

HARVIA

10/8/2025 7:30 am EEST

This is a translated version of "Kasvavan markkinan johtaja"
report, published on 10/8/2025



Rauli Juva
+358 50 588 0092
rauli.juva@inderes.fi

INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT



Leader in a growing market

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. After the share price declined following the Q2 report, we believe that the valuation is at an acceptable level and that the share therefore offers attractive expected returns through earnings growth. We raise our recommendation to Accumulate (previously Reduce) but revise our target price to EUR 40 (previously EUR 41) due to slightly lower estimates.

Leading company on the growing sauna and spa industry

Harvia is the world's largest sauna and spa company. The company itself estimates its market share to be around 5%, which means that its share of the relevant product market for Harvia would be around 10%. Harvia has significantly increased its market share over the past seven years (both through acquisitions and organically). Growth has largely come from North America, which now accounts for 39% of Harvia's revenue (H1'25). After major fluctuations in 2020-2023, the global market is returning to growth, which Harvia expects to exceed 5% p.a. in the coming years.

Harvia has clear competitive advantages and low capital requirements that support strong 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 just over 50% of Harvia's revenue. We believe Harvia's competitive advantages are: 1) vertical integration and own design, 2) economies of scale (in production), 3) strong brand(s), 4) broad and long-term distribution relationships. We feel that the company has 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 (~25% of

revenue). We believe the company has been successful in creating value by allocating capital to acquisitions, and the ThermaSol deal made in 2024 looks promising as well. The competitive advantages and low capital requirements enable the company an ROIC of above 20% in the coming years.

We believe Harvia will continue to gain market share and achieve its targets

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 that Harvia will achieve these targets, as the ThermaSol acquisition led to growth of around 15% p.a. in 2024-25, and we estimate the organic growth rate alone will be close to 10% in the coming years. As in recent years, growth will be driven by non-European regions, with growth in the US, in particular, supported by increased expansion in steam and infrared products. We believe this will allow Harvia to gain further market share in the US. We also expect Harvia to maintain profitability at the target level of 20-23%. However, growth investments are reflected in the margin, which is not scaled up significantly in our forecasts despite the growth. In this report, we have lowered our margin growth expectations slightly for the coming years, reducing our earnings estimates by 2-5% for 2026-27.

Earnings growth supports good expected return

Harvia's valuation level is still somewhat high for this year, but we believe it is an acceptable level for next year (EV/EBIT 15x, P/E 20x). We consider the company's return on capital employed and its ability to allocate and generate cash flow excellent and that multiples will, therefore, 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 and/or larger dividends would support the investor's expected return. We also see Harvia as a potential acquisition target, but with the current valuation, we find it quite expensive for the buyer. Overall, we think the expected return is good.

Recommendation

Accumulate

(was Reduce)

Target price:

EUR 40.00

(was EUR 41.00)

Share price:

EUR 35.00

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	175	195	212	233
growth-%	16%	11%	9%	9%
EBIT adj.	37.1	38.8	44.8	51.2
EBIT-% adj.	21.2 %	19.9 %	21.1 %	22.0 %
Net Income	24.2	25.7	32.4	38.0
EPS (adj.)	1.38	1.41	1.75	2.04
P/E (adj.)	33.4	24.9	20.1	17.3
P/B	7.0	4.9	4.3	3.9
Dividend yield-%	1.6 %	2.4 %	2.8 %	3.4 %
EV/EBIT (adj.)	25.0	18.2	15.5	13.2
EV/EBITDA	21.8	15.5	13.1	11.3
EV/S	5.3	3.6	3.3	2.9

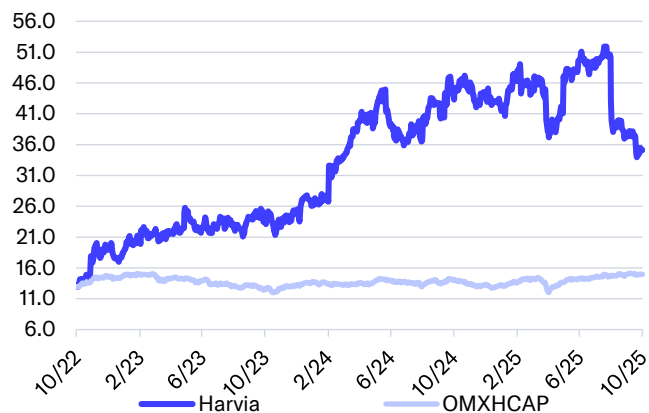
Source: Inderes

Guidance

(Unchanged)

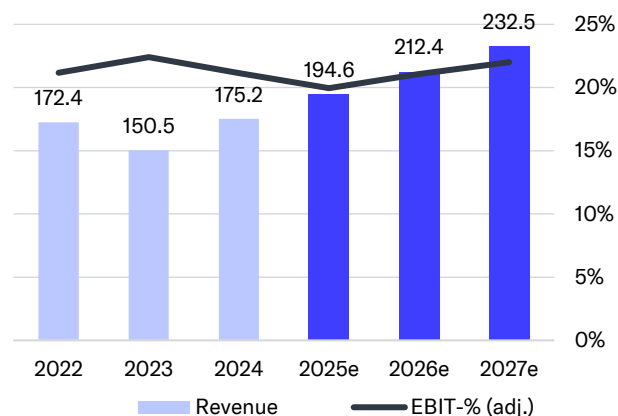
Harvia does not publish a short-term outlook.

Share price



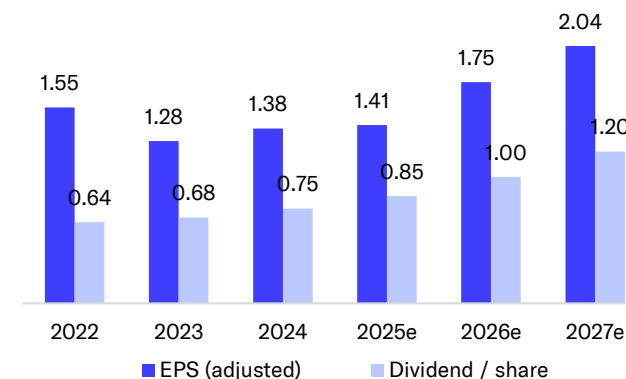
Source: Millistream Market Data AB

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 low 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	2025e	2026e	2027e
Share price	35.2	35.2	35.2
Number of shares, millions	18.7	18.7	18.7
Market cap	656	656	656
EV	708	693	676
P/E (adj.)	24.9	20.1	17.3
P/E	25.5	20.3	17.3
P/B	4.9	4.3	3.9
P/S	3.4	3.1	2.8
EV/Sales	3.6	3.3	2.9
EV/EBITDA	15.5	13.1	11.3
EV/EBIT (adj.)	18.2	15.5	13.2
Payout ratio (%)	61.6 %	57.7 %	58.9 %
Dividend yield-%	2.4 %	2.8 %	3.4 %

Source: Inderes

Contents

Company description and business model	5-12
Investment and risk profile	13-15
Industry and competitors	16-20
Historical development and financial situation	21-22
Strategy and financial targets	23-25
Estimates and valuation	26-32
Climate targets and taxonomy	33
Tables and disclaimer	34-41

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

IPO

189 MEUR

Revenue for the last 12 months (end of Q2’25)

37.7 MEUR (19.9% of revenue)

Comparable EBIT for the last 12 months

1

Position on sauna and spa market

742

Headcount at the end of Q2’25

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

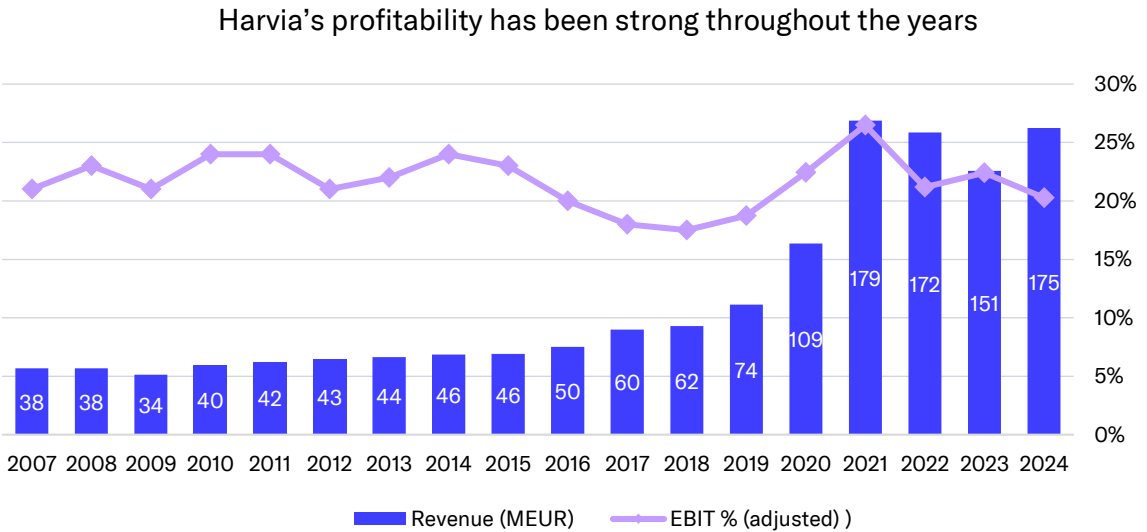
IPO 2018

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 2015-2024 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 ~5% and in the more precisely defined heater and sauna component market over 20%. Harvia clearly gained market share, especially in 2020-22, as the corresponding figures in 2019 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. In 2021, the company expanded its product portfolio to include still water hot tubs by acquiring the Finnish company Kirami. The acquisition of ThermaSol in the summer of 2024 will strengthen the company's position in the US and give it expertise in steam showers/saunas. However, the weak European market and the withdrawal from Russia had a negative impact on the 2023 figures.

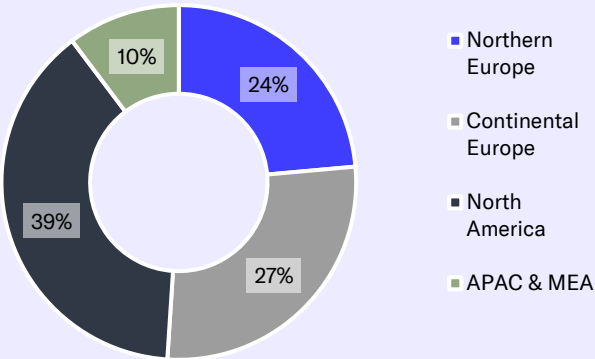
Harvia has long-lasting customer relationships in all core areas of the sauna and spa market and its brands (Harvia, EOS, Almost Heaven Saunas) are among the best known in the industry. Harvia sells its products mainly through a network of distributors in about 90 countries around the world. In 2024, around 85% of revenue came from outside Finland.

Products: From traditional heaters to a more comprehensive sauna company

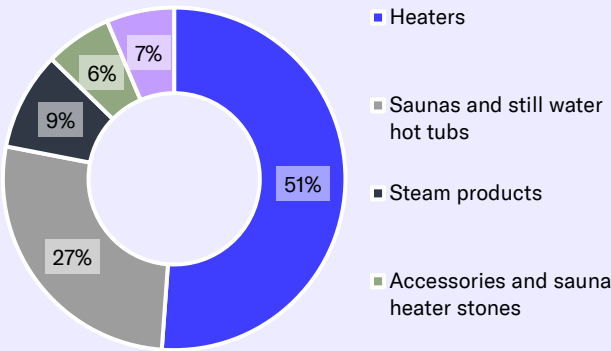
Prior to its IPO (2018), Harvia was mainly known as a sauna heater manufacturer, but since then the company has become a more holistic player in the sauna and spa sector through acquisitions, new product launches and the opening of sales channels. Harvia's strongest area is traditional sauna, and with the recent 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, especially in steam and infrared saunas. Cold plunge tubs could also serve as an almost entirely new category for the company, supporting its growth. On the other hand, in traditional heaters and saunas, we believe it has a proven competitive advantage and also 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 (53% in H1'25), 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 H1'25



Revenue by product group H1'25



Source: Harvia

Company description and business model 2/7 - Product groups

Product segment

Main products

Main brands

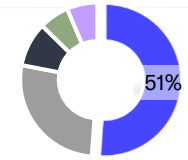
Share of revenue in H1'25

Heaters



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

- Harvia
- EOS

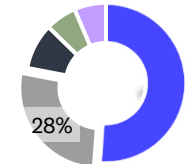


Saunas and still water hot tubs



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

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

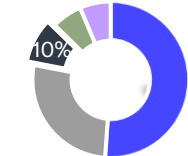


Steam products



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

- ThermaSol (USA)
- Harvia

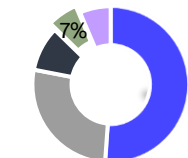


Accessories and sauna heater stones



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

- Harvia

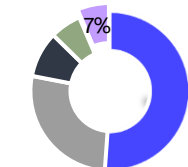


Spare parts and services



- 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

The group's revenue mainly comes from product sales (a small share from maintenance and repair services). 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 is based on the customer's group level framework agreement under which the individual order agreements made by the group formed some 9% of the group's revenue in 2024. The share of the largest customer has consistently decreased as the company has expanded. 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 the products it sells 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.

