



# Q4

**Uponor Corporation**  
**Financial Statements Bulletin**  
January–December 2022

**uponor**

Moving > Water

## 2022 was a good year for Uponor

### October–December 2022 in brief

- Net sales were €276.5 (329.3) million, a decline of -16.0%, or -18.4% in constant currency terms. The organic growth was -16.5%.
- Operating profit was €1.4 (22.8) million or 0.5% (6.9) of net sales.
- Comparable operating profit was €11.0 (26.7) million or 4.0% (8.1) of net sales.
- Earnings per share were €0.02 (0.23).

### January–December 2022 in brief

- Net sales were €1,386.2 (1,313.2) million, a growth of 5.6%, or 2.2% in constant currency terms. The organic growth was 3.6%.
- Operating profit was €135.5 (154.1) million or 9.8% (11.7) of net sales.
- Comparable operating profit was €153.7 (160.5) million or 11.1% (12.2) of net sales.
- Earnings per share were €1.21 (1.33).

### Guidance statement for 2023

Excluding the impacts of currencies, Uponor expects its net sales to be between €1,300 and €1,400 million in 2023, and its comparable operating margin to be above 10%.

### The Board's dividend proposal

The Board proposes to the Annual General Meeting that a dividend of €0.69 (0.67) per share be paid, of which €0.34 will be paid in March 2023 and €0.35 is planned to be paid in September 2023.

When deciding on its dividend proposal, the Board considered the solvency, investment plans and other capital needs of the company.

### Annual General Meeting 2023

Uponor Corporation's Annual General Meeting will be held at the Paavo Hall of the Helsinki Music Centre, which is located at Mannerheimintie 13 A, 00100 Helsinki, on 17 March 2023 at 13:00 EET.

The company's shareholders and their proxy representatives may attend the general meeting and exercise their shareholder rights either by attending the meeting or by voting in advance. Shareholders also have the opportunity to follow the Annual General Meeting as a webcast if the registration and advance voting has been completed. The webcast is mainly held in Finnish and translated into English.

Shareholders holding a Finnish book-entry account may register and vote in advance between 16 February–10 March 2023 at 10:00 EET in the following ways:

- via Uponor Corporation's website at [uponorgroup.com/en-en/investors/governance/agm-2023](https://uponorgroup.com/en-en/investors/governance/agm-2023), which requires strong identification, or
- by email to [agm@innovatics.fi](mailto:agm@innovatics.fi), when also necessary documentation shall be attached to the email, such as signed voting form and possible proxy document and/or extract from trade register, or

- by mail addressed to Innovatics Oy, Yhtiökokous / Uponor Oyj, Ratamestarinkatu 13 A, 00520 Helsinki, Finland, when also necessary documentation shall be attached to the email, such as signed voting form and possible proxy document and/or extract from trade register.

Holders of nominee registered shares may register and vote in advance between 16 February–14 March 2023 at 10:00 EET as set out in the meeting notice published on the company's website.

Further information: [uponorgroup.com/en-en/investors/governance/agm-2023](https://uponorgroup.com/en-en/investors/governance/agm-2023)

### Short-term market outlook

Uponor expects high market volatility to continue impacted by geopolitical uncertainties. Construction activity will continue to soften overall, particularly in the new housing segment, from the elevated levels witnessed in recent years. Increased interest rates will likely constrain demand, adding to the prevailing challenges of a lack of skilled labour and high inflation.

### Michael Rauterkus, President and CEO, comments:

"2022 was a good year for Uponor. Despite a volatile market environment impacted by the war in Ukraine, rising interest rates, high inflation and the cyberattack we faced in the month of November, we did well. Our full year 2022 net sales were record-high at €1.4 billion, growing by 5.6% year-on-year. Our comparable operating profit reached its second highest level ever and the margin remained solid at 11.1% (12.2), reflecting our strong operational performance as well as ability to successfully implement price increases and manage adverse conditions.



Market development was relatively positive in the first half of the year. However, as interest rates started to rise, construction activity began to moderate from multi-year highs, especially in the US single-family home segment, and builder confidence fell throughout our markets in the second half of the year.

In the fourth quarter, our net sales decreased by 16% mainly due to the impact of the cyberattack against Uponor on 5 November. After the attack, the company took immediate actions to investigate and remediate the situation. One of these actions was to shut down all systems and production as a precautionary measure. After one week of production interruption, operating levels started to recover, and they were back at normal levels from the beginning of December. Net sales declined in all divisions, but our Infra business was the least affected by the cyberattack and delivered a strong operating result due to successfully run designed solutions projects. Our Building Solutions Europe and North America divisions also recovered fast and posted a record result for the month of December. However, this was not enough to compensate for the impact of production interruption and related volume loss in November before the financial year ended.

We have executed well on our 'Maximizing the Core and Sustainable Innovations' strategy during its initial year. In Building Solutions – Europe, we focused on countries with high potential to drive organic growth with a systematic 4C approach (Categories, Countries, Channels, Customers). We also started the journey moving from component selling to selling more integrated solutions, which can significantly increase the sales opportunities per dwelling. In Building Solutions – North America, we continued to make inroads into the commercial market and to leverage on our global offerings and brought new, innovative products to the local market. In Uponor Infra, we continued successfully to transform the sales mix by moving towards industry projects with higher margin categories.

To accelerate sustainable innovation, we formed a new Technology organisation that will also drive manufacturing efficiency and supply chain resilience. We moved forward innovation initiatives to enable

profitable growth in technologies where Uponor has a competitive advantage. We also renewed our ESG framework in line with our ambition to lead the construction industry towards net zero. We made progress towards our ESG targets, in particular, with regards to our aim of having a sustainable alternative for 50% of the product portfolio by 2027. We launched four new sustainable 'Blue' products based on renewable raw materials. The positive initial feedback that we have received from our customers is encouraging. Together with our value chain partners, we completed the technical development of a closed loop chemical recycling process for PEX-a waste, allowing Uponor, as the first one in the world, to recycle its PEX-a waste back to new PEX pipes. We harmonized the calculation of our lost time injury frequency rate, LTIF, across all divisions and have taken steps to transform the safety culture at Uponor to reach our 'zero accidents' target by 2025. In 2022, our LTIF was 8.3 (8.8).

Our People First efforts focused on building a new engaged performance-based culture, while creating an inclusive and diverse workplace that attracts and retains the best talent. I am also very pleased to have been able to welcome new members to our Executive Committee and Group Leadership Team. I feel confident we have a strong team to deliver the strategy.

Uponor's updated vision and purpose statements are grounded in our strategy. Our vision is to be the leader in sustainable water solutions. The company purpose of unlocking water's potential to protect the place we call home challenges Uponorians to continuously find new ways to conserve, manage and move water responsibly. Water is the catalyst that allows us to innovate energy-efficient systems and this is also captured in our new company tagline "Moving Water".

Turning to 2023, we stay on course with our long-term growth strategy while improving our resilience. Our demand outlook is negatively impacted by the rising interest rates, a continued volatile environment and cost inflation pressures. To offset these headwinds and continue building a robust, lean and resilient company, we have initiated a transformation programme over the years 2023–2024. With the successful implementation of this transformation, Uponor aims to create a new Uponor-wide operating model strengthening Uponor's long-term competitiveness, capability to adjust to changing market conditions and ability to better serve customer needs. The programme aims at efficiency gains and annual cost savings of €30 million with an estimated net reduction of up to 400 jobs globally.

Pursuing growth with a systematic 4 C approach, optimizing capacity and protecting our margins will be our key priorities in 2023 and 2024.

