

Thermory and Ha Serv Merge To Become The World's Largest Producer of Thermally Modified Wood and Sauna Materials

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The merger of Thermory, the leading producer of thermally modified wood, and Ha Serv, Europe's largest manufacturer of sauna materials and ready-made saunas, has led to the creation of a global market leader in these segments.

The merged company's multifaceted production capacity provides an excellent opportunity to reap the benefits of global trends.

The use of plastic, chemically treated wood and other environmentally harmful products is increasingly coming under pressure among architects and builders. Thermory is the largest producer of thermally modified, environmentally responsible hardwood in the world. Its products are directed at the expanding thermal wood market with vast potential to capture higher share of the 4-5 billion euro decking and cladding market. The merged company's turnover is approaching 70 million euro by the end of the year.

Founder of Thermory Meelis Kajandu and the merged company's largest shareholder and founding partner of Livonia Partners Kaido Veske saw the benefits of the merger for years. "Two equally successful wood production companies that were once rivals now work towards a common goal. It was difficult choosing a name to continue under and we had to use outside advice."

The effective sales teams of Thermory and Ha Serv have led to the expansion of thermally modified wood and sauna products worldwide. "We have been competitors for over 20 years. Together we can think bigger and faster develop our various business lines," added Meelis Kajandu.

The merged company has two production units located in Estonia and one located in Finland: Suomen Lämpöpuu – SLP Oy becomes daughter company of Thermory AS. The company also has sawmills in Estonia and Belarus and a subsidiary in the United States. Thermory employs more than 500 people.

Thermory's management board will continue with two members: Johann Sulling and Marko Kevvai. According to Johann Sulling, the merger creates excellent opportunities for long-term growth through expanding the variety of product and market opportunities. "Everybody wins! 1+1 adds up to more than 2 in our case," said Sulling. Thermory's second board member Marko Kevvai added, "We came to

the understanding that if you want to move forward fast, then go alone, but if you want to go far, it's better to go together.”

Who's who?

Thermory:

- largest producer of thermally modified hardwood in the world
- exports to more than 50 countries worldwide
- 2017 turnover was 33.7 million euro
- focus on thermally modified decking and cladding

Ha Serv:

- one of Europe's leading manufacturers of sauna materials, ready-made saunas and thermally modified wood
- exports to 34 countries
- 2017 turnover was 30.6 million euro
- focus on sauna materials and ready-made saunas

The largest shareholder of the merged company will be Livonia Partners Investment Fund. Livonia Partners is a leading investment fund in the Baltics with Estonian partners Rain Lõhmus and Kaido Veske. The second largest shareholder will be Thermory's founder and visionary Meelis Kajandu. An important shareholder in Thermory for almost 10 years has been entrepreneur Jüri Mõis. All previous investors will also continue as shareholders of the merged company.

The legal advisors of the merger were law firms Eversheds Sutherland Ots & Co and Sorainen. The deal was overseen by PriceWaterhouseCoopers Advisors and Deloitte Advisory. The transaction price is confidential by mutual agreement of the parties.

Further information:

Kaido Veske, Livonia Partners (company merger)

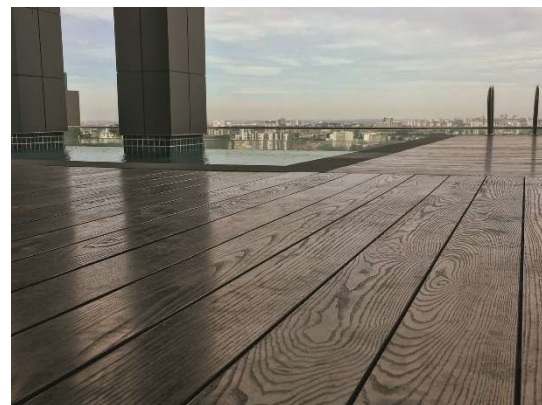
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Photos: merged company Thermory AS has two production units in Estonia. In addition, the company has production unit in Finland, sawmills in Estonia and Belarus and a subsidiary company in the US.



Photos: With joined team efforts, thermally modified wood reaches more than 50 countries. Thermory AS was awarded recently in Estonia by becoming “Exporter of the Year 2018” (Photo credit: Jaanus Lensment).



Photos: Projects from Thermory’s thermally modified wood can be found worldwide, from Canada to Malaysia.



Photos: Thermory ready-made saunas are represented by brand Auroom (www.auroomwellness.com)