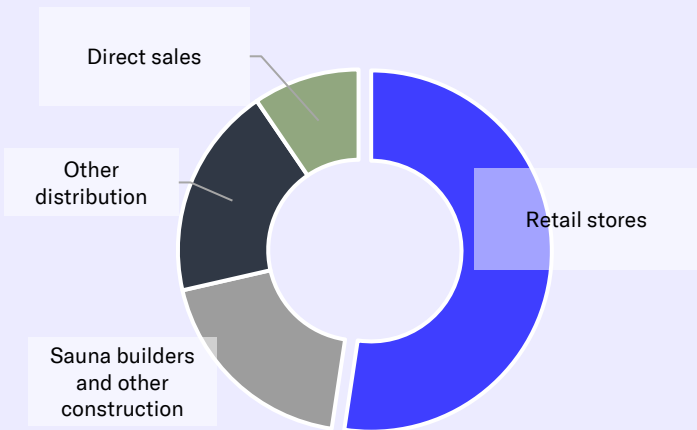
The components and raw materials that Harvia needs to build sauna heaters are electronics and electrical components like control units and heating resistors, steel and other metal materials. Wood is also needed for sauna structures. In addition, the company acquires heater frames from contract manufacturers, as well as various sauna 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

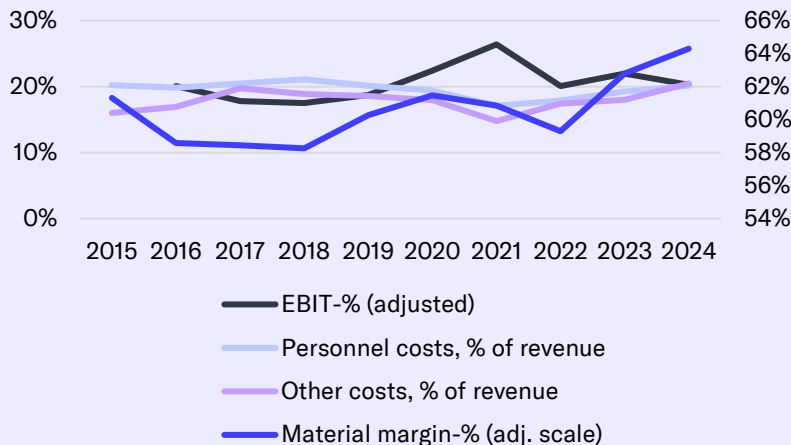
Approximately 35% of Harvia's costs (relative to revenue) go to materials and services, i.e. mainly metal, wood as well as electrical and electronic components. This percentage has decreased in 2023-24, as historically, it has been of around 40%. In other words, the company's material margin has improved, 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. In 2021-23, they fell slightly, but in recent years the share has risen somewhat as the company has strengthened its organization to keep pace with current and future growth. In 2024, around 55% of the workforce was production workers and the rest 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 and margin 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> A significant portion of Almost Heaven Saunas' sales, and therefore of Harvia's total sales in the US, are direct sales to consumers. 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	<ul style="list-style-type: none"> 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 is still located in Harvia's hometown of Muurame. The company opened an additional plant in China in 2005 and has also gained production through acquisitions in, for example, Germany, the US and Romania, as well as Finland. The Muurame and Chinese factories are the company's high-volume sauna heater factories (for the Harvia brand), while the German factory manufactures professional heaters for the EOS brand. Sauna production is concentrated in the company's US and Romanian factories, in addition to Muurame. 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's cost-effectiveness is promoted 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 the flexibility of production and the profitability of manufacturing work. However, own production as such mainly increases the earnings leverage generated by sales fluctuations which works in both directions.

Well-known brands support market positions

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 a global number one 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

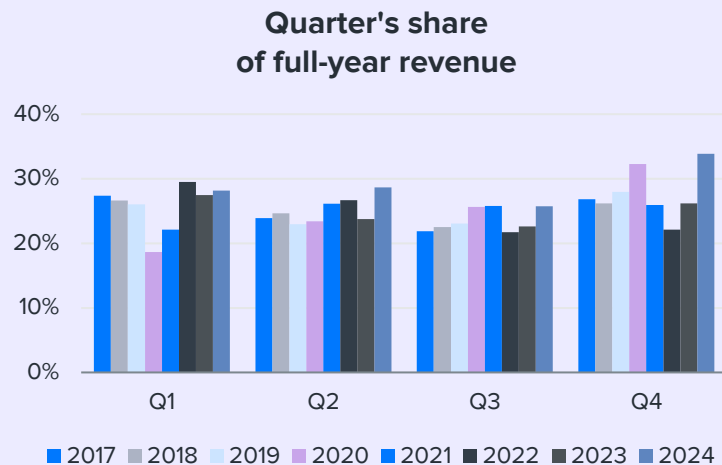
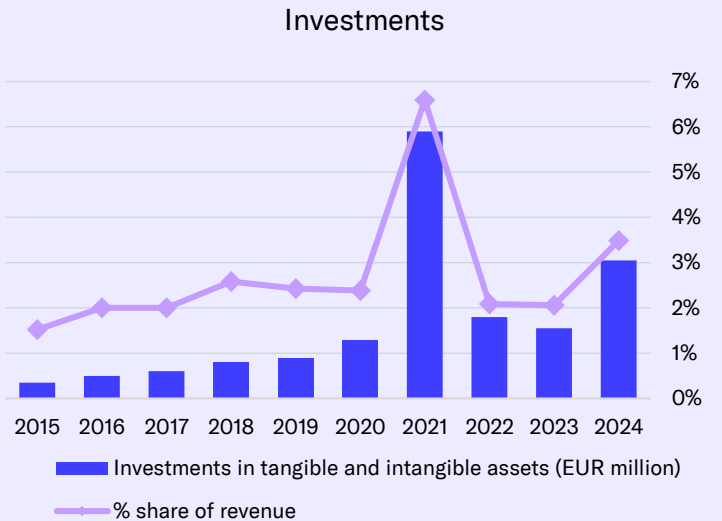
categories in their US home market, and we believe the company will continue to invest in these brands as well.

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 example, 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 substantial compared to the normal level of the company. We believe this capacity, especially in manufacturing sauna heaters, will be sufficient to support growth well into the future. There may be a need for new investments more quickly in sauna production, as well as in steam and infrared products, and, geographically, especially in the US. Preparing for growth in US production raised the investment level in 2024. The low capital intensity of production keeps need for investment low 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 tends to be 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, which boosted sales but put pressure on margins.



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 (EOS, Kusatek and Spatronic)
- 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



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. Ahead of it are, for example, the funds of Sweden's SEB, with over 6%. The Dutch investment company Kempen, the Swedish pension company Alecta, and Nordea's funds also 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%. Before the COVID era at the end of 2019, foreign ownership was 50%, and it has subsequently varied in the range of 40-50%.

Chairman of Harvia's Board of Directors is Heiner Olbrich, who has a background in Adidas and Miele, among others, and is also chair of the Swedish Björn Borg. 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 (2/7 foreigners), which we see as a positive.

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 the 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 couple of 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. 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 has a significant stake in the company (around 150,000 shares / 0.8%), but Järnefelt has no stake at all.

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 or as part of acquisitions, 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, which we will discuss 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.

Largest shareholders on 9/30/2025

	Holding
SEB Funds	6.6%
Van Lanschot Kempen	5.4%
Alecta	5.1%
Nordea Funds	5.0%
Evli Fund Management Company	4.6%
Onvest	4.4%
ODIN Fonder	2.5%
Lannebo	2.3%
WestStar	2.2%
Varma	2.1%
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/electric heaters and their components (just over 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 important competitive advantages, since broader supply chain management gives Harvia a larger share of the overall product margin than its competitors and enables unique and 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 relatively large number of saunas compared to its competitors and a new, efficient production plant. In addition, some competitors import products/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.

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 its brand's reputation. Acquired brands, especially EOS, are 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 importance 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 Moderate investment need supports creation of strong 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

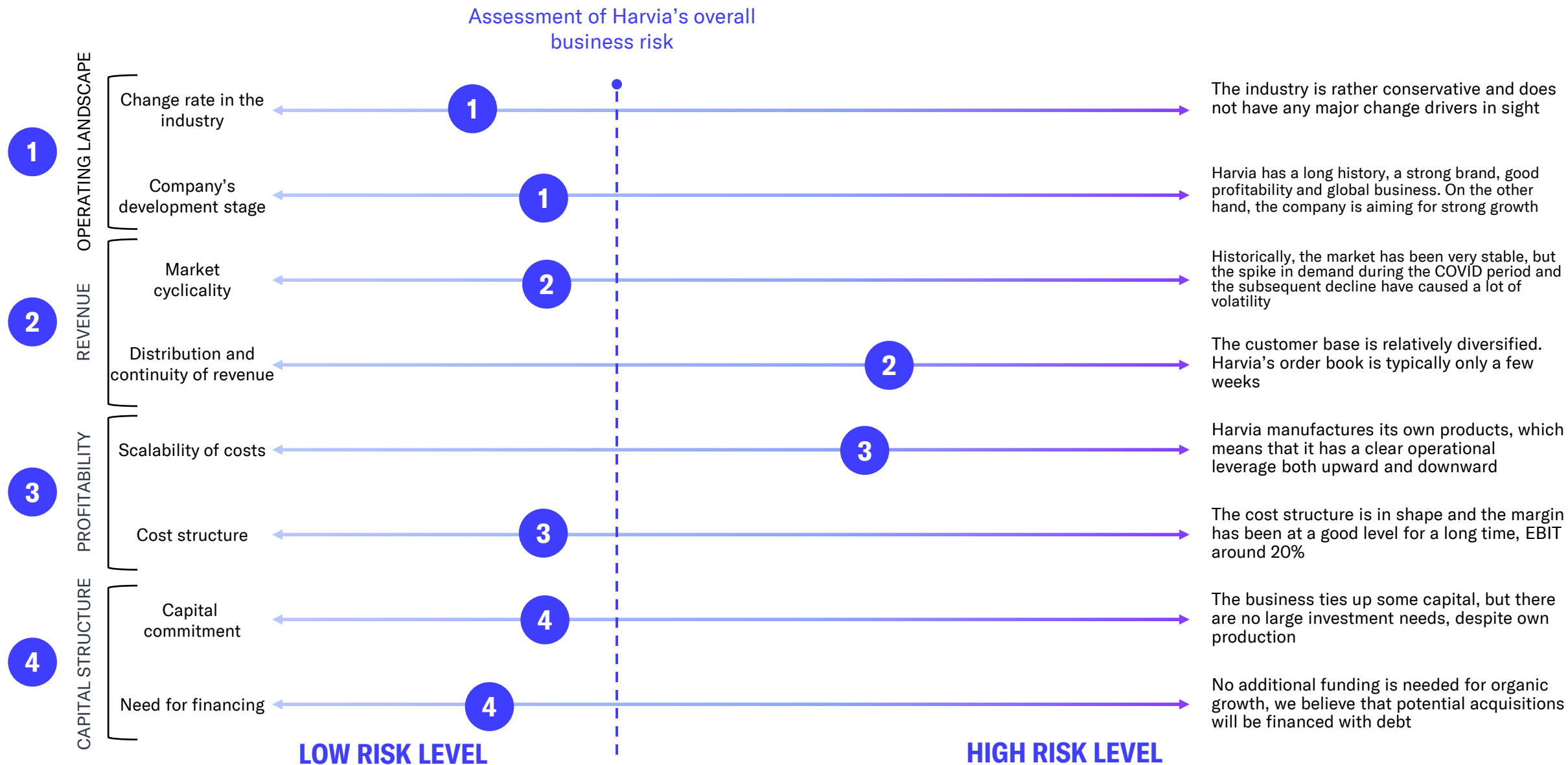
Potential

- Continued growth in the US, supported by market growth
- Expanding the product range more strongly into steam and infrared products (in steam, with the help of the ThermaSol acquisition)
- Complementing acquisitions: We believe Harvia will continue making complementing acquisitions, in which it has a good track record, should suitable targets be found.