Looking on the long term, maximizing the core and sustainable innovation will support Uponor's profitable growth ambitions, also under tough market conditions. We believe the current energy crisis will further accelerate the transformation toward and growing demand for more energy-efficient systems. Uponor is well positioned to benefit from this trend.

Finally, I would like to thank everyone in our organization for their dedication, focus on delivery and outstanding work during a very exceptional year.

I am very proud of the leadership and how Uponorians, united as one team, managed the cyber incident in a short time frame. This shows that, while systems are essential, the knowledge and experience of our people are what makes this company stand out. We are also thankful for the support and recognition that we have received from our customers, suppliers and other stakeholders.

I am confident that the strong engagement and performance focus of our people, as well as the strength of our balance sheet and our diversified portfolio, positions us well to capture growth opportunities even if volatility in our markets remains high in the coming quarters."

## Key figures

M€	10-12/ 2022	10-12/ 2021	Change	1-12/ 2022	1-12/ 2021	Change
Net sales	276.5	329.3	-16.0%	1,386.2	1,313.2	+5.6%
Operating expenses	261.3	293.9	-11.1%	1,197.7	1,110.8	+7.8%
Depreciation and impairments	14.8	12.6	+17.2%	54.5	49.1	+10.9%
Other operating income	1.0	0.1	+1,936.0%	1.5	0.9	+66.1%
Operating profit	1.4	22.8	-93.7%	135.5	154.1	-12.1%
Operating profit, %	0.5	6.9	-92.4%	9.8	11.7	-16.7%
Comparable operating profit	11.0	26.7	-58.6%	153.7	160.5	-4.3%
Comparable operating profit, %	4.0	8.1	-50.7%	11.1	12.2	-9.3%
Financial income and expenses	-1.7	-1.0	+69.0%	-1.0	-7.9	-87.7%
Profit before taxes	0.0	21.9	-100.1%	134.9	139.8	-3.5%
Profit for the period	1.5	18.4	-91.8%	97.5	103.4	-5.8%
Earnings per share	0.02	0.23	-89.6%	1.21	1.33	-9.0%

	31 Dec 2022	31 Dec 2021	
Net working capital, M€	164.5	93.3	+76.4%
Net-interest bearing debt, M€	48.5	20.9	+131.7%
Solvency, %	55.2	50.2	+10.0%
Gearing, %	9.1	4.3	+109.5%
Return on investment, %	22.2	24.7	-9.8%

## Results briefing and live webcast

A live webcast for analysts, institutional investors and the media will be broadcast on Wednesday, 15 February at 14:30 EET. The briefing is in English. The webcast and its recording can be viewed via our website at [uponorgroup.com](https://uponorgroup.com) > Investors > Reports and presentations or via the Uponor IR mobile app along with all presentation materials.

## Uponor Corporation's financial calendar for 2023

26 Apr 2023	Interim report 1-3/2023
20 Jul 2023	Half-year financial report 2023
25 Oct 2023	Interim report 1-9/2023

Uponor Corporations' Annual Review 2022 will be published the week starting 20 February 2023 and the Annual General Meeting 2023 will be held on Friday, 17 March 2023.

### For further information, please contact:

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## UPONOR CORPORATION FINANCIAL STATEMENTS BULLETIN JANUARY–DECEMBER 2022

### Financial review October–December 2022

#### Market development

Construction activity throughout the Group continued to slow, on the whole, during the quarter. While supply chain bottle necks eased somewhat towards the end of the year, a shortage of labour and materials, rising mortgage interest rates, and elevated inflation rates persisted.

#### Cyberattack against Uponor

Uponor Group's net sales and comparable operating profit for the fourth quarter and full year of 2022 were impacted by the cyberattack against Uponor that occurred on 5 November 2022. After the attack, the company took immediate actions to investigate and remediate the situation. One of these actions was to shut down all systems and production as a precautionary measure. After one week of production interruption, operating levels started to recover, and they were back at normal levels from the beginning of December. The financial impact of the attack is therefore limited to the month of November 2022. However, as the attack happened close to the end of the quarter, the ability to compensate for lost sales and margin coverage before the financial year 2022 ended was limited.

#### Net sales

Uponor Group's net sales for the fourth quarter of 2022 reached €276.5 (329.3) million, a decrease of -16.0%. The net sales decline was mainly due to the impact of the cyberattack against Uponor in the quarter. Despite fast recovery and strong development in the month of December, net sales declined in all divisions. Positive net currency impact was €7.7 million, excluding currency impact the net sales decrease was -18.4%. The biggest currency impacts came from USD, SEK and CAD.

#### Breakdown of net sales by division (October–December):

M€	10–12/2022	10–12/2021	Change
Building Solutions – Europe*	119.7	133.9	-10.6%
Building Solutions – North America	90.6	127.5	-29.0%
(Building Solutions – North America (M\$))	92.7	146.4	-36.7%
Uponor Infra	67.2	69.1	-2.7%
Eliminations	-1.0	-1.1	
Total	276.5	329.3	-16.0%

\*Includes the net sales of Capricorn S.A. as of 1 Nov 2021

Measured in terms of reported net sales, and their respective share of Group net sales, the 10 largest countries were as follows: the USA 28.3% (33.8), Sweden 12.9% (10.3), Finland 10.6% (9.1), Germany 9.4% (8.9), Canada 4.9% (5.0), the Netherlands 4.8% (3.4), Denmark 4.5% (4.6), Poland 3.0% (3.3), Spain 2.9% (2.7) and Norway 2.1% (3.0).

#### Results and profitability

Uponor's gross profit in the fourth quarter was €92.0 (117.7) million. The gross profit margin was 33.3% (35.8).

The operating profit in the fourth quarter of 2022 was €1.4 (22.8) million with an operating profit margin of 0.5% (6.9). The comparable operating profit was €11.0 (26.7) million. The total net effect of items affecting

comparability was €9.6 (3.9) million of which €4.6 million were related to a write-down of the Russian operations' net assets and related costs, as well as €2.4 million related to cyberattack recovery costs. The comparable operating profit margin was 4.0% (8.1). Profitability was negatively impacted by production interruption and related volume loss due to cyber incident. The Uponor Infra division was the least affected by the cyber incident and delivered a strong operating profit due to successfully run designed solutions projects. Pricing actions to offset input cost inflation contributed positively to the operating profit.

#### Operating profit by division (October–December):

M€	10–12/2022	10–12/2021	Change
Building Solutions – Europe*	-7.0	4.6	-252.6%
Building Solutions – North America	6.8	20.2	-66.3%
(Building Solutions – North America (M\$))	6.7	23.0	-70.8%
Uponor Infra	5.1	2.5	102.0%
Others	-1.8	-3.4	
Eliminations	-1.6	-1.0	
Total	1.4	22.8	-93.7%

\*Includes the operating profit of Capricorn S.A. as of 1 Nov 2021

#### Comparable operating profit by division (October–December):

M€	10–12/2022	10–12/2021	Change
Building Solutions – Europe*	-0.7	8.6	-108.0%
Building Solutions – North America	7.2	20.3	-64.3%
(Building Solutions – North America (M\$))	7.2	23.2	-69.1%
Uponor Infra	5.2	2.6	98.0%
Others	-0.7	-3.8	
Eliminations	-0.1	-1.0	
Total	11.0	26.7	-58.6%

\*Includes the operating profit of Capricorn S.A. as of 1 Nov 2021

Uponor's net financial expenses for the fourth quarter were €1.7(1.0) million, of which net currency exchange expenses totalled €3.0 (0.5) million.

The share of the result in associated companies and joint ventures for the fourth quarter was €0.2 (0.0) million.

Uponor's profit before taxes for October–December was €0.0 (21.9) million. The tax expense was €-1.5 (3.4) million.

