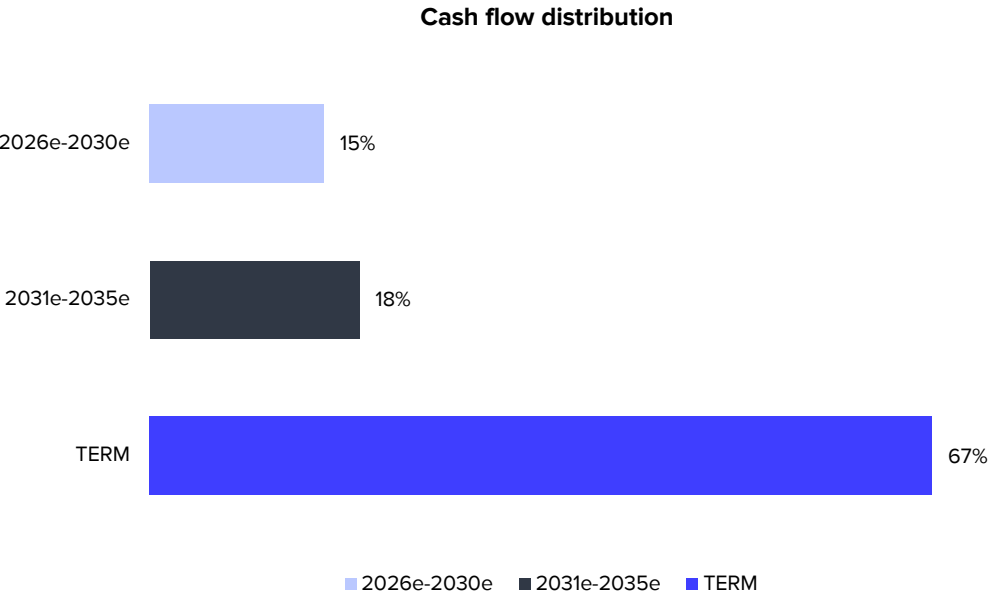
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	124	130	149	172	198
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	86.8	99.1	117	141	166
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	35.9	30.2	30.2	30.2	30.2
Minorities	1.2	1.1	1.1	1.1	1.1
Non-current liabilities	111	107	88.9	54.6	45.6
Deferred tax liabilities	2.7	2.2	2.2	2.2	2.2
Provisions	2.8	2.4	2.4	2.4	2.4
Interest bearing debt	103	102	83.4	49.1	40.1
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.0	0.9	0.9	0.9	0.9
Current liabilities	29.3	33.5	49.3	53.9	56.0
Interest bearing debt	1.0	1.3	11.7	12.3	10.0
Payables	26.4	28.6	34.0	38.0	42.3
Other current liabilities	1.9	3.6	3.6	3.6	3.6
Balance sheet total	264	271	287	281	299

DCF-calculation

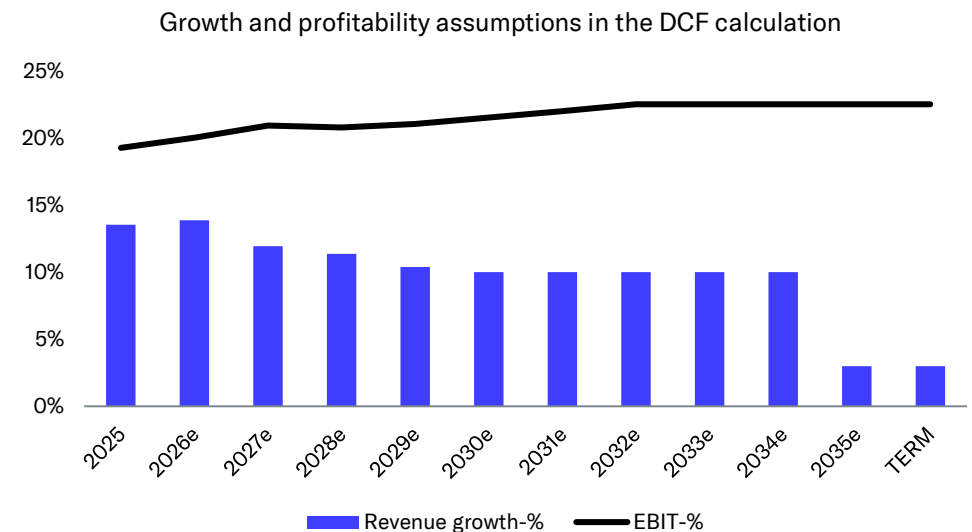
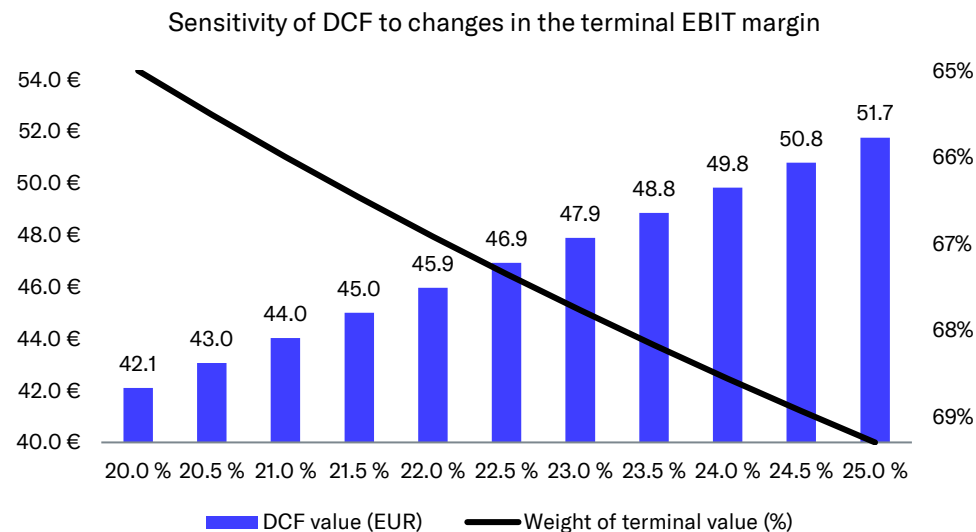
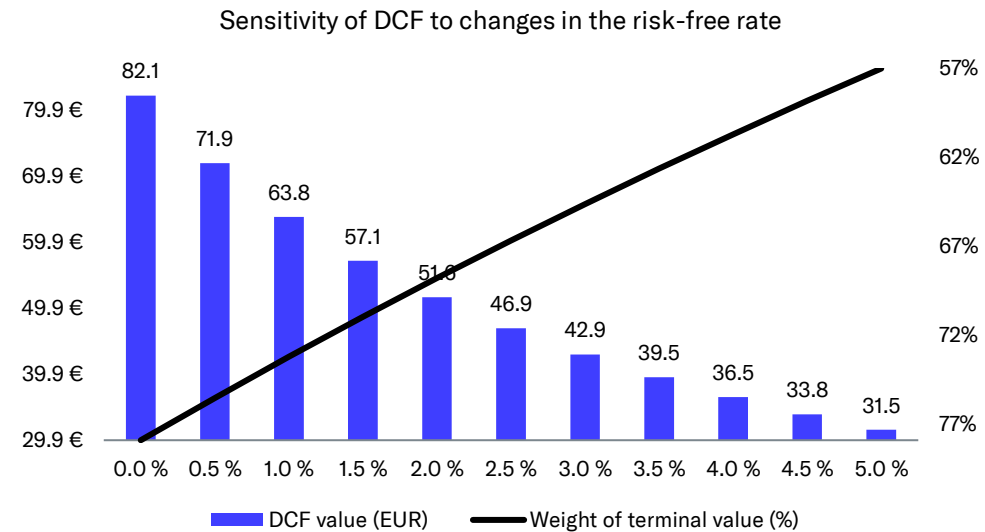
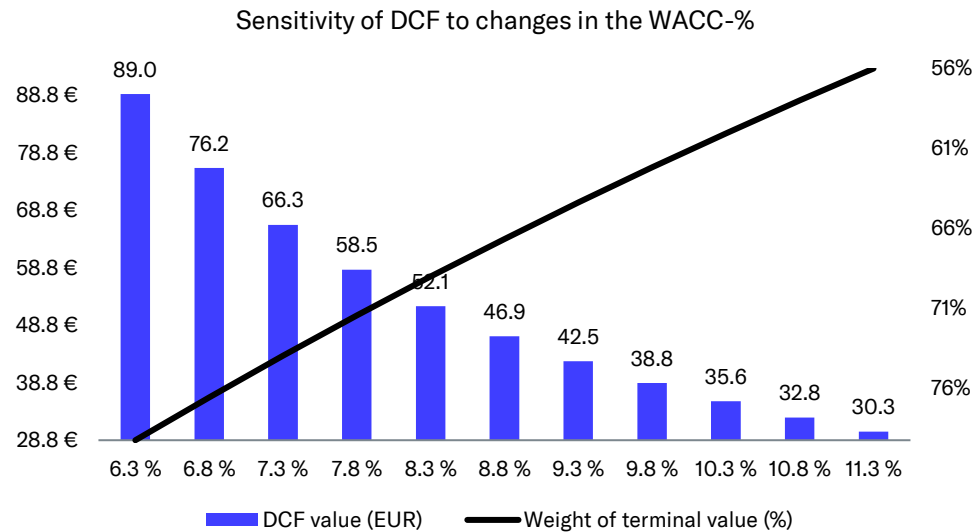
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	13.5 %	13.9 %	11.9 %	11.4 %	10.4 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	3.0 %	3.0 %
EBIT-%	19.3 %	20.0 %	20.9 %	20.8 %	21.0 %	21.5 %	22.0 %	22.5 %	22.5 %	22.5 %	22.5 %	22.5 %
EBIT (operating profit)	38.3	45.3	53.0	58.7	65.6	73.7	82.9	93.3	103	113	116	
+ Depreciation	7.5	8.0	8.8	10.0	10.7	11.4	12.2	13.0	13.9	15.0	16.1	