Risks

- Demand recovery in Europe after the current weaker period
Demand in Europe has been subdued following the strong demand during the COVID period
- Dependence on the Muurame plant, although the expanded production network has mitigated this risk
- 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.

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.

Global sauna and spa market

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%.

Harvia estimates that the global sauna and spa market in 2024 will be around 3.5 BNEUR, the same as in 2022-2023, but about 15% higher than in 2019. Excluding Russia (where Harvia no longer operates), the market is about 3 BNEUR. However, we understand that the US market was growing in 2023–24 and that Europe did not decrease significantly anymore in 2024. Thus, the 2024 market figure may be slightly on the low side. We therefore believe that the market figures should only be seen as rough estimates.

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 is 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., have been renewed more quickly than average. This has been and may continue to be reflected in weaker demand in the coming years.

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.

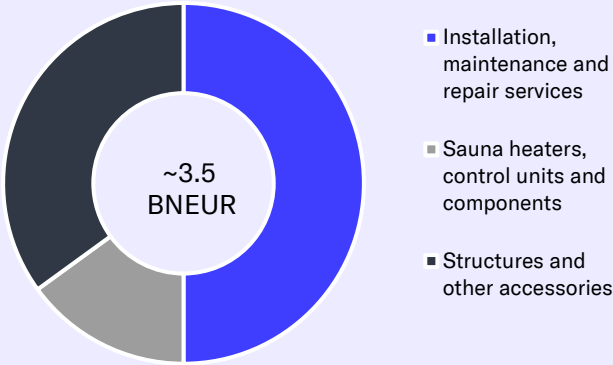
It is estimated that there are more than 18 million saunas in the world, of which around 95% are used by households. Of these, approximately 6 million are in Russia, which means that the market is clearly smaller without Russia. In addition to households, saunas are in commercial use in, e.g. hotels, spas, gyms and swimming pools.

Harvia's target market approximately 1.5 BNEUR

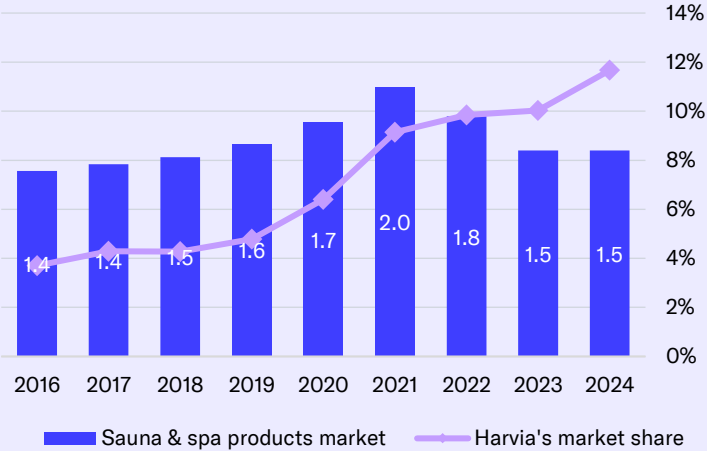
Harvia's target market covers three sauna types: traditional saunas, steam saunas and infrared saunas. Traditional saunas (electric and wood-burning) are the most common type of saunas and are estimated to account for about 2/3 of the sauna stock and, according to the company, more than half of the market value. Especially in Finland, saunas are largely traditional saunas. Steam saunas represent a good 20% of the sauna stock, and it is the most popular sauna type especially in Southern Europe and the Middle East. Around 10% of saunas are infrared saunas. Infrared sauna is best known in Central Europe and North America.

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 1.5 BNEUR.

Global sauna and spa market



Market relevant to Harvia (BNEUR) 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 more 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 could 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.

According to Harvia's estimate it has a market share of about 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, we estimate its share of the relevant half of the Sauna & Spa market to be around 12%. This share has been growing both organically and through acquisitions, such as the ThermaSol acquisition last year.

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, e.g., during the financial crisis, when the market grew slightly in 2009 and in 2010,

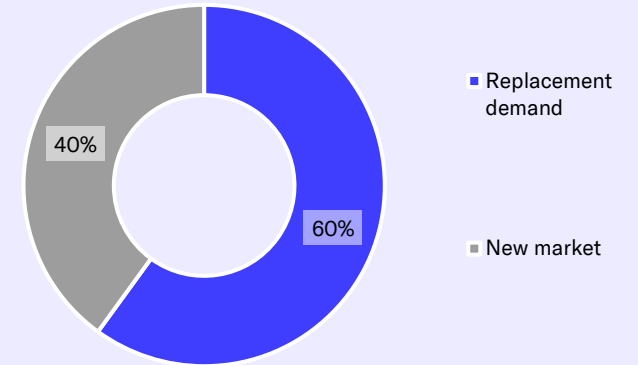
the Sauna and Spa market only decreased by 2%, while the heater market remained slightly positive (1%). In 2022-23, however, demand fell sharply, partly because of the exceptionally high demand that preceded it, but also because of weakening consumer purchasing power and economic conditions.

Large replacement market supports demand

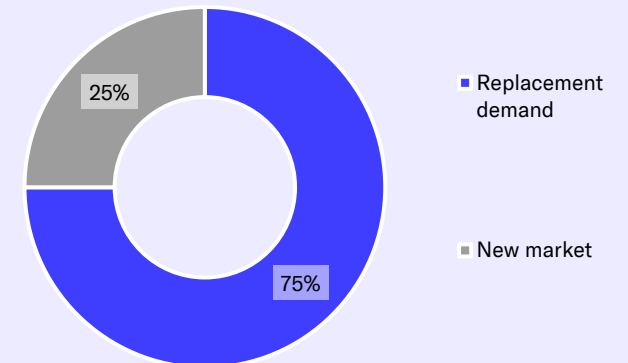
Management estimates that replacement demand for saunas and spa facilities accounts for about 60% of the global market, leaving 40% for the new market. This ratio has not changed substantially in recent years. However, no one knows the exact figures and, e.g., in COVID demand the figure may have been lower when advance demand has been more concentrated on new product demand. 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 Europe recovers from its current sluggish level. 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 next to the sauna heater.

Breakdown of the Sauna and Spa market

Europe continues to dominate the sauna market, accounting for about 50% of the global sauna market, even if Russia is excluded, according to Harvia. The largest

markets are Finland, Germany and Sweden. Russia alone accounts for around 15% of the global sauna market. North America accounts for 20-25% of the global market and the rest of the world accounts for ~15%.

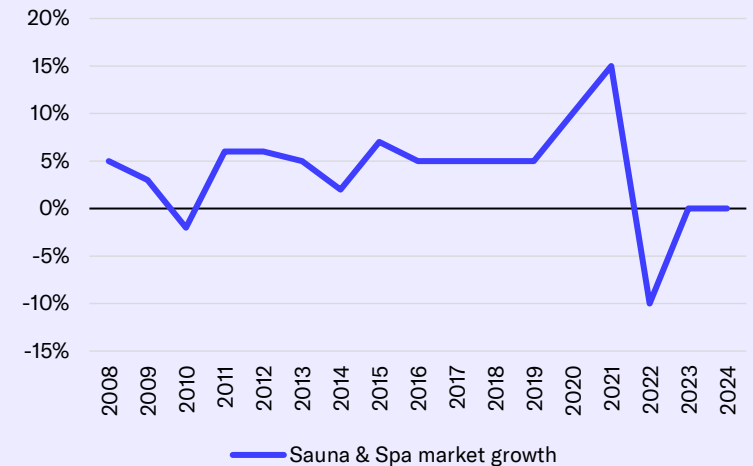
Northern Europe accounts for about 15% of the global market and has about 4 million saunas, of which about 2.5 million in Finland and over 0.5 million in Sweden. Harvia is the market leader in Finland and second in Sweden after TylöHelo (Sauna 360/Masco). The market consists almost exclusively of traditional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

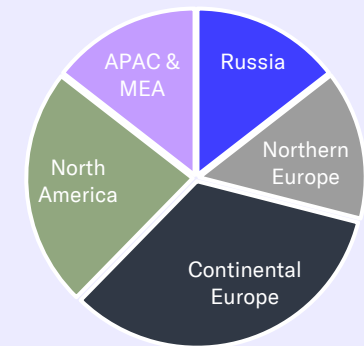
North America (US & Canada) has grown strongly (~15% per annum in 2019-23) and now accounts for 20-25% of the global market. There are an estimated 1-1.5 million saunas in the region, the majority of which are for private use (~65% of the market). Steam saunas account for about 20% of the market, infrared saunas for 35-40% 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



Sauna & Spa market breakdown (total 3.5 BNEUR)



Source: Harvia

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 acquired land for further expansion in 2024. Average annual growth in 2019-24 has been nearly 40% (which, except for H2'24, has been entirely organic), and the company has remained on a strong growth path during and after the pandemic years. H1'25 North America was Harvia's largest region, accounting for nearly 40% of revenue.

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 just over 2% in 2019 to 5% in 2023. Until now, Harvia has only been 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 12% 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.

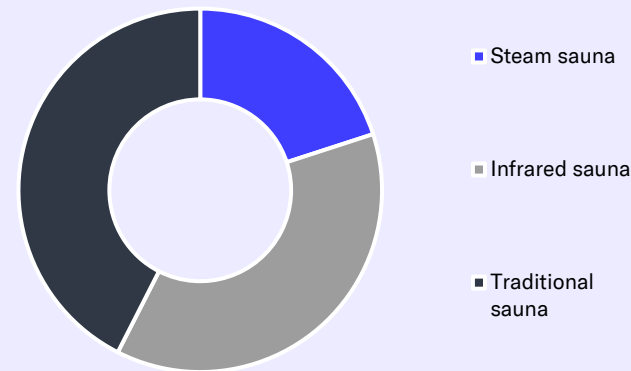
ThermaSol, which Harvia acquired in July 2024, took the company into a completely new segment in North America, namely steam rooms. In 2023, this market segment

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 6.5%, or just over 10% of the traditional sauna and steam room market. We believe the market has grown, and that Harvia's market share has increased in 2024 as well. 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 understand that this will begin to be reflected in the company's product range and revenue next year. We therefore see good potential to further increase market share in Harvia's current segments.

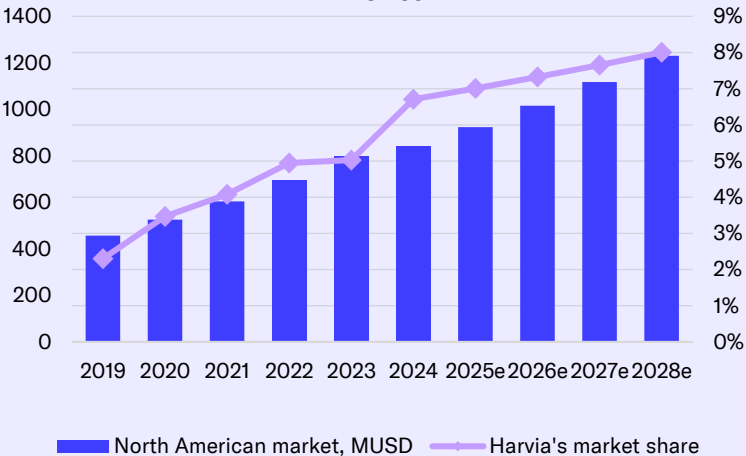
In addition, Harvia has the potential to grow in infrared saunas, where it does not yet have a significant presence. Infrared saunas are popular in the US and easier to obtain than other types of saunas. On the other hand, the distribution channels are somewhat different, requiring investment from Harvia. 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, the market would be around 1.2 BNUSD in 2028. Harvia has not commented on the growth of the overall market, but the steam side is expected to grow by 5% per year until 2028. However, in this example we assume the same 10% increase for all sauna types. If Harvia were to continuously improve its position in all product groups so that, e.g., in 2028, its market share would be 15% for traditional saunas, 10% for steam saunas, and 5% for infrared saunas, its sales would reach around 110 MUSD. This is roughly in line with our estimates. In our opinion, growth can be accelerated, particularly in the infrared sector, through M&A activity.