Profit for the period in the fourth quarter of 2022 was €1.5 (18.4) million.

Return on equity was 1.1% (15.4). Return on investment was 0.6% (15.4). Return on investment, adjusted for items affecting comparability, was 6.5% (18.0).

Earnings per share were €0.02 (0.23). Equity per share was €6.34 (5.71). For other share-specific information, please see the Tables section.

### Cash flow

Cash flow from operations increased in the fourth quarter compared to the comparison period and was €27.5 (24.3) million. Cash flow before financing was €12.8 (-14.3) million.

### Capital expenditure

Gross investment in fixed assets during the fourth quarter of 2022 totalled €15.1 (18.3) million. Depreciation and impairments were €14.8 (12.6) million. Net investments totalled €14.9 (18.0) million. Uponor's investments in the fourth quarter of 2022 were related to maintenance, efficiency improvements and capacity expansions.

### Innovations, research and development

In October–December 2022, total research and development expenses were €6.0 (6.4) million, representing 2.2% (1.9) of the Group's net sales.

### Changes in group structure

On 27 October 2022, Uponor announced the decision to close down its pressure pipe factory in Middelfart, Denmark, as part of the continuous improvement of its manufacturing footprint. The factory is part of Uponor's infrastructure division, Uponor Infra. The closure took place during the fourth quarter of 2022, and it affected approximately 40 employees. Uponor's comparable operating profit included €1.2 million impact on items affecting comparability related to the closure.

The sale process of Uponor's Russian operations advanced in the fourth quarter of 2022. Uponor announced the initiation of the sales process in its half-year financial report 2022, following an earlier decision to stop all imports from and exports to Russia at the outbreak of the invasion of Ukraine. The write-down of net assets and related costs related to the Russian operations had a negative impact of €-4.6 million on the fourth quarter operating profit.



## UPONOR CORPORATION FINANCIAL STATEMENTS BULLETIN JANUARY–DECEMBER 2022

**Financial review January–December 2022****Market development**

Construction markets in both North America and Europe began the year with positive momentum. Although output was tempered by continuing supply-side challenges, deep order books and existing projects sustained the industry across the first half of the year. However, markets began to moderate from multi-year highs as interest rates rose in the summer months, with builder confidence growing progressively darker and ending the year at multi-year lows in some countries.

In North America, construction in Uponor's largest market, the USA, began the year at a high level of activity not seen since before the financial crisis. Throughout the spring, construction spending grew substantially in nominal terms in both the residential and non-residential segments, supported by double-digit price inflation. Inflation-neutral, non-financial measures of industry output, such as housing starts, were also very strong in the early months. As the year progressed, the policy of monetary tightening adopted by the Fed drove mortgage interest rates to a 15-year high, intensifying already challenging housing affordability conditions and dampening demand. As the year came to a close, housing start rates had fallen meaningfully from earlier in the year and housebuilders reported a degree of pessimism not seen since 2012. On a more positive note, some non-residential segments that began their slow recovery after the pandemic, such as commercial space, performed relatively well throughout the year. In Canada, housing starts were again at very high levels, although permits began to trend downward towards the end of the year.

In Uponor's largest Central European market, Germany, the market for new housing and residential renovation projects was generally healthy as the year began, with demand continuing to outstrip builders' ability to deliver projects. The dramatic increase in geopolitical uncertainty witnessed during February was tempered by deep order books that maintained activity at a steady level through most of the summer months. Challenged by elevated inflation and rising interest rates, building activity began to slow and builder orderbooks weakened throughout the second half of the year. In the non-residential segment, spending on both new and renovation projects was largely on par with 2021. In the Netherlands, the persistent lack of available housing helped support building activity, especially in the market for flats.

In the Nordics, the large number of ongoing projects started in 2021 and early 2022 supported construction activity in the first half of the year in Uponor's largest markets, Finland and Sweden, with increased spending on both residential and non-residential buildings. However, the rate at which new projects were initiated began to slow during the year, as increasing interest rates tempered demand. Meanwhile, spending on key civil engineering segments, such as water works and transportation, rose in Sweden but fell in Finland. Construction markets in Southwest Europe expanded overall in both residential and non-residential segments, with Spain, Italy, France and the UK developing positively from the previous year.

**Net sales**

Uponor Group's net sales for January–December 2022 reached €1,386.2 (1,313.2) million, a growth of 5.6%. Net sales growth was mainly driven by pricing, supported by changes in currencies and the Capricorn acquisition. Net sales were negatively impacted by a cyberattack against Uponor at the end of the year. Positive net currency impact was €44.2 million, bringing the growth without currency impact to 2.2%. The biggest currency impacts came from USD, SEK, CAD, RUB and PLN. The organic net sales growth was 3.6%. Net sales grew in euro terms in all business divisions driven mainly by pricing actions.

**Breakdown of net sales by division (January–December):**

M€	1–12/2022	1–12/2021	Change
Building Solutions – Europe*	599.2	564.2	6.2%
Building Solutions – North America	479.8	467.5	2.6%
(Building Solutions – North America (M\$))	503.8	552.4	-8.8%
Uponor Infra	312.8	286.8	9.1%
Eliminations	-5.6	-5.3	
Total	1,386.2	1,313.2	5.6%

\*Includes the net sales of Capricorn S.A. as of 1 Nov 2021

Measured in terms of reported net sales, and their respective share of Group net sales, the 10 largest countries were as follows: the USA 30.3 (30.9), Germany 10.7% (11.0), Sweden 10.5% (9.5), Finland 10.2% (10.0), Canada 4.5% (4.8), the Netherlands 4.3% (4.3), Denmark 4.3% (4.6), Poland 3.7% (3.1), Spain 2.7% (2.9) and Norway 2.4% (2.9).

**Results and profitability**

Uponor's gross profit in January–December 2022 was €503.9 (484.7) million. The gross profit margin was 36.4% (36.9).

The operating profit in January–December 2022 was €135.5 (154.1) million with an operating profit margin of 9.8% (11.7). The comparable operating profit was €153.7 (160.5) million. The total net effect of items affecting comparability was €18.2 (6.4) million, of which €11.4 million was related to a write-down of the Russia operations' net assets and related costs, €2.4 million related to cyberattack recovery and €1.7 related to the operational excellence programme. The comparable operating profit margin was 11.1% (12.2). Pricing actions contributed positively to the comparable operating profit offsetting higher input costs. Profitability was burdened by a higher cost level compared to the exceptionally low level, caused by Covid-19, in the comparison period. Profitability was negatively impacted by production interruption and related volume loss due to the impact of a cyberattack against Uponor at the end of the year.

**Operating profit by division (January–December):**

M€	1–12/2022	1–12/2021	Change
Building Solutions – Europe*	44.0	65.9	-33.3%
Building Solutions – North America	77.5	84.5	-8.3%
(Building Solutions – North America (M\$))	81.4	99.8	-18.5%
Uponor Infra	23.1	16.2	42.8%
Others	-8.2	-9.5	
Eliminations	-0.9	-3.0	
Total	135.5	154.1	-12.1%

\*Includes the operating profit of Capricorn S.A. as of 1 Nov 2021

**Comparable operating profit by division (January–December):**

M€	1–12/2022	1–12/2021	Change
Building Solutions – Europe*	58.3	72.0	-18.9%
Building Solutions – North America	77.9	84.7	-8.0%
(Building Solutions – North America (M\$))	81.8	100.0	-18.2%
Uponor Infra	23.4	16.3	43.2%
Others	-6.7	-9.5	
Eliminations	0.6	-3.0	
Total	153.7	160.5	-4.3%

\*Includes the operating profit of Capricorn S.A. as of 1 Nov 2021

In January–December 2022, Uponor's net financial expenses were €1.0 (7.9) million, of which net currency exchange income totalled €0.2 (-3.2) million.