- Paid taxes	-7.9	-9.2	-11.0	-12.5	-13.9	-15.8	-18.0	-20.4	-22.6	-24.9	-25.6	
- Tax, financial expenses	-1.1	-0.8	-0.7	-0.4	-0.5	-0.4	-0.3	-0.1	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-1.4	-4.0	-3.7	-6.3	-6.4	-6.9	-7.5	-8.3	-9.1	-10.0	-3.3	
Operating cash flow	35.4	39.3	46.5	49.4	55.4	62.0	69.3	77.5	84.9	93.0	103	
+ Change in other long-term liabilities	-2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-9.4	-14.0	-15.0	-15.0	-15.6	-16.8	-18.2	-19.7	-21.4	-22.9	-23.7	
Free operating cash flow	23.6	25.3	31.5	34.4	39.8	45.2	51.1	57.8	63.5	70.1	79.8	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	23.6	25.3	31.5	34.4	39.8	45.2	51.1	57.8	63.5	70.1	79.8	1408
Discounted FCFF		24.8	28.4	28.5	30.3	31.6	32.8	34.1	34.4	34.9	36.5	644
Sum of FCFF present value		960	935	907	878	848	816	784	749	715	680	644
Enterprise value DCF		960										
- Interest bearing debt		-103										
+ Cash and cash equivalents		45										
+ Associated companies		0										
-Minorities		-6										
-Dividend/capital return		-14										
Equity value DCF		882										
Equity value DCF per share		46.9										

WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.5
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	8.8 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	150.5	175.2	198.9	226.5	253.5	EPS (reported)	1.25	1.30	1.42	1.73	2.08