North American sauna market (2023), MUSD



Harvia's market share is increasing in North America



Source: Harvia, Inderes

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 manufacturers like Harvia.

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 various 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. Like Harvia, Sauna360 is more focused on manufacturing

products than on building or maintaining saunas. Its brands include Tylö, Helo, Kastor, Finnleo and Amerrec. 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, compared to around 50 MEUR in previous years. The growth has come in particular from the US, where we believe it has grown especially in steam and infrared products (Amelec and Finnleo brands). We believe the company is still the market leader in Sweden, but Harvia has become a stronger contender even there. Sauna360's profitability 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. Masco is a company the size of Kohler (revenue of around 8 BNUSD in 2024) that specializes in bathrooms, swimming pools and other interior and building products.

In the company's view, the largest infrared sauna dealers, such as Golden Designs, Sunlighten and Sauna Works / Clearlight, are included in the same size category. However, as Harvia's infrared sales are relatively small, they do not currently compete directly with Harvia to any significant extent.

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), Mr. Steam, Steamist, also owned by Masco (manufacturer of steam rooms and generators, both customers of Harvia), Effegibi (traditional saunas and steam rooms) and Physiotherm (infrared saunas).

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 on all of 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.

Smaller traditional sauna heater manufacturers include Narvi (revenue just under 12 MEUR in 2024), which is strong in Finland, especially in the wood-burning stove market. Narvi was taken over by a venture capitalist in 2022. The Estonian Huum that manufactures design heaters has reached the same size class. Other sauna manufacturers on the Finnish market are Iki-Kiuas Oy, the Mondex brand, which is part of Protec Oy and Misa Oy, whose revenues are, in our opinion, under 5 MEUR.

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. Competitors for which public figures are available typically have margins of 5-10%. 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 reached new heights during the COVID years

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.

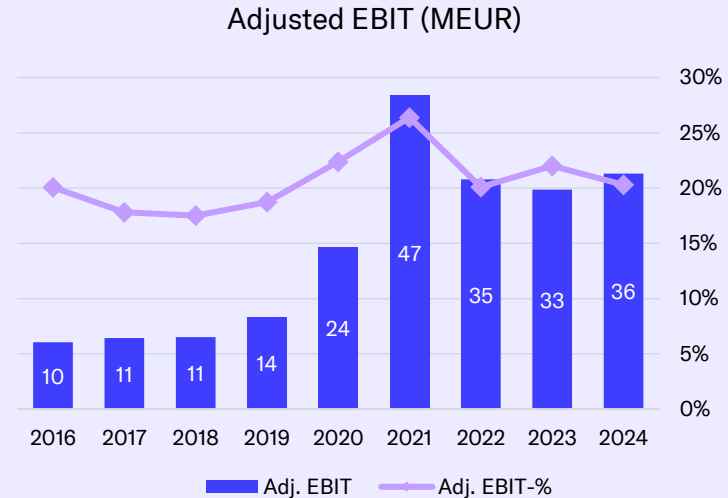
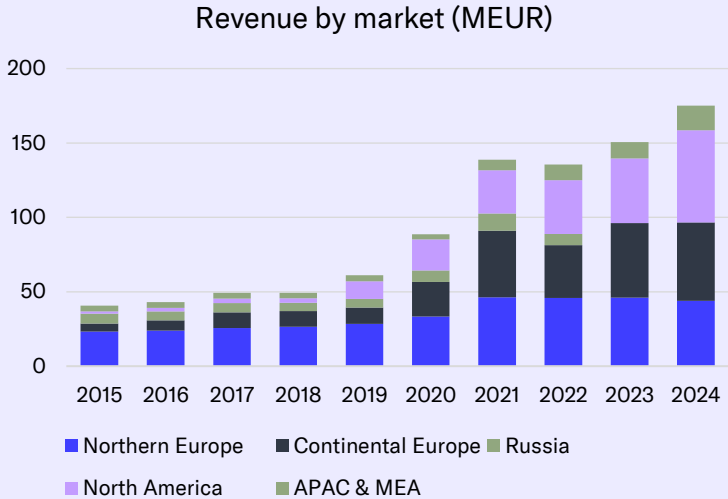
In 2016–2018, Harvia’s organic growth was slightly slower than the average of the global Sauna and Spa market, at 3 to 4% annually. We estimate that this was caused by the company’s heavy exposure to the more slowly growing traditional sauna markets (Finland, Scandinavia and Russia), which in 2018 still 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 as a result of M&A but also organically, reaching over 20%, as markets outside of Europe grew.

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 EUR 13.9 million 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 has been 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 has been 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 to 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 20%, 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.



Source: Harvia, 2015-2022 segment revenues are partly 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 nearly half of the balance sheet. Given the company’s strong profitability, we see no realistic risk of goodwill impairment in the near future. As indicated above, Harvia’s production structure is rather light and only good 10% 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 Q2’25, accounting for over 15% of the total balance sheet.

On the liabilities side, the company’s balance sheet is fairly straightforward. Share capital represents around 45%, i.e., the equity ratio is strong, while the majority of the other half is non-current interest-bearing debt (almost 40 %). Trade payables are just under 15%, i.e., about 15% of the balance sheet total is net working capital, or just over 20% relative to revenue.

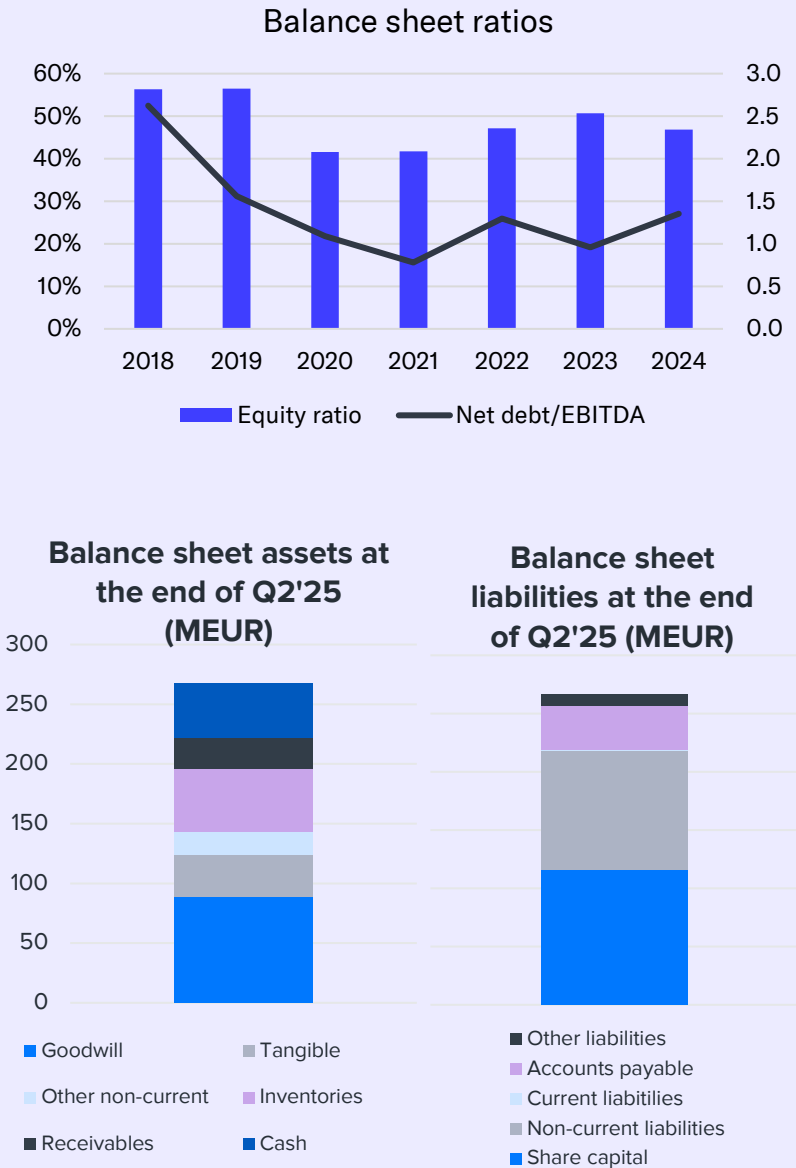
Capital turnover is good

Thanks to the light balance sheet, the company’s capital turnover is relatively good, especially if goodwill is removed from capital. This in practice translates to the productivity of the company's operating assets. Due to this and a good margin level, the company achieves a value-creating return on capital (ROIC of nearly 20 %). In the coming years, the company will be able to grow without significant investments in production capacity (although this will happen, at least in the US), which should make growth very profitable in terms of return on capital and cash flow.

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 Q2’25, the ratio was already 1.3x.

The company wants to keep room on the 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. Harvia could take on about 80 MEUR of additional debt within the framework of its balance sheet targets. 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 objectives (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
- In order to increase the share of steam saunas, Harvia has made an acquisition, which we see as a very good strategic move. 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
- 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.

- To our understanding, the strengthening of the direct-to-consumer channel is at this stage mainly related to the US market, where it already represents a significant part of the company's sales. With the exception of the Nordic countries, we believe that other regions also have the potential to take greater control of their sales channels
- 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

- The efficiency of Harvia's production and other operations is already at an excellent level, but we see further room for improvement in this area, for example by better integrating the production and operations of previously acquired companies
- 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, previously issued at the time of the IPO in 2018)

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 will continue to gain market share, which should bring organic growth close to 10%
- We expect Harvia's average growth for 2024-28 to be 10% (CAGR), supported somewhat by the ThermaSol acquisition made last year, but organic growth will also average 9% per year

Adjusted EBIT margin over 20%

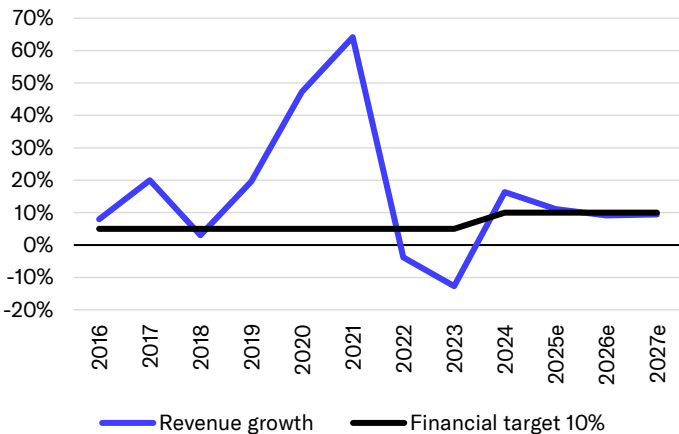
- Harvia's profitability has historically been on both sides of the target, and in recent years above the target. We believe that Harvia will continue to be able to achieve the targeted margin level
- Growth supports profitability through operational leverage, but on the other hand, the investments required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

Net debt/adjusted EBITDA <2.5x

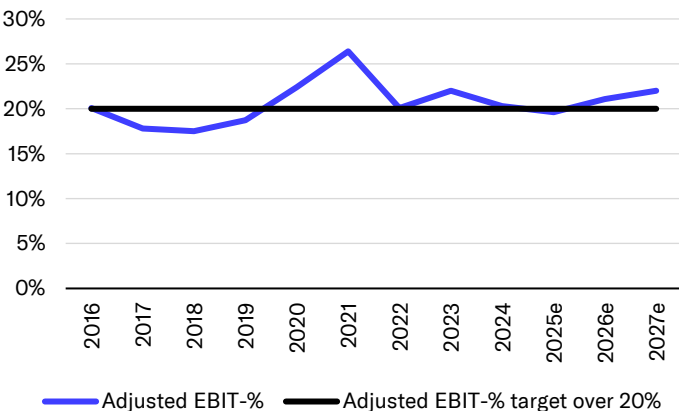
- Harvia's cash flow is strong and its investment needs are low, which means that the company can easily repay its debt under normal circumstances, and the ratio will increase mainly due to potential acquisitions
- At the end of Q2'25, the level was 1.3x, and we believe Harvia will continue to meet its 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.