The share of the result in associated companies and joint ventures was €0.4 (-6.4) million. In the comparison period Uponor had a 50% share in the joint venture company, Phyn, which was sold on 13 August 2021.

Uponor's profit before taxes for January–December was €134.9 (139.8) million. The tax expense was €37.4 (36.4) million.

Profit for the period in January–December of 2022 was €97.5 (103.4) million.

Return on equity was 19.1% (22.9). Return on investment was 22.2% (24.7). Return on investment, adjusted for items affecting comparability, was 25.2% (25.3).

Earnings per share were €1.21 (1.33). Equity per share was €6.34 (5.71). For other share-specific information, please see the Tables section.

### Cash flow

Cash flow from operations decreased from comparison period and was €88.4 (139.2) million. Cash flow decreased from the previous year mainly driven by increased net working capital. The change in net working capital was due to increased raw material prices impacting inventory values. Cash flow before financing was €39.3 (75.0) million.

Cash flow from financing and thus cash flow for the January–December 2022 period included the two instalments of dividend payment, paid in March and September, totalling €51.4 (44.4) million.

### Capital expenditure

Gross investment in fixed assets totalled €50.5 (45.5) million. Depreciation and impairments were €54.5 (49.1) million. Net investments totalled €49.6 (44.7) million. Uponor's investments in January–December of 2022 were related to maintenance, efficiency improvements, capacity expansions and technology upgrades for product launches to come.

### Innovations, research and development

In January–December 2022, total research and development expenses were €23.2 (20.7) million, representing 1.7% (1.6) of the Group's net sales.

Uponor continued to accelerate R&D initiatives and moving forward towards its target of having a sustainable alternative for 50% of its product portfolio by 2027. In 2022, Uponor launched four new products based on ISCC certified renewable raw materials: The world's first bio-based PEX pipes, "PEX Blue" for three different applications, and the IQ Blue stormwater pipe. The Blue product series is part of Uponor's commitment to renewable raw materials helping customers reach their sustainability targets. At the end of the year, Uponor also launched the markets most comprehensive sustainable stormwater management solution for infrastructure use, called Uponor Stormwise, was prepared. The positive initial feedback that we have received from our customers is encouraging.

### Financial position

Net interest-bearing liabilities at the end of December 2022 were €48.5 (20.9) million. The solvency ratio was 55.2% (50.2) and gearing was 9.1% (4.3), with a four-quarter rolling gearing of 13.1% (1.7), below the range of 40–80% set in the company's financial targets.

Uponor has two bilateral long-term loans of €40 million and €30 million, both of which will mature in January 2026. As back-up funding arrangements, Uponor has four €50 million committed bilateral revolving credit facilities in force, totalling €200 million maturing in 2023–2027, none of which were used during the reporting period. Three of the revolving credit facilities have success KPIs that are tied to Uponor's greenhouse gas reduction targets.

For short-term funding needs, Uponor's main source of funding is its domestic commercial paper programme, totalling €150 million, none of which was outstanding on the balance sheet date. Available cash-pool limits granted by Uponor's key banks amounted to €35.0 million, none of which was in use on the balance sheet date. At the end of December 2022, Uponor had €65.5 (98.1) million in cash and cash equivalents.

### Strategy execution

Uponor Group's profitable growth strategy centers around maximizing the core, a step-change in innovation, a People First agenda to drive an engaged, performance-based culture and leading the construction industry towards net zero.

In 2022, the execution of our strategy proceeded as planned. We formed a new Technology organisation designed to accelerate innovation as well as drive manufacturing efficiency and supply chain resilience. The Technology organisation provides operational support for the Building Solutions – Europe division and focuses on innovation and sustainability, while driving cross-division collaboration of the manufacturing and supply chain functions.

In line with our "maximising the core" strategy, in Building Solutions – Europe, we focused on countries with high potential to drive organic growth with a systematic 4C approach (Categories, Countries, Channels, Customers) and we also took steps towards moving from pure component selling to selling more integrated solutions which can significantly increase the sales opportunities per dwelling. In Building Solutions – North America, we continued to make inroads into the commercial market and to leverage on our global offerings and brought new innovative products for the North American market. In Uponor Infra, we continued to successfully transform the sales mix by moving towards industry projects with higher margin categories.

We accelerated sustainable innovation initiatives and launched new sustainable products, leading the construction industry towards net zero. These include the world's first PEX pipes based on ISCC certified renewable raw materials ("PEX Blue"), the IQ Blue stormwater pipe and Uponor Stormwise, a new sustainable stormwater management solution for infrastructure use. The Blue product series supports our commitment to renewable raw materials that help customers to reach their sustainability targets.

Our People First initiative consists of five key pillars: Culture, Leadership, Talent, Employer Branding, and Wellbeing and Safety. In 2022, our main efforts focused on keeping our employees healthy and safe while also creating an inclusive and diverse workplace that attracts and retains the best talent. Following our updated

Group strategy in March, we also focused on improving our internal strategy communication. We introduced regular touchpoints for our senior leaders for global collaboration, knowledge sharing and discussing topical areas around Group strategy.

Turning to 2023, we stay on course with our long-term growth strategy while improving our resilience. Our demand outlook is negatively impacted by the rising interest rates, a continued volatile environment and cost inflation pressures. To offset these headwinds and continue building a robust, lean and resilient company, we have initiated targeted measures aiming at annual cost savings of €30 million with an estimated net reduction of up to 400 jobs globally

Pursuing growth with a systematic 4 C approach, optimizing capacity, and protecting our margins will be our key priorities in 2023 and 2024.

Looking ahead, maximizing the core and sustainable innovation will support Uponor's profitable growth ambitions in the coming years also under tough market conditions. We believe the current energy crisis will further accelerate the transformation toward and demand for more energy-efficient systems. Uponor is well positioned to seize the opportunities created by the growing demand for our energy-efficient heating and cooling systems as well as for our sustainable systems for safe and clean water.

## Development in sustainability

Our enhanced sustainability agenda and new sustainability targets 2027 aim to maximize positive impact on customers, employees, and society, while minimizing our own – and to minimize Uponor's environmental footprint. In 2022, Uponor's scope 1, 2 and 3 GHG emissions continued to decrease. We set a new Science Based Target for emission reductions and made excellent progress in our shift towards 100% green electricity. We now aim for a 75% reduction in GHG emissions from our own operations compared to 2019 level. In addition, we want to reduce supply chain emissions by 20%.

Uponor wants to offer a sustainable alternative for 50% of our product portfolio, cover 90% of our product sales with Environmental Product Declarations (EPDs), and set sustainability targets for all new R&D projects. In 2022, we launched four new products based on renewable raw materials, the new Blue PEX pipes being an example of these. Together with our value chain partners we completed the technical development of a closed loop chemical recycling process for PEX-a waste, allowing Uponor, as the first one in the world, to recycle its PEX-a waste back to new PEX pipes. We also increased the share of products covered by EPDs to 12%.

Uponor's People First strategy consists of five key pillars: Culture, Leadership, Talent, Employer Branding, and Wellbeing and Safety. We've set a target to have 40% both male and female in our top 50 management positions, 82% male and 18% female in 2022. We continue to develop our safety culture and processes. We harmonized the calculation of our accident rate, LTIF, across all divisions and have taken steps to transform the safety culture at Uponor to reach our 'zero accidents' target by 2025. In 2022, our lost time injury frequency, LTIF, according to the harmonized calculation method was 8.3 (8.8). Our LTIF was 6.0 (4.8) before the harmonization.