EBITDA	39.3	42.4	45.8	53.3	61.8	EPS (adj.)	1.28	1.38	1.46	1.74	2.08
EBIT	33.0	35.5	38.3	45.3	53.0	OCF / share	2.09	1.43	1.90	2.09	2.47
PTP	29.5	31.8	33.2	41.7	50.0	OFCF / share	1.74	-0.44	1.26	1.34	1.68
Net Income	23.3	24.2	26.4	32.5	39.0	Book value / share	5.76	6.58	6.93	7.84	9.10
Extraordinary items	-0.7	-1.6	-0.8	-0.2	0.0	Dividend / share	0.68	0.75	0.77	0.82	1.00
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	214.3	264.6	271.3	286.8	280.7	Revenue growth-%	-13%	16%	14%	14%	12%
Equity capital	108.7	124.0	130.5	148.6	172.2	EBITDA growth-%	-7%	8%	8%	16%	16%
Goodwill	73.4	91.1	89.3	89.3	89.3	EBIT (adj.) growth-%	-8%	10%	6%	17%	16%
Net debt	37.6	57.3	57.7	49.8	36.0	EPS (adj.) growth-%	-17%	8%	5%	19%	19%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	26.1 %	24.2 %	23.0 %	23.5 %	24.4 %
EBITDA	39.3	42.4	45.8	53.3	61.8	EBIT (adj.)-%	22.4 %	21.2 %	19.7 %	20.1 %	20.9 %
Change in working capital	6.9	-8.9	-1.4	-4.0	-3.7	EBIT-%	21.9 %	20.2 %	19.3 %	20.0 %	20.9 %
Operating cash flow	39.1	26.7	35.4	39.3	46.5	ROE-%	22.7 %	21.0 %	20.9 %	23.5 %	24.5 %
CAPEX	-3.2	-38.4	-9.4	-14.0	-15.0	ROI-%	18.1 %	17.1 %	16.6 %	19.0 %	22.2 %
Free cash flow	32.5	-8.1	23.6	25.3	31.5	Equity ratio	50.7 %	46.9 %	48.1 %	51.8 %	61.3 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	34.6 %	46.2 %	44.2 %	33.5 %	20.9 %