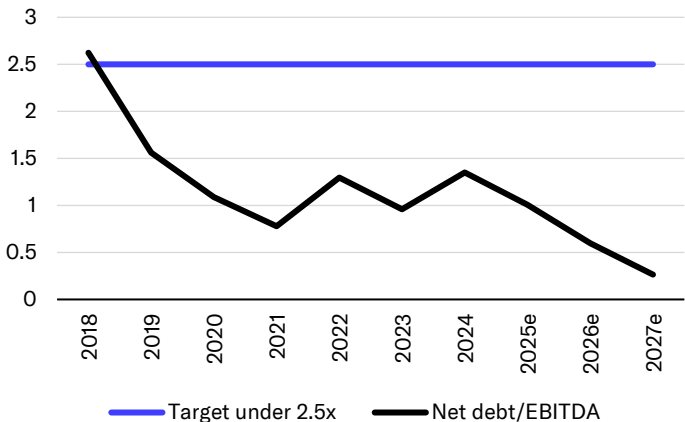
Revenue growth target












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)	The adj. EBIT-%: 16.5% (2019)	The 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)
Share of ownership	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			 	 Shower Steam Sauna
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

Source: Inderes, Harvia

Estimates 1/4

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 trending upward, but US organic growth stalled in Q2

After the downturn following the pandemic boom, Harvia's revenue turned upward in Q4'23 and subsequently grew organically by over 10% in 2024. Supported by the ThermaSol acquisition, growth increased by a total of 16%. Growth was driven by North America and APAC & MEA, while Europe remained sluggish.

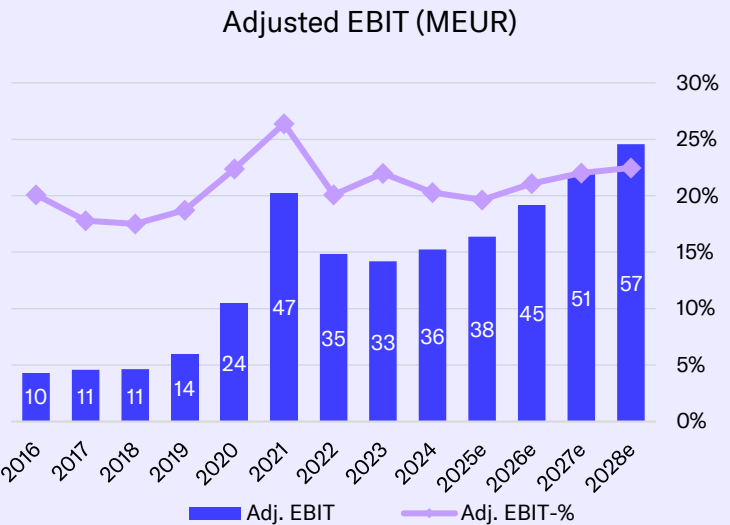
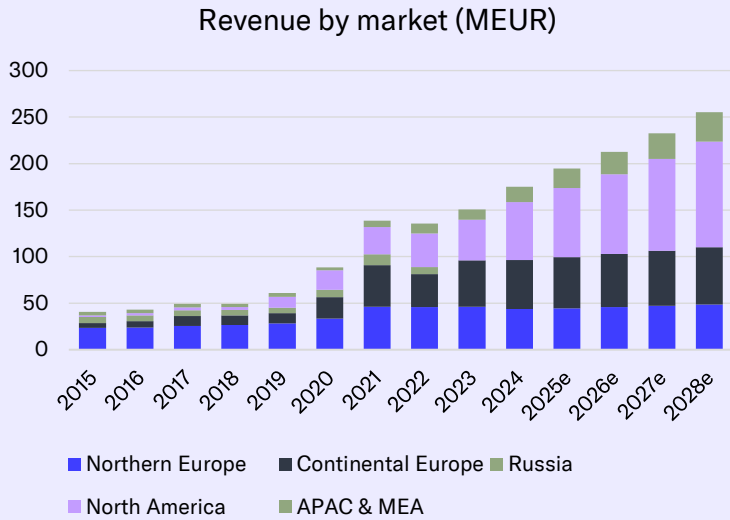
Growth remained strong also in Q1'25, but in Q2'24, the company's organic growth slowed to 2%, and organic growth in the US practically halted. The company cited factors such as the timing of deliveries but also weaker market conditions as the reason for this slowdown.

However, we predict that revenue will continue its upward trend. We expect organic growth to reach around 10% in Q3, with North America also returning to growth. The ThermaSol deal will support the Q3 figures slightly, as the deal was completed at the end of July last year. In Q4, the comparison figures for revenue are very strong, supported by promotional sales in North America. Nevertheless, these sales were low-margin and weighed down Harvia's Q4'24 margin considerably. For this reason, we expect North American revenue to remain flat year-on-year in Q4, and a decline in revenue is also possible. We expect Europe to return to modest growth for the remainder of the year, while growth in the APAC & MEA region is expected to remain strong.

For 2025 as a whole, this translates to 11% revenue growth, or approximately 9% organically (the ThermaSol deal will contribute, but the weaker USD will weigh on the reported figures). For the full year, we expect European revenue to grow slightly. In North America, we expect 20% growth driven by the acquisition despite a couple of weaker quarters, and in APAC & MEA, we expect organic growth of 25%. Especially outside of Europe, 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 2026-28, we expect the market to return to trend growth of around 5% or more at times, as Harvia itself expects. We also believe that Harvia will continue to gain market share, especially in the US, where the acquisition will enable it to have a stronger position in steam products and also try to bring more infrared products to the market.



Source: Harvia, Inderes estimates

Estimates 2/4

We estimate 9% (fully organic) growth for 2026, which will continue to be driven by the North American and APAC & MEA segments with 15% growth. Conversely, we anticipate a more moderate pace of overall growth in consumer demand in the US, and consequently, in the sauna market, in the near future compared to recent years. The growth rate we expect means continued growth in market share, supported in North America by factors such as growth in the steam business. Next year, we also expect the European market to begin recovering from the weak levels of recent years and for Harvia to grow by 3-5% in Europe. In the Rest of World segment, Japan is already important for Harvia, and we believe that the joint venture with its distribution partner Bergman will continue to support growth in the coming years. The company has previously stated that it is looking to Japan to replace Russian sales (pre-pandemic level of around 6 MEUR/year and over 10 MEUR at best) and is well on track to achieve this goal (our forecast for the entire APAC & MEA region this year is just over 20 MEUR).

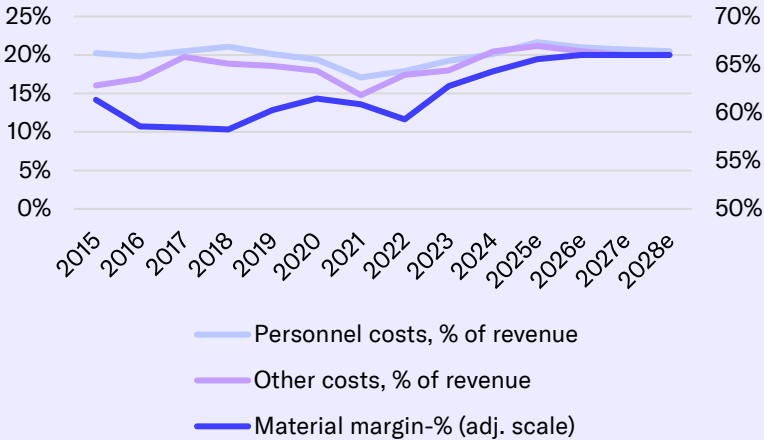
For 2027-28, we estimate 10% revenue growth, which is still good progress in line with the target. As before, this growth will be driven by double-digit growth in the North American and APAC & MEA segments and slight growth in the European market. The growth rate means that we expect Harvia as a whole to grow slightly faster than the market. We expect this to happen mainly with 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 market share in newer sauna markets than it currently has.

EBIT margin remains at the target level of above 20%

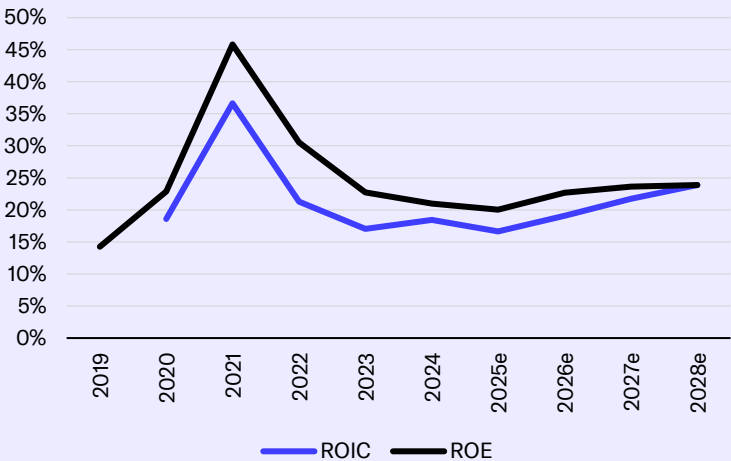
Historically (2015-2022), Harvia's material margin has been around 60%. However, in recent years, the material margin has risen to over 65%, and in its latest earnings call, the company indicated that the typical margin level is currently 65-67%, although it may vary considerably between quarters. The improved margin level is supported by Harvia's growth outside Europe, where product prices and material/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. Increased production efficiency and steadier raw material costs have 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.

For this year, we expect a material margin of over 65%, supported by the level of approximately 66% already achieved in the first half. We believe that the level will remain relatively stable at around 66% in 2026–28 as well. However, this could fluctuate due to potential major campaigns, as observed in 2024. According to Harvia, there has been no major price pressure in the market recently and there is no need to lower prices. Price decreases would probably not create significant additional demand, so we feel they would mainly come out of the company's profitability and thus be a clear negative. In the US, we anticipate that tariffs will put upward pressure on prices for both Harvia and its competitors, who typically depend more heavily on imported products or components than Harvia does. This gives Harvia a relative advantage in the US.

Harvia's cost and margin structure



Good return on capital levels



Source: Harvia, Inderes

Estimates 3/4

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) have increased in recent years. This is 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. We expect this trend to reverse next year as growth continues, albeit with only slight operational leverage. We believe that a more significant margin improvement driven by operational leverage is likely only if the company's revenue growth exceeds its 10% target. In terms of production, personnel costs are, to some extent, flexible upwards, as mentioned earlier.

This year, we estimate the adjusted EBIT margin to be 19.6%, largely on par with H1. This is offset by slower growth in Q2 and Q4, as fixed costs continue to rise. 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%. We anticipate growth supporting a slight margin improvement towards an adjusted EBIT margin of 23% in 2027-29.

EPS and dividend

Even after the ThermaSol acquisition, Harvia's gearing is relatively moderate, which means that its financing costs are relatively low. Financing costs will increase this year due to deferred exchange rate losses caused by the weakening US dollar, and we estimate them to be close to 6 MEUR. However, actual interest expenses are significantly lower, and the forecast for next year is only around 3 MEUR in

financing costs. After that, financing costs will decrease as the debt decreases in our estimates. We expect the tax rate to be about 24% in the next few years.

In our estimates, comparable EPS will only increase by 2% in 2025 due to a decline in EBIT margin and an increase in financing costs, but growth will accelerate to over 20% in 2026 and be around 15% in 2027-28 pa. This would result in the highest ever EPS by far in 2027 (EUR 2.04 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 remains strong also in estimates

Harvia's net debt/EBITDA margin is around 1x at the end of 2025 and then falls to zero in our projections by the end of 2028. In other words, there is plenty of room for the new acquisitions that Harvia 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 little 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.