We received strong recognition of our sustainability performance from key ESG ratings, including EcoVadis, CDP, ISS ESG and Sustainalytics. From the society perspective, our target is to collaborate with top 25 customers to strengthen impactful social programs in all business divisions.

## Governance

Uponor prepares a separate corporate governance statement and a remuneration report for governing bodies, which are available on the company's website at [uponorgroup.com](https://www.uponorgroup.com).

Uponor Corporation complies with the Finnish Corporate Governance Code 2020, issued by the Securities Market Association. Uponor deviates from recommendation 15 according to which the committees should have at least three members each. The Personnel and Remuneration Committee has, however, two members instead of three members as stated in the recommendation as resolved by the Board of Directors of the Company. Uponor considers that sufficient expertise for the Personnel and Remuneration Committee is

secured with two members, and the Committee may also obtain views from outside of the Committee. The Committee acts as a preparatory and assisting body for the Board of Directors, and all essential matters relating to remuneration shall be dealt by the Board of Directors.

## Personnel

At the end of December, the Uponor Group had 4,055 (4,234) employees, in full-time-equivalent (FTE) terms. This is 179 less than at the end of December 2021. The average number of employees (FTE) during January–December was 4,214 (3,871). The increase was mainly driven by the acquisition of Capricorn S.A taking place in the fourth quarter in 2021.

The geographical breakdown of the Group's personnel (FTE) was as follows: the U.S. 23% (24), Germany 20% (19), Finland 16% (15), Poland 15% (15), Sweden 13% (13), Spain 2% (2), Denmark 2% (3), Canada 1% (1), Russia 1% (2), United Kingdom 1% (1) and other countries 6% (5).

A total of €297.2 (278.8) million was recorded in salaries, other remunerations and employee benefits during the financial period.

## Changes in the Executive Committee

On 26 July 2022, Thomas Fuhr was appointed Chief Technology Officer (CTO) and member of Uponor Group's Executive Committee effective 1 October 2022. He is based in Germany and reports to Michael Rauterkus, President and CEO, Uponor Corporation. Thomas leads the newly formed Technology organization designed to accelerate innovation as well as drive manufacturing efficiency and supply chain resilience. The Technology organization provides operational support for the Building Solutions – Europe division and focuses globally on innovation and sustainability, while also driving cross-division collaboration of the manufacturing and supply chain functions.

On 15 June 2022, Uponor Corporation announced that Karsten Hoppe, President of the Building Solutions – Europe division, had decided to leave Uponor to pursue interests outside of the company. Karsten continued in his operational leadership role until 9 September 2022 to ensure a smooth transition period. Goran Kovacev, former Vice President of Sales, Europe, was appointed to a new position as Senior Vice President of BLD-E to lead the division's commercial operations reporting to President and CEO Michael Rauterkus from 1 September 2022 onwards. This new leadership structure replaces the President, Building Solutions – Europe role that was previously an Executive Committee role.

On 15 June 2022, Andres Caballero was appointed President of the Building Solutions – North America division and a member of the Executive Committee at Uponor. He assumed his position on 25 July 2022. He is based in Minnesota, USA, and reports to Michael Rauterkus, President and CEO, Uponor Corporation. Andres succeeds Bill Gray who stepped down from his role as President of Building Solutions – North America on 10 January 2022 to focus on interests outside the company. John Reutter, who acted interim President of Building Solutions – North America, concentrated on his duties as the division's Vice President of Finance from 25 July 2022 onwards.

On 30 March 2022, Jennifer Hauschildt was appointed Chief Human Resources Officer (CHRO) and a member of the Uponor Group's Executive Committee effective 1 April 2022. She is based in Minnesota, USA, and reports to Michael Rauterkus, President and CEO, Uponor Corporation.



## Review by business division

### Building Solutions – Europe

The Building Solutions – Europe division serves mainly the European market with drinking water delivery, heating and cooling solutions, prefabricated solutions, control systems, pre-insulated pipes and manifolds. The division has production in Finland, Sweden, Germany, and Poland.

M€	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Net sales	119.7	133.9	-10.6%	599.2	564.2	+6.2%
Operating profit	-7.0	4.6	-252.6%	44.0	65.9	-33.3%
Operating profit margin, %	-5.8%	3.4%	-270.7%	7.3%	11.7%	-37.2%
Comparable operating profit	-0.7	8.6	-108.0%	58.3	72.0	-18.9%
Comparable operating profit margin, %	-0.6%	6.4%	-108.9%	9.7%	12.8%	-23.7%
Personnel, average				2,192	1,900	+292

### October–December

Building Solutions – Europe's net sales were €119.7 (133.9) million, a decrease of -10.6%. The cyberattack and interruption in production in November, impacted negatively on the net sales development despite fast recovery and a record strong development in the month of December.

Building Solutions – Europe's operating profit was €-7.0 (4.6) million, a decrease of -252.6%. Comparable operating profit was €-0.7 (8.6) million. Negative profitability was driven by lower volume development due to the cyber incident. The sale process of the Russia operations continued and items affecting comparability, included a €4.6 million write-down and related costs of the Russian net assets that had a negative impact on the operating profit.

### January–December

Building Solutions – Europe's net sales were €599.2 (564.2) million, a growth of 6.2%. Net sales growth was supported by strong pricing actions. Net sales development was negatively impacted by the cyberattack against Uponor at the end of the year. The acquisition of Capricorn S.A. contributed favourably to net sales. The organic growth was 1.6%.

Building Solutions – Europe's operating profit was €44.0 (65.9) million, a decrease of -33.3%. Comparable operating profit was €58.3 (72.0) million. Strong net sales development had a positive impact on the operating profit but was not enough to compensate for the interruption in production and related volume loss due to the cyber incident. Items affecting comparability included a €11.4 million write-down and related costs of net assets related to the Russia operation that had a negative impact on the operating profit.

## Building Solutions – North America

The Building Solutions – North America division serves local markets with PEX plumbing, radiant heating and cooling, hydronic distribution, pre-insulated pipe and fire sprinkler systems. The division has production in the United States.

M€	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Net sales	90.6	127.5	-29.0%	479.8	467.5	+2.6%
Operating profit	6.8	20.2	-66.3%	77.5	84.5	-8.3%
Operating profit margin, %	7.5%	15.8%	-52.5%	16.2%	18.1%	-10.6%
Comparable operating profit	7.2	20.3	-64.3%	77.9	84.7	-8.0%
Comparable operating profit margin, %	8.0%	15.9%	-49.8%	16.2%	18.1%	-10.3%
Personnel, average				1,036	999	+37

### October–December

Building Solutions – North America's net sales were €90.6 (127.5) million, a decrease of -29.0% in euro terms or a decrease of -36.7% in USD terms. Despite fast recovery in the month of December, net sales declined as a result of production interruption due to the cyberattack in November, and softening demand for residential construction.

Building Solutions – North America's operating profit was €6.8 (20.2) million, a decrease of -66.3% in euro terms or a decrease of -70.8% in USD terms. Profitability was burdened by volume loss due to the cyber incident and market softening.

### January–December

Building Solutions – North America's net sales were €479.8 (467.5) million, a growth of 2.6% in euro terms or a decrease of -8.8% in USD terms. Strong pricing realization and improved sales mix benefitted net sales development. Net sales were negatively impacted by a cyberattack against Uponor at the end of the year and a rapid decline on new construction single family homes markets in the second half of the year.