EV/S	3.4	5.3	4.3	3.7	3.3	Net debt/EBITDA	1.0	1.4	1.3	0.9	0.6
EV/EBITDA	13.2	21.8	18.9	15.8	13.4	EBITDA/net financials	11.2	11.7	9.0	14.8	20.9
EV/EBIT (adj.)	15.4	25.0	22.1	18.5	15.7						
P/E (adj.)	19.8	33.4	29.4	24.1	20.2						
P/B	4.4	7.0	6.2	5.3	4.6						
Dividend-%	2.7 %	1.6 %	1.8 %	2.0 %	2.4 %						

Source: Inderes

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/12/2022	Accumulate	22.00 €	19.93 €
9/9/2022	Buy	20.00 €	15.23 €
11/4/2022	Buy	20.00 €	15.46 €
12/19/2022	Accumulate	21.00 €	18.33 €
2/10/2023	Reduce	22.00 €	22.10 €
5/5/2023	Reduce	24.00 €	25.06 €
5/29/2023	Accumulate	24.00 €	22.14 €
8/11/2023	Accumulate	24.00 €	22.00 €
9/13/2023	Accumulate	25.50 €	24.00 €
11/3/2023	Accumulate	25.00 €	23.50 €
12/11/2023	Reduce	25.00 €	25.48 €
2/9/2024	Sell	28.00 €	32.60 €
5/6/2024	Sell	30.00 €	38.60 €
8/6/2024	Sell	32.00 €	36.50 €
8/9/2024	Sell	35.00 €	40.40 €
9/24/2024	Sell	37.00 €	42.45 €
11/8/2024	Sell	40.00 €	46.10 €
2/14/2025	Reduce	46.00 €	47.10 €
4/24/2025	Reduce	40.00 €	38.70 €
5/8/2025	Reduce	43.00 €	47.10 €
8/8/2025	Reduce	41.00 €	43.05 €
10/8/2025	Accumulate	40.00 €	35.15 €
11/7/2025	Reduce	43.00 €	42.95 €
2/13/2026	Buy	44.00 €	35.50 €
4/14/2026	Buy	44.00 €	34.95 €
5/8/2026	Accumulate	44.00 €	41.05 €
8/7/2026	Accumulate	47.00 €	44.35 €
10/6/2026	Accumulate	47.00 €	41.95 €



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