Estimates 4/4 - Estimate revisions

Slightly lower margin estimates for the coming years

We believe that Harvia will continue to invest in building its organization and supporting future growth, meaning that fixed costs will also continue to rise significantly in the coming years. Thus, despite good revenue growth and a high gross margin, we believe Harvia's operational leverage to the EBIT margin will remain moderate in the coming years. However, we still anticipate that the adjusted EBIT margin will increase slightly over the next few years, rising from around 20% to 22% in 2027.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	Tot.	%	Old	New	%	Old	New	%
Revenue	195	195	0%	212	212	0%	233	233	0%
EBITDA	45.5	45.5	0%	53.8	52.7	-2%	62.6	59.8	-4%
EBIT (exc. NRIs)	38.8	38.8	0%	45.8	44.8	-2%	54.0	51.2	-5%
EBIT	38.2	38.2	0%	45.5	44.5	-2%	54.0	51.2	-5%
EPS (excl. NRIs)	1.40	1.40	0%	1.79	1.75	-2%	2.15	2.04	-5%
DPS	0.85	0.85	0%	1.00	1.00	0%	1.20	1.20	0%

Source: Inderes

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 18x for 2025 are relatively high. P/E will be 20x in 2026, while EV/EBIT will fall to 15x 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 good cash flow to push multiples down over the years. Following the decline in the share price after the Q2 report, we believe that the valuation is once again 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

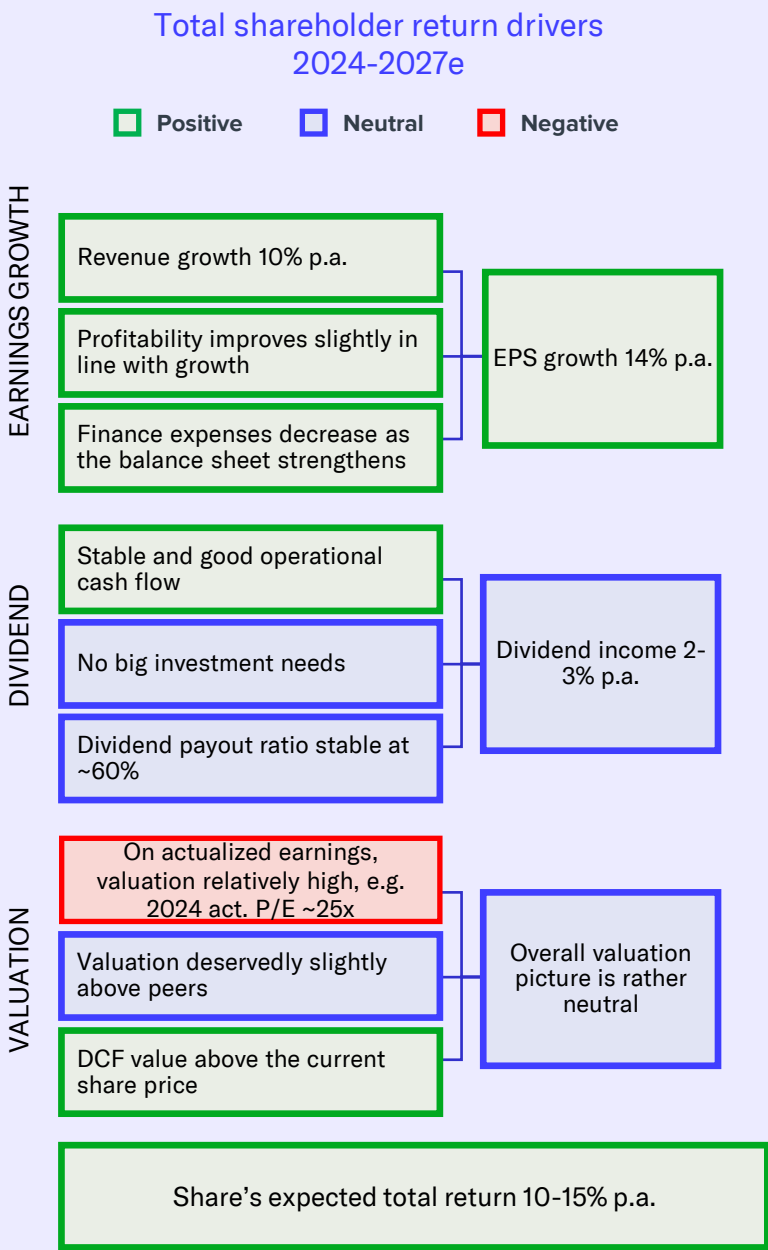
an expected return of approximately 15%. It is also worth noting that our projections keep Harvia's net debt/EBITDA low (below 1.5x), while the target is below 2.5x. This will allow the company to either distribute more profits or make acquisitions, which we believe will support the expected returns in the long term. Harvia will therefore continue to pursue acquisitions and has a history of success in this area.

As a sum of different valuation methods, we estimate the fair value range for Harvia to be around EUR 33-43, 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 9% and the EBIT margin at 23% in 2027-2033. Our terminal growth estimate is 3%, with an EBIT margin of 23%.

We expect the level of investment to remain moderate, as Harvia has made significant investments in 2021 that will allow the company to grow. However, growth investments will be needed in the near future, especially in the US. The company's capital requirement is generally low 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 3%, 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 65%) of cash flows will only be generated after 2034, i.e. during the terminal period. Our DCF model gives Harvia a debt-free value of about 850 MEUR, which means that the share capital is worth about 770 MEUR, or about EUR 41 per share.

Earnings-based valuation at an acceptable level with 2026 multiples

Harvia's EV/EBIT valuation is approximately 18 with 2025 earnings. The 2026 EV/EBIT is 15x, which we consider to already be an acceptable level (15-16x). As 2025 is nearing its end, we believe it is reasonable to examine the 2026 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 rapidly 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 2025 earnings, which translates into an earnings return of 4%. As an acceptable level, we see around 20x, which Harvia will reach in 2026. 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 offers a dividend yield of around 2.5%. We estimate that Harvia's free cash flow will be 30-35 MEUR in the next few years, which at the current share price offers a cash-flow rate of approximately 5%. Because we believe that Harvia can achieve an earnings growth of over 10% in the coming years, the expected return is around 15% p.a.

Valuation justifiably above the peer group

It is difficult to find comparable listed peer companies for Harvia, as there are practically no relevant sauna/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 35.

The median EV/EBIT of the peer group for 2025 is 16, and the P/E is around 18x. With both the 2024 and 2025 figures, Harvia's valuation is 10-15% higher than that of its peer group in terms of EV/EBIT and 30-40% higher in terms of 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, 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. 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 the current valuation already sets the price high considering a possible bid.

Valuation	2025e	2026e	2027e
Share price	35.2	35.2	35.2
Number of shares, millions	18.7	18.7	18.7
Market cap	656	656	656
EV	708	693	676
P/E (adj.)	24.9	20.1	17.3
P/E	25.5	20.3	17.3
P/B	4.9	4.3	3.9
P/S	3.4	3.1	2.8
EV/Sales	3.6	3.3	2.9
EV/EBITDA	15.5	13.1	11.3
EV/EBIT (adj.)	18.2	15.5	13.2
Payout ratio (%)	61.6 %	57.7 %	58.9 %
Dividend yield-%	2.4 %	2.8 %	3.4 %

Source: Inderes

Valuation 3/3

Previous acquisitions seem successful

Harvia has been relatively active in acquisitions and will continue to pursue them in the future. The company has also clearly 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 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 also seems beneficial based on current information. 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 clearly not optimal. The company's revenue and results weakened significantly in 2022-2024, and its EBIT turned negative 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 that this is also a value-creating acquisition for Harvia.

We see acquisitions as an opportunity

As a whole, we see that Harvia's acquisitions have been successful and thus the company will continue to have an

opportunity to create value with them. As we mentioned earlier, product category additions, particularly on the infrared side, would be the most logical targets for potential acquisitions in our view. Of course, a stronger integration of the sauna manufacturing side in the style of the Almost Heaven Saunas store would also be logical for Harvia's strategy.

In infrared saunas, most of the major players have outsourced sauna production, making it difficult to stand out/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.

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, it is easy for Harvia to make 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. In this

scenario, we assume 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). Under these assumptions, our DCF value would increase by approximately EUR 2 per share. If organic growth were to accelerate by a further 1 percentage point per year between 2028-33, this would add a further EUR 2 per share to the DCF.

Reasonable expected return in the longer term

We expect that Harvia will continue to grow at a rate of nearly 10% well into the 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. 5-10% per year. Add in a dividend yield of about 2-6%, and the total return exceeds 10%, which is above our required return. Therefore, even in the longer term, the return is reasonably good.

Climate target and taxonomy analysis

Harvia's business is largely outside the taxonomy

Harvia's business is the manufacture and sale of consumer products (mainly sauna heaters and saunas), which at this stage does not in principle fall within the scope of the taxonomy. We believe that this is because taxonomy initially identified sectors that have the most significant impact on climate change, which do not include consumer products.

However, Harvia has small parts of its operations that the company considers to be taxonomically aligned or eligible. Taxonomy-aligned activities included in revenue are related to the manufacture of energy efficiency equipment and, more specifically, to the automation of sauna control. In addition, the sale of spare parts is estimated to be taxonomy eligible under the circular economy objective. The company's capital expenditures (capex) also include some taxonomy-aligned or -eligible activities related to energy efficiency improvements such as the purchase of electric forklifts and lighting fixtures. In principle, the company's products consume energy when used (sauna heating), so from this perspective the products have a rather negative impact on the environment.

We feel taxonomy has no impact on the business

As Harvia's operations are currently not significantly covered by the taxonomy, we do not believe that the current taxonomy will have any impact on Harvia's business and thus, for example, on its financial situation or financial expenses.

Climate target related to emissions from own activities

One of Harvia's four sustainability targets is to minimize its environmental footprint, or more specifically, to make its

operations carbon neutral by 2030. This will be achieved, among other things, by switching to zero-emission electricity. The share of zero-emission electricity was 68% in 2020 and 76% in 2024.

Harvia's emissions (Scope 1 & 2) increased significantly in 2020-21 as strong demand increased production volumes and the company also expanded through acquisitions. However, Harvia's historical reported figures are not comparable due to changes in the calculation method. Compared to 2021, emissions were 5% lower but rose by as much as 30% compared to the previous year in 2024. The increase in emissions was partly due to growth in production in the US and China, where fossil fuels are used.

Harvia has not been very specific about how it will achieve carbon neutrality, nor have the targets or means been validated by an external party. Scope 3 emissions have not been reported by Harvia.