Building Solutions – North America's operating profit was €77.5 (84.5) million, a decrease of -8.3% in euro terms or a decrease of -18.5% in USD terms. Improved operational performance and cost management contributed positively to operating profit. Profitability was negatively impacted by production interruption and related volume loss due to the cyber incident as well as softening demand in single family new construction markets.

## Uponor Infra

The Uponor Infra division serves the Baltic Sea area with sewer and storm, pressure pipe systems, district energy, designed solutions and project services for municipalities, utilities and industry. In 2022, the division had production in Finland, Sweden, Denmark and Poland. The production in Denmark was closed at the end of 2022.

M€	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Net sales	67.2	69.1	-2.7%	312.8	286.8	+9.1%
Operating profit	5.1	2.5	+102.0%	23.1	16.2	+42.8%
Operating profit margin, %	7.6%	3.6%	+107.7%	7.4%	5.7%	+30.9%
Comparable operating profit	5.2	2.6	+98.0%	23.4	16.3	+43.2%
Comparable operating profit margin, %	7.8%	3.8%	+103.6%	7.5%	5.7%	+31.3%
Personnel, average				850	845	+5

### October–December

Uponor Infra's net sales were €67.2 (69.1) million, a decrease of -2.7%. Strong development in designed solutions sales and pricing actions contributed positively to net sales. The decrease in net sales was mainly due to the impact of the cyberattack against Uponor during the quarter.

Uponor Infra's operating profit was €5.1 (2.5) million, an increase of 102.0%. The significant improvement in the operating profit was driven by the successful delivery of large designed solution projects during the quarter.

In the quarter, Uponor Infra announced the decision to close its pressure pipe factory in Middelfart, Denmark by the end of 2022, as part of continuous improvement of its manufacturing footprint. The closure affected approximately 40 employees.

### January–December

Uponor Infra's net sales were €312.8 (286.8) million, a growth of 9.1%. Net sales growth was driven by pricing actions in all markets and good development in designed solutions projects. Net sales were negatively impacted by the cyberattack Uponor faced at the end of the year.

Uponor Infra's operating profit was €23.1 (16.2) million, an increase of 42.8%. The improvement in profitability was supported by successfully continuing to transform the sales mix towards industry projects with higher margin categories. Pricing actions to offset input cost inflation and operational efficiencies also contributed positively to the operating profit.

## Share capital and shares

In January–December 2022, Uponor's share turnover on Nasdaq Helsinki was 20.5 (20.9) million shares, totalling €333.2 (459.2) million. The share quotation at the end of December was €16.61 (20.94), and the market capitalisation of the shares was €1,216.0 (1,533.0) million.

At the end of December, there were a total of 21,544 (19,071) shareholders. Foreign shareholding in Uponor accounted for 28.8 (29.4) per cent of all shareholdings in the company at the end of the reporting period.

Uponor Corporation's share capital amounts to €146,446,888 and the number of shares totals 73,206,944. There were no changes in the share capital and the number of shares during the reporting period.

### Treasury shares

At the end of 2022, Uponor held 530,950 (634,206) of its own shares, representing approximately 0.7 (0.9) per cent of the company's shares and voting rights.

### Management shareholding

At the end of 2022, the members of the Board of Directors and the President and CEO, along with corporations known to the company and in which they exercise control, held a total of 94,462 (89,323) Uponor shares. These shares accounted for 0.13% of all shares and votes in the company.

### Share-based incentive programme

The Board of Directors has resolved on several long-term incentive programmes for key management in the last few years. Details of the plans can be found from [uponorgroup.com](https://www.uponorgroup.com) > Investors > Remuneration.

In December 2022, the Board of Directors of Uponor Corporation resolved to continue the key management Performance Share Plan mechanism, originally decided on by the Board in 2014. Approximately 50 Group key managers, including the members of the Executive Committee, belong to the target group covered by the new plan. The potential reward based on the 2023–2025 plan will be paid in 2026, partly in company shares and partly in cash.

## Notices under the Securities Market Act 9:5

On 22 December, Uponor Corporation received a notification from Oras Invest Ltd of a change in shareholding in accordance with Chapter 9, Section 5 of the Finnish Securities Market Act. According to the notification, holdings of Oras Invest Ltd in shares of Uponor Corporation had on 21 December 2022 gone above the threshold of 25% and totalled 18,322,159 shares representing 25.03% of the share capital and votes in the company.

## Authorisations

The Board of Directors was authorised by the AGM 2022 to resolve on the repurchase of no more than 3,500,000 of the company's own shares, amounting in total to approximately 4.8 per cent of the total number of the shares of the company at the date of the general meeting. In addition, the Board of Directors was authorised to resolve on issuing a maximum of 7,200,000 new shares or transferring the company's own shares, amounting in total to approximately 9.8 per cent of the total number of the shares of the company.

## Resolutions of the Annual General Meeting 2022

Uponor Corporation's Annual General Meeting (AGM) was held on 15 March 2022. The AGM adopted the financial statements and the consolidated financial statements for 2021 and released the Board members and the President and CEOs from liability.

The AGM approved the proposed dividend of €0.67 per share for the financial period 2021. The dividend was paid in two instalments. The first instalment of €0.33 per share was paid on 24 March 2022. The second instalment of €0.34 per share was paid in September 2022.

The Board of Directors was authorised to resolve on the repurchase of no more than 3,500,000 of the company's own shares, amounting in total to approximately 4.8 per cent of the total number of the shares of the company at the date of the general meeting. These shares will be bought back using distributable earnings from unrestricted equity. The authorisation is valid until the end of the next annual general meeting, however, no longer than 18 months from the date of the general meeting.

The Board of Directors was authorised to resolve on issuing a maximum of 7,200,000 new shares or transferring the company's own shares, amounting in total to approximately 9.8 per cent of the total number of the shares of the company. The Board of Directors is authorised to resolve on all the conditions of the issuance of shares. This authorisation is valid until the end of the next annual general meeting, however, no longer than 18 months from the date of the general meeting.

The existing Board members Annika Paasikivi (chair), Pia Aaltonen-Forsell, Johan Falk, Markus Lengauer and Michael G. Marchi were re-elected. Susanne Skippari was elected as a new member. Annika Paasikivi was re-elected as Chair of the Board.

KPMG Oy Ab, a company of Authorised Public Accountants, was re-elected as the auditor of the company for the following term of office.

The AGM adopted proposal for the yearly remuneration of the Board as follows: €100,000 for the Chair of the Board, €58,000 for the Deputy Chair of the Board, €58,000 for the Chair of the Audit Committee, €58,000 for the Chair of the Personnel and Remuneration Committee (only in case she/he is not the Chair of the Board as well) and €48,000 for other members of the Board. Approximately 40% of the remuneration shall be paid by acquiring Uponor Corporation's shares in public trading and/or by conveying Uponor Corporation's shares held by the company and the rest shall be paid in cash or, alternatively, by paying the full remuneration in cash and obligating the Board member to use approximately 40% of the remuneration paid in cash to acquire Uponor Corporation's shares in public trading. Additionally, a remuneration per each actual board and committee meeting (excluding decisions without a meeting) shall be paid to the members of the Board of Directors amounting to €800 for meetings held at the country of residence of the member, €1,600 for meetings held elsewhere on the same continent, and €3,000 for meetings held on another continent. The remuneration for telephone meetings shall be the remuneration for meetings held at the country of residence of the member. The additional remuneration (2021: €600) for the Chairs of the Board and the Board committees to be paid for each respective meeting shall be removed.

Further details about the Annual General Meeting are available at <https://www.uponorgroup.com/en-en/investors/governance/agm-2022>.

## Significant events during the period

On 7 November 2022, Uponor announced it had been subject to a cyber security attack affecting its operations in Europe and North America. After the attack, the company took immediate actions to investigate and remediate the situation. Due to the uncertainty caused by the attack, Uponor withdrew its guidance for 2022 on 21 November 2022. On 19 December 2022, when more precise visibility on the expected impact of the attack on Uponor's Q4 2022 development became available, Uponor issued a new guidance for 2022.

## Significant events after the period

On 15 February 2023, Uponor announced launching a groupwide transformation programme over the years 2023–2024. With the successful implementation of the programme, Uponor aims to secure its long-term competitiveness and ensure the execution of its growth strategy. Creating a new Uponor-wide operating

model will strengthen Uponor's resiliency as a company, capability to adjust to changing market conditions and ability to better serve customer needs.

The transformation to this new Uponor operating model will result in a leaner and more efficient organization, while also producing expected annual cost savings of around €30 million with an estimated net reduction of up to 400 jobs globally. The detailed impact of the organisational changes will be communicated, and when necessary, negotiated locally as the plans progress. As Uponor conducted the first activities linked to the transformation programme already in Q4 2022, cost savings are expected to be realised gradually from Q1 2023 and fully by the end of 2024. The total non-recurring costs associated with the transformation programme are estimated to be around €25 million.

On 24 January 2023, Uponor announced the proposals of the Nomination Board to the Annual General Meeting 2023. The Nomination Board resolved to propose to the general meeting no changes to the remuneration of the Board of Directors and that the yearly remuneration to the members of the Board of Directors shall be:

€100,000 for the Chair of the Board,  
 €58,000 for the Deputy Chair of the Board,  
 €58,000 for the Chair of the Audit Committee,  
 €58,000 for the Chair of the Personnel and Remuneration Committee (only in case she/he is not the Chair of the Board as well), and  
 €48,000 for other members of the Board.

The Nomination Board proposes that approximately 40% of the remuneration shall be paid by acquiring Uponor Corporation's shares in public trading for the Board member or by conveying Uponor Corporation's shares held by the company (and then the rest shall be paid in cash) or, alternatively, by paying the full remuneration in cash and obliging the Board member to use approximately 40% of the remuneration paid in cash to acquire Uponor Corporation's shares in public trading. The yearly Board remuneration shall be paid within two weeks after the publication of the company's half-year report for January–June 2023. In case the full remuneration is paid in cash, a Board member shall make the purchase of shares within two weeks after the publication of the company's interim report for January–September 2023.

The Nomination Board proposes that travel expenses related to Board meetings shall be paid according to the travel policy of the company.

The Nomination Board further proposes that a remuneration per each actual board and committee meeting (excluding decisions without a meeting) shall be paid to the members of the Board of Directors amounting to €800 for meetings held at the country of residence of the member, €1,600 for meetings held elsewhere on the same continent, and €3,000 for meetings held on another continent. The remuneration for telephone meetings shall be the remuneration for meetings held at the country of residence of the member.

The Nomination Board proposes to the general meeting that the number of Board members shall be six and, as of obtaining the approval of the supervisory authority of the credit institution with regard to the appointment of the seventh member candidate, seven. It is assumed that the approval is obtained before the Annual General Meeting.

The Nomination Board proposes to the general meeting that Mr Johan Falk, Mr Markus Lengauer, Mr Michael Marchi, Ms Annika Paasikivi and Ms Susanne Skippari, currently members of the Board of Directors, be re-elected as members of the Board of Directors, and that Mr Hans Sohlström and Ms Katja Keitaanniemi be elected as new members of the Board of Directors. The appointment of Katja Keitaanniemi is subject to the approval of the supervisory authority of the credit institution, and her term of office as member of the Board of Directors is effective as of obtaining such approval.

Pia Aaltonen-Forsell had informed that she is not available for re-election.



Mr Hans Sohlström (b. 1964, M.Sc. (Tech.), M.Sc. (Econ.)) has a strong track record of driving profitable growth and increasing shareholder value. Mr Sohlström was the President and CEO of Ahlstrom (prev. Ahlstrom-Munksjö Oyj) from 2018 until end of 2022. His earlier positions include being the President and CEO of Ahlström Capital between 2016–2018 and of Rettig Group Oy between 2012–2016. Prior to this, he worked in various leading positions within UPM-Kymmene Corporation between 1990–2012. Mr Sohlström is a member of the Board of Stora Enso Corporation.

Ms Katja Keitaanniemi (b. 1973, Lic.Sc. (Tech.)) is currently working as CEO of OP Corporate Bank Plc and member of the Executive Management Team of OP Cooperative. Ms Keitaanniemi has a strong track record of driving for performance, profitability, and cross-border co-operation for the largest banks in Finland, Sweden and Europe. She has worked in various leading positions in the finance and banking sectors including in Finnvera plc 2014–2018, Swedbank 2010–2013, eQ Bank/Conventum 2002–2009 and Nordea Securities 2001–2002.

With regard to the selection procedure for the members of the Board of Directors, the Nomination Board recommends that shareholders take a position on the proposal as a whole at the General Meeting. This recommendation is based on the fact that at the company, in line with a good Nordic governance model, the Shareholders' Nomination Board is separate from the Board of Directors. The Shareholders' Nomination Board, in addition to ensuring that individual nominees for membership of the Board of Directors possess the required competences, is also responsible for making sure that the proposed Board of Directors as a whole also has the best possible expertise and experience for the company, that the Board diversity principles are observed, and that the composition of the Board of Directors also meets other requirements of the Finnish Corporate Governance Code for listed companies.

The Nomination Board further proposes that the general meeting elects Ms Annika Paasikivi as the Chair of the Board.

The Nomination Board resolved to propose to the general meeting that the charter of the Nomination Board be changed with respect to the following sections:

Resignation of a member of the Nomination Board in case the shareholding decreases significantly,  
Right of a holder of nominee-registered shares to appoint a member to the Nomination Board,  
Decision-making of the Nomination Board when unanimity cannot be reached,  
Convening of the meetings and the way to hold meetings,  
Making amendments to the charter.

The proposal for amended charter is available on the company's website at <https://www.uponorgroup.com/en-en/investors/governance/agm-2023>.

Uponor's Nomination Board consists of the following persons: Ville Kivelä (representing Oras Invest Oy), Henrika Vikman (Nordea Funds Oy) and Hanna Kaskela (Varma Mutual Pension Insurance Company) as well as Annika Paasikivi (expert member).

## Non-financial information

This section describes Uponor's sustainability activities as required in Chapter 3a of the Finnish Accounting Act on non-financial information. More information on sustainability and the value creation model can be found in the Sustainability Review 2022 (which will be published latest during the week starting 6 March 2023).

### Uponor's business model and value creation

Operating in an industry with a strong influence on sustainable living, Uponor's purpose is to unlock the potential of water to protect the place we call home. Our aim is to provide our customers with high quality solutions and set new standards without compromising what is good for the planet. Our vision is to be the leader in sustainable water solutions.

The framework for Uponor's sustainability agenda is based on maximizing our positive impact on our customers, employees and the society while minimizing our environmental footprint through a rapid transformation towards a sustainable value chain. Providing integrated solutions with the best environmental footprint to support customers in their sustainability transition, driving an engaged performance-based People First culture and top employer brand while collaborating in the industry and bringing value to the society.

The selected focus areas are strongly aligned with Uponor's long-term profitable growth strategy and have the greatest impact potential on the business and achieving our strategic targets. Main NFI data is reported at the end of this section and our sustainability KPIs are reported in our Sustainability Review 2022.

Uponor has identified seven UN Sustainable Development Goals where it can make a difference; gender equality (5), clean water and sanitation (6), decent work and economic growth (8), industry innovation and infrastructure (9), sustainable cities and communities (11), responsible production and consumption (12) and climate action (13).