Taxonomy eligibility	2023	2024
Revenue	4%	4%
OPEX	1%	1%
CAPEX	6%	1%

Taxonomy alignment	2023	2024
Revenue	4%	4%
OPEX	0%	0%
CAPEX	1%	5%

Climate		
Climate target	Yes	Yes
Target according to the Paris Agreement (1.5 °C warming scenario)	No	No

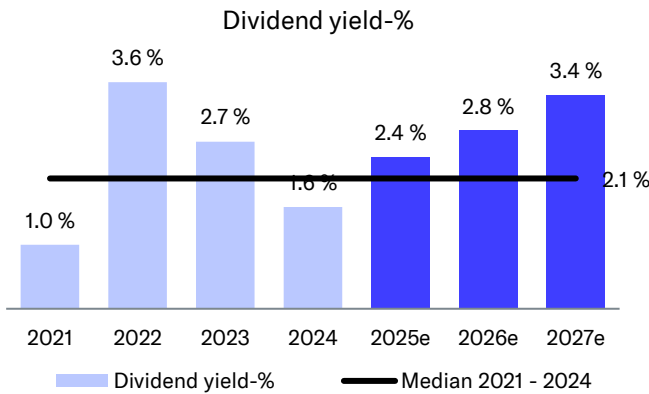
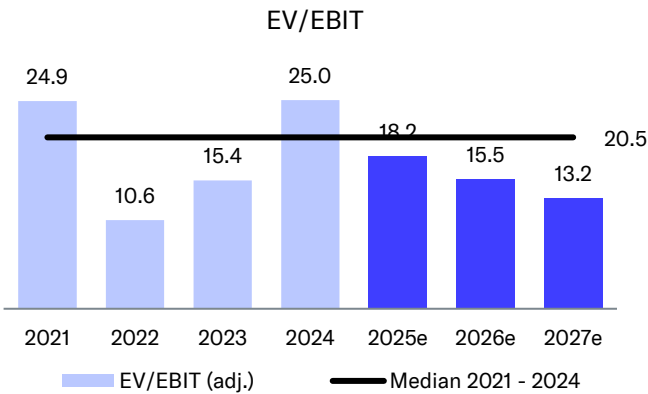
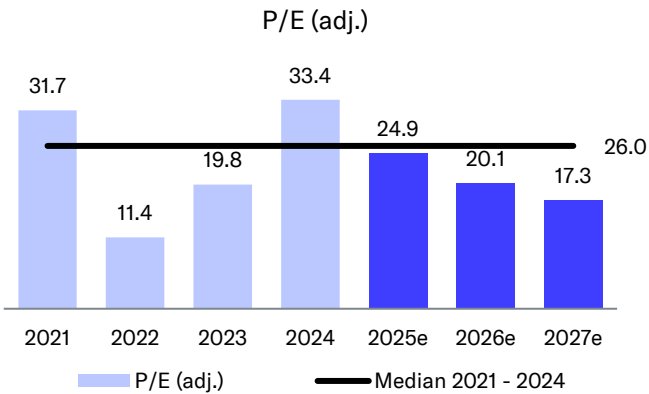
We are starting to increase the visibility of sustainability assessments by looking at the climate target and taxonomy impacts because we believe that they are currently, on average, most significant in the company's value formation. Visibility to other factors will be gradually increased. The analyst considers the impact of all sustainability factors on the company's growth and profitability potential and risk (i.e. the required return) when forming the investment view.

NB! Taxonomy eligibility % is shown in the table without taxonomy-aligned activities.

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	24.5	58.7	17.7	25.5	46.1	35.2	35.2	35.2	35.2
Number of shares, millions	18.6	18.6	18.7	18.7	18.7	18.7	18.7	18.7	18.7
Market cap	457	1091	330	476	860	656	656	656	656
EV	503	1181	388	518	926	708	693	676	660
P/E (adj.)	26.0	31.7	11.4	19.8	33.4	24.9	20.1	17.3	15.2
P/E	29.5	32.4	12.2	20.4	35.6	25.5	20.3	17.3	15.2
P/B	6.9	13.5	3.4	4.4	7.0	4.9	4.3	3.9	3.4
P/S	4.2	6.1	1.9	3.2	4.9	3.4	3.1	2.8	2.6
EV/Sales	4.6	6.6	2.3	3.4	5.3	3.6	3.3	2.9	2.6
EV/EBITDA	18.8	22.5	9.2	13.2	21.8	15.5	13.1	11.3	10.0
EV/EBIT (adj.)	20.5	24.9	10.6	15.4	25.0	18.2	15.5	13.2	11.5
Payout ratio (%)	61%	33%	44%	55%	58%	62%	58%	59%	60%
Dividend yield-%	2.1 %	1.0 %	3.6 %	2.7 %	1.6 %	2.4 %	2.8 %	3.4 %	3.9 %

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	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Thule Group AB	2287	2656	17.6	15.1	14.3	13.2	2.8	2.7	22.2	18.5	3.5	4.1	3.3
Nobia AB	302	748	35.9	15.4	8.7	6.3	0.8	0.8		15.4			0.8
Dometic Group AB	1483	2605	14.3	11.2	8.8	7.6	1.3	1.3	13.7	9.6	2.8	3.7	0.7
Nokian Tyres plc	1098	1962	32.5	17.0	9.1	7.3	1.4	1.3	25.7	15.4	3.7	4.1	0.9
Rapala VMC Oyj	47	136	14.4	12.8	6.5	6.5	0.6	0.6				0.8	0.4
Husqvarna AB	2721	3643	11.5	9.9	6.2	5.7	0.8	0.8	13.8	11.6	3.9	5.2	1.2
Inwido AB	956	1097	13.1	11.6	9.3	8.5	1.3	1.2	17.5	15.1	3.5	3.7	1.8
Nibe Industrier AB	6766	8607	21.8	18.3	14.8	12.9	2.3	2.2	28.6	21.4	1.3	1.6	2.3
Technogym SpA	2873	2797	19.3	17.0	13.7	12.4	2.8	2.6	27.0	23.9	2.4	2.7	8.3
Rockwool A/S	6623	6344	10.1	9.7	7.1	6.8	1.6	1.6	14.0	13.1	2.5	2.6	2.0
Kingspan Group PLC	13005	15437	16.9	15.1	12.8	11.5	1.7	1.6	18.8	16.5	0.8	0.9	2.8
Electrolux AB	1347	4203	13.6	9.5	5.1	4.4	0.4	0.3	12.3	5.8	2.3	8.0	1.3
De' Longhi SpA	4714	4506	9.6	9.1	7.5	7.1	1.2	1.2	13.8	13.0	3.3	3.2	2.3
Tulikivi	26	33	16.7	16.7	8.4	6.7	1.0	1.0	43.6	14.5	2.3	4.6	1.4
Harvia (Inderes)	656	708	18.2	15.5	15.5	13.1	3.6	3.3	24.9	20.1	2.4	2.8	4.9
Average			17.7	13.5	9.4	8.3	1.4	1.4	20.9	14.9	2.7	3.5	2.1
Median			15.6	13.9	8.7	7.2	1.3	1.3	18.2	15.1	2.6	3.7	1.6
Diff-% to median			17%	11%	78%	83%	176%	160%	37%	33%	-8%	-22%	212%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	151	42.4	43.2	38.7	50.9	175	52.0	47.2	42.9	52.5	195	212	233	255
Northern Europe	0.0	11.7	11.6	9.6	10.9	43.8	11.9	11.5	10.2	11.0	44.6	45.9	47.3	48.7
Continental Europe	0.0	13.6	12.7	11.5	14.9	52.7	14.5	12.7	12.0	15.5	54.7	56.9	59.2	61.5
North America	43.5	13.7	14.7	13.5	20.1	62.0	21.8	16.6	15.8	20.2	74.4	85.6	98.4	113
APAC & MEA	11.0	3.4	4.2	4.1	5.0	16.7	3.8	6.4	4.9	5.8	20.9	24.0	27.6	31.7
EBITDA	39.3	11.5	10.5	10.1	10.4	42.4	13.8	9.4	9.1	13.2	45.5	52.7	59.8	66.1
Depreciation	-6.3	-1.6	-1.6	-1.8	-2.0	-7.0	-1.9	-1.8	-1.8	-1.8	-7.3	-8.3	-8.6	-8.8
EBIT (excl. NRI)	33.7	10.1	9.4	8.9	8.7	37.1	11.9	8.2	7.3	11.4	38.8	44.8	51.2	57.3
EBIT	33.0	9.9	8.9	8.3	8.4	35.5	11.9	7.6	7.3	11.4	38.2	44.5	51.2	57.3
Net financial items	-3.5	-0.1	-1.0	-1.5	-1.0	-3.6	-1.4	-2.2	-1.0	-1.0	-5.6	-3.0	-2.5	-2.0
PTP	29.5	9.8	7.9	6.8	7.4	31.8	10.5	5.4	6.3	10.4	32.6	41.5	48.7	55.4
Taxes	-6.3	-2.3	-2.0	-1.3	-2.0	-7.6	-2.3	-1.1	-1.4	-2.3	-7.0	-9.1	-10.7	-12.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	23.3	7.5	5.8	5.5	5.4	24.2	8.2	4.4	4.9	8.1	25.6	32.4	38.0	43.2
EPS (adj.)	1.28	0.41	0.34	0.32	0.31	1.38	0.44	0.27	0.26	0.43	1.40	1.75	2.04	2.31
EPS (rep.)	1.25	0.40	0.31	0.29	0.29	1.30	0.44	0.23	0.26	0.43	1.38	1.73	2.04	2.31

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-12.7 %	2.5 %	20.6 %	14.0 %	29.2 %	16.4 %	22.6 %	9.3 %	10.9 %	3.1 %	11.1 %	9.2 %	9.5 %	9.8 %
Adjusted EBIT growth-%	-7.6 %	8.4 %	18.0 %	29.5 %	-9.4 %	9.9 %	17.8 %	-12.7 %	-17.2 %	30.8 %	4.7 %	15.3 %	14.3 %	12.0 %
EBITDA-%	26.1 %	27.1 %	24.2 %	26.0 %	20.4 %	24.2 %	26.5 %	19.9 %	21.3 %	25.1 %	23.4 %	24.8 %	25.7 %	25.9 %
Adjusted EBIT-%	22.4 %	23.8 %	21.8 %	22.9 %	17.1 %	21.2 %	22.9 %	17.4 %	17.1 %	21.7 %	19.9 %	21.1 %	22.0 %	22.5 %
Net earnings-%	15.5 %	17.7 %	13.5 %	14.1 %	10.6 %	13.8 %	15.8 %	9.2 %	11.5 %	15.4 %	13.1 %	15.2 %	16.3 %	16.9 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	115	146	146	146	145
Goodwill	73.4	91.1	91.1	91.1	91.1
Intangible assets	8.7	16.9	17.1	17.3	17.5
Tangible assets	29.4	36.3	36.0	36.0	35.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	2.4	1.0	1.0	1.0	1.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.0	0.8	0.8	0.8	0.8
Current assets	99.4	119	92.0	98.3	108
Inventories	35.5	49.2	48.6	51.0	55.8
Other current assets	4.6	0.6	0.6	0.6	0.6
Receivables	18.7	22.3	25.3	27.6	30.2
Cash and equivalents	40.6	46.4	17.5	19.1	20.9
Balance sheet total	214	265	238	245	253

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	109	124	136	152	172
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	75.1	86.8	98.6	115	134
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	32.4	35.9	35.9	35.9	35.9
Minorities	1.1	1.2	1.2	1.2	1.2
Non-current liabilities	80.8	111	69.1	56.3	37.8
Deferred tax liabilities	1.2	2.7	2.7	2.7	2.7
Provisions	2.0	2.8	2.8	2.8	2.8
Interest bearing debt	77.4	103	60.6	47.8	29.4
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.2	3.0	3.0	3.0	3.0
Current liabilities	24.7	29.3	33.2	36.1	43.6
Interest bearing debt	0.8	1.0	2.7	2.8	7.3
Payables	18.0	26.4	29.2	31.9	34.9
Other current liabilities	5.9	1.9	1.4	1.4	1.4
Balance sheet total	214	264	238	245	253

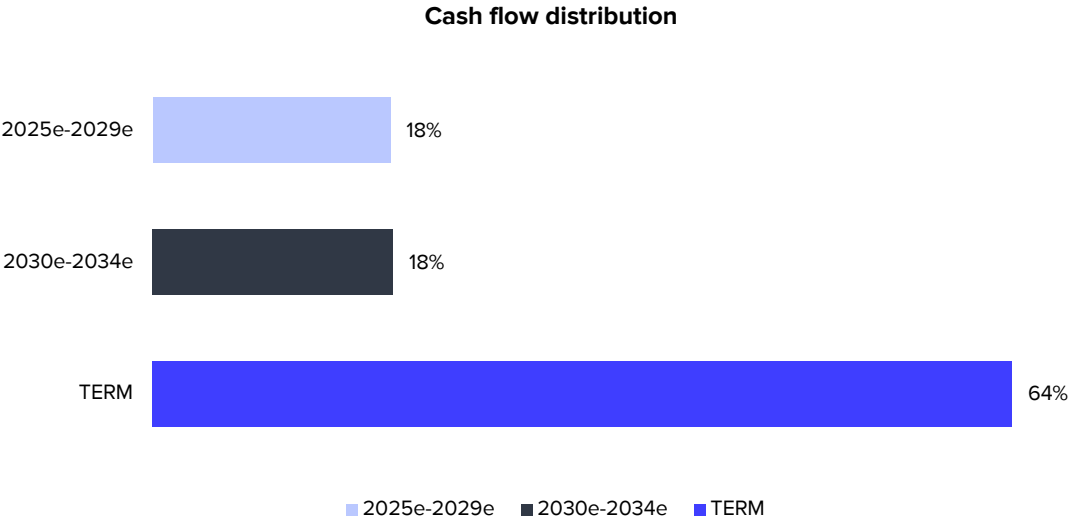
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	16.4 %	11.1 %	9.2 %	9.5 %	9.8 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	3.0 %	3.0 %
EBIT-%	20.2 %	19.6 %	20.9 %	22.0 %	22.5 %	23.0 %	23.0 %	23.0 %	23.0 %	23.0 %	23.0 %	23.0 %
EBIT (operating profit)	35.5	38.2	44.5	51.2	57.3	64.0	69.7	76.0	82.9	90.3	93.0	
+ Depreciation	7.0	7.3	8.3	8.6	8.8	8.7	8.6	8.7	8.3	8.9	9.5	
- Paid taxes	-5.9	-6.9	-9.1	-10.7	-12.2	-13.9	-15.3	-16.7	-18.2	-19.9	-20.5	
- Tax, financial expenses	-0.9	-1.2	-0.7	-0.6	-0.4	-0.2	0.0	0.0	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	-8.9	-0.2	-2.0	-4.4	-5.0	-5.1	-5.5	-6.0	-6.5	-7.1	-2.6	
Operating cash flow	26.7	37.3	41.0	44.2	48.5	53.5	57.5	62.0	66.4	72.2	79.5	
+ Change in other long-term liabilities	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-38.4	-7.2	-8.5	-7.9	-8.5	-8.5	-9.3	-10.1	-11.0	-12.0	-12.0	
Free operating cash flow	-8.1	30.1	32.5	36.3	39.9	45.0	48.2	51.9	55.4	60.2	67.5	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-8.1	30.1	32.5	36.3	39.9	45.0	48.2	51.9	55.4	60.2	67.5	1191
Discounted FCFF		29.5	29.3	30.0	30.4	31.4	30.9	30.6	30.0	30.0	30.9	545
Sum of FCFF present value		848	819	789	759	729	697	667	636	606	576	545
Enterprise value DCF		848										
- Interest bearing debt		-104										
+ Cash and cash equivalents		46										
-Minorities		-6										
-Dividend/capital return		-14										
Equity value DCF		771										
Equity value DCF per share		41.3										

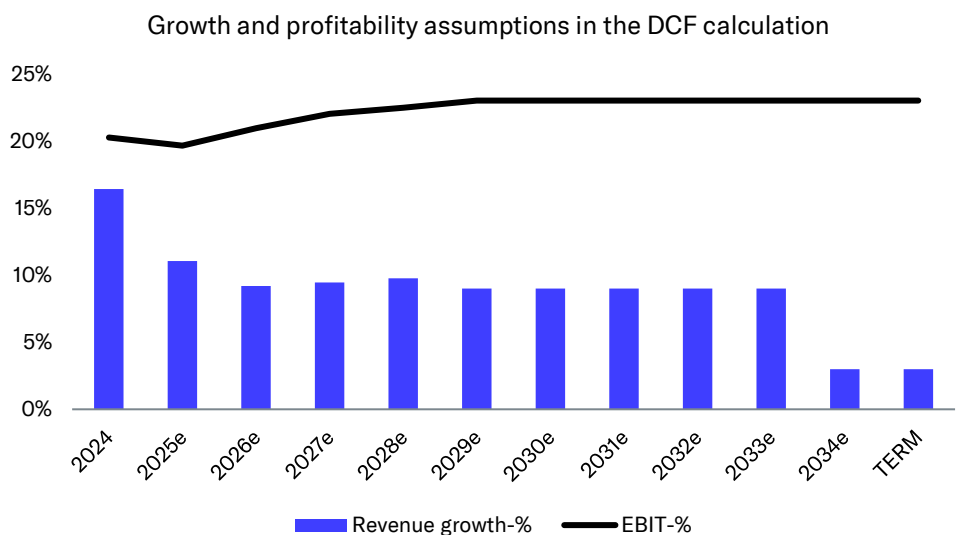
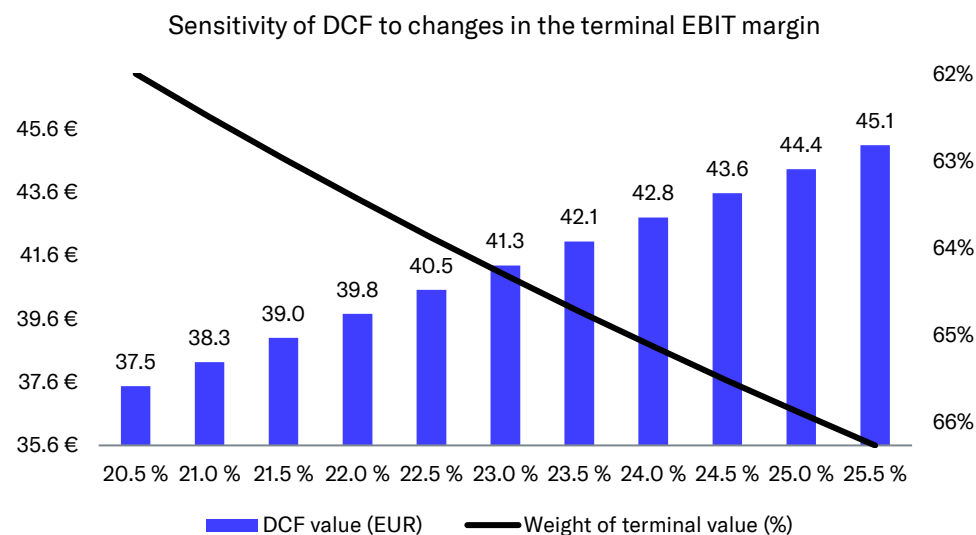
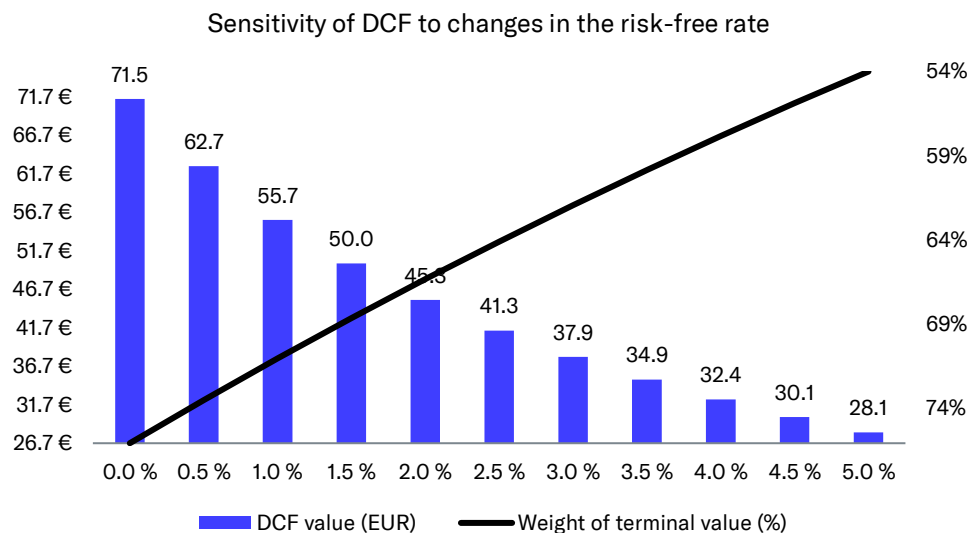
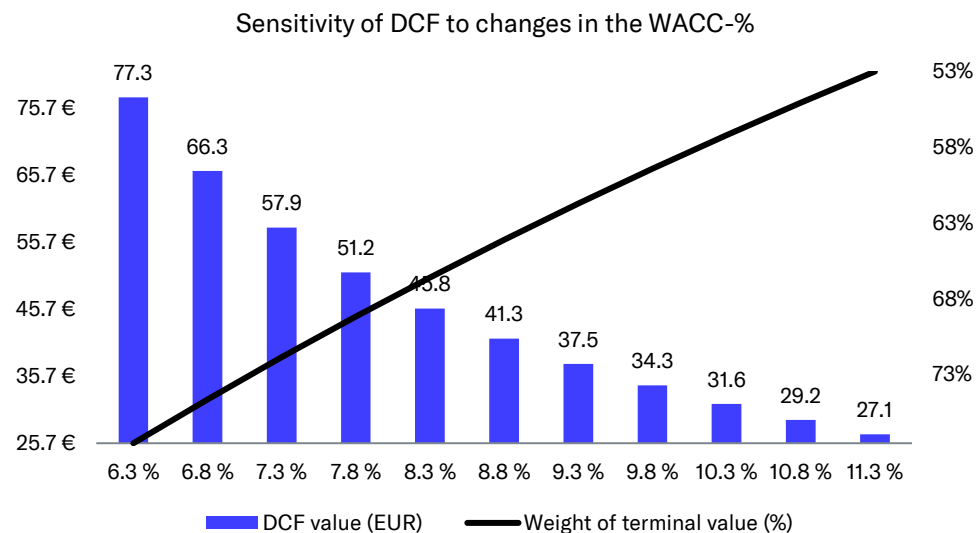
WACC

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	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	172.4	150.5	175.2	194.6	212.4	EPS (reported)	1.45	1.25	1.30	1.38	1.73
EBITDA	42.2	39.3	42.4	45.5	52.7	EPS (adj.)	1.55	1.28	1.38	1.41	1.75
EBIT	34.7	33.0	35.5	38.2	44.5	OCF / share	1.39	2.09	1.43	2.00	2.20
PTP	36.8	29.5	31.8	32.6	41.5	OFCF / share	-0.32	1.74	-0.44	1.61	1.74
Net Income	27.1	23.3	24.2	25.7	32.4	Book value / share	5.21	5.76	6.58	7.21	8.09
Extraordinary items	-1.8	-0.7	-1.6	-0.6	-0.3	Dividend / share	0.64	0.68	0.75	0.85	1.00
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	208.7	214.3	264.6	238.0	244.5	Revenue growth-%	-4%	-13%	16%	11%	9%
Equity capital	98.4	108.7	124.0	135.7	152.2	EBITDA growth-%	-20%	-7%	8%	7%	16%
Goodwill	73.4	73.4	91.1	91.1	91.1	EBIT (adj.) growth-%	-23%	-8%	10%	5%	15%
Net debt	54.6	37.6	57.3	45.8	31.5	EPS (adj.) growth-%	-16%	-17%	8%	2%	24%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	24.5 %	26.1 %	24.2 %	23.4 %	24.8 %
EBITDA	42.2	39.3	42.4	45.5	52.7	EBIT (adj.)-%	21.2 %	22.4 %	21.2 %	19.9 %	21.1 %
Change in working capital	-7.5	6.9	-8.9	-0.2	-2.0	EBIT-%	20.1 %	21.9 %	20.2 %	19.6 %	20.9 %
Operating cash flow	26.0	39.1	26.7	37.3	41.0	ROE-%	30.5 %	22.7 %	21.0 %	20.0 %	22.7 %
CAPEX	-7.4	-3.2	-38.4	-7.2	-8.5	ROI-%	21.8 %	18.1 %	17.1 %	17.9 %	22.1 %
Free cash flow	-6.0	32.5	-8.1	30.1	32.5	Equity ratio	47.1 %	50.7 %	46.9 %	57.0 %	62.3 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	55.5 %	34.6 %	46.2 %	33.7 %	20.7 %
EV/S	2.3	3.4	5.3	3.6	3.3						
EV/EBITDA	9.2	13.2	21.8	15.5	13.1						
EV/EBIT (adj.)	10.6	15.4	25.0	18.2	15.5						
P/E (adj.)	11.4	19.8	33.4	24.9	20.1						
P/B	3.4	4.4	7.0	4.9	4.3						
Dividend-%	3.6 %	2.7 %	1.6 %	2.4 %	2.8 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

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 €



CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

Inderes Ab
Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj
Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

**inde
res.**