Uponor is organised into three divisions (Building Solutions – Europe, Building Solutions – North America and Uponor Infra) according to business responsibility and proximity to customers. Common people, brand, technology, sustainability, innovation, R&D and IT matters are managed at Group level in order to benefit from global presence and maximise global synergies.

### **Operating principles and due diligence processes**

Uponor complies with local laws and regulations, and the company's Code of Conduct, Supplier Code of Conduct and other Group policies form the foundation for its operating principles. Uponor is also a signatory of the UN Global Compact, has a validated Science Based Target for climate action and has submitted a SBTi net-zero target for validation.

### Environment

Uponor considers the environmental aspects of its product offering and continuously aims to reduce the overall impact of its business operations. Uponor has 16 manufacturing facilities in Europe and North America, and their key environmental impacts are greenhouse gas emissions, waste and water usage.

Uponor pursues an environmental management system according to the ISO 14001 standard and an energy-management system compliant with the ISO 50001 standard in order to reach its environmental and energy targets systematically. In 2022, 14 manufacturing facilities were ISO 14001 certified and 9 ISO 50001 certified. Uponor's environmental topics are covered by its Safety, Quality, Environmental and Energy Management Policy. Internal and external audits are conducted on a yearly basis to ensure enforcement of the policy.

As a key element of its Group strategy, Uponor is committed to sustainable innovation. In 2022, for instance the company launched four new Uponor "Blue" products utilising renewable raw materials.

### Personnel and social matters

Uponor emphasises equal treatment and promotes employee safety and well-being. The health and safety of employees is a management priority, and Uponor is striving towards a zero accidents ambition. Employee health and safety topics are covered by the Safety, Quality, Environmental and Energy Management Policy.

Uponor's People First strategy, which was launched in March 2022 consists of five key pillars: Culture, Leadership, Talent, Employer Branding, and Wellbeing and Safety. With the People First strategy, the company aims to ensure that it attracts and retains the right talent to support Uponor's business goals under good leadership and a high-performance culture, as well as continue to raise awareness of topics related to well-being and safety and to provide additional support to ensure employees are taking proper care of themselves.

Uponor conducts annually an employee engagement survey to get feedback from its employees on employee-related matters.

### Human rights

As a signatory of the UN Global Compact, Uponor respects human rights as defined, for example, in the United Nations' Universal Declaration of Human Rights. Uponor is a responsible employer and supports equal opportunities for its employees. No discrimination is allowed. Uponor does not allow child or forced labour or any other activities that are against basic labour rights across its value chain.

In 2022, Uponor launched and implemented a new Supplier Code of Conduct in addition to its Supplier Policy that both aims to ensure that its suppliers also meet Uponor's ethical, social, environmental and quality standards, as well as comply with all local laws and regulations.

Through Uponor's internal and external whistle-blowing channels, hosted by an external independent service provider, its employees and external stakeholders have the opportunity to report non-compliant behaviour or to submit other similar concerns on misconduct or potential misconduct, even anonymously if they so wish.

### Anti-corruption and bribery

Uponor has zero tolerance for corruption and bribery. Uponor's Fraud Prevention Policy, forming part of Uponor Code of Conduct, sets out in more detail Uponor's attitude towards fraud and its intention to prevent it, as well as the responsibilities of all Uponor employees, managers, directors and officers regarding fraud prevention.

## **Results of compliance with the operating principles**

### Environmental matters

Uponor continued to develop its product portfolio and help its customers to reduce their environmental impacts. Uponor published its first Environmental Product Declarations, which provide full transparency on the environmental footprint of the product, in 2021 and this work continued in 2022. Our aim is to cover 90% of product sales with EPDs by 2027.

Uponor strives to reduce its greenhouse gas emissions and waste. In April 2021, Uponor received an approval from the Science Based Targets initiative for its new greenhouse gas emission reduction targets. In July 2022, Uponor submitted an updated, more ambitious short-term greenhouse gas reduction target and a SBTi Net-zero target for validation by SBTi. During 2022, Uponor's scope 1 and 2 GHG emissions have decreased further by 45% compared to 2021. The decrease was driven by further increased share of green electricity in manufacturing, conversions of district heat to renewable source and energy efficiency measures.

### Social and employee related matters

Safety is Uponor's top priority. Keeping employees safe, introducing new digital ways of working and promoting a flexible hybrid working model remained the main topics on the management's agenda during 2022.

Uponor's lost time injury frequency (LTIF) took a step back and deteriorated to 6.0 (4.8). Uponor continued to develop its internal trainings, ways of working and safety processes, as well as introduced improved safety equipment and tools for monitoring near misses. In 2022, Uponor launched its global safety forum to share best practices and harmonize the safety guidelines across all divisions and for all manufacturing sites.

In 2022, Uponor provided a selection of different virtual trainings and e-learning courses to its employees varying from developing leadership skills to maintaining well-being. And upholding the highest ethical standards, Uponor also introduced a global approach for how to enhance diversity, equity and inclusion in its company culture.

Uponor conducted a Group-wide employee engagement survey during October 2022. The response rate was 85% (84), and the Employee Net Promoter Score (eNPS) was 37 (41) which is above the 25% top industry benchmark. According to employees, Uponor's strengths as an employer are physical wellbeing, meaningful work and co-workers that you can count on. Improvement areas include among others safety.

#### Human rights, anti-corruption and bribery

Uponor started a project to further improve the transparency of its supply chain and to meet the increasing stakeholder and industry expectations in 2021. The Supplier Code of Conduct was created and while the initial launch measures took place in 2022, the roll-out will continue in 2023. In parallel, Uponor is also building and implementing a sustainability audit programme.

Based on the updated Code of Conduct in 2021, Uponor launched a new mandatory multi-language e-learning course to its internal stakeholders during the third quarter of 2022. Due to the cyber incident in November 2022, the completion rate remained at 59.2% (2021: 93%) for white-collar employees at the end of 2022. The training continues in 2023.

No incidents related to human rights violations, corruption or bribery were detected in Uponor's operations through daily management processes, internal audit investigations or whistle-blowing channels.

### **Main risks related to non-financial themes**

#### Environmental matters

Non-compliance with local legislation and regulations may lead to fines as well as reputational and business risk to Uponor. Uponor mitigates environmental risks by means of training and implementing ISO 14001, ISO 9001 and ISO 50001 processes and certifications in its manufacturing facilities.

Uponor has identified that climate change can cause transition risks to the whole Uponor Group. As Uponor's manufacturing facilities are located inland and further away from areas which are more exposed to extreme weather conditions, the company has no material physical risks related to climate change.

#### Policy or legal risks

As Uponor's main raw material is plastic, produced using fossil fuel, i.e., crude oil, tightening regulations and/or taxation around fossil fuels can increase Uponor's operational costs and set new requirements for Uponor's products. To mitigate this risk, Uponor's R&D actively participates in projects seeking alternatives for fossil oil-based resins. Uponor also participates in different trade organisations' work and aims to influence local and regional decision-makers in questions related to energy, health and water usage.

#### Market and reputation risk

Uponor's customers may start to prefer products that are produced from renewable and recycled raw materials. If Uponor fails to introduce new materials on time, the company can lose market share. If Uponor continues to use fossil-based resins while competitors move to other options, Uponor and its brand may suffer reputational damage.

#### Social and employee-related matters

Health and safety-related issues may cause risks to Uponor. Uponor may also have difficulties in attracting and retaining talent in the organisation.

Uponor mitigates health and safety-related risks by means of internal training, near-miss reporting and continuous improvement of internal processes. In addition, Uponor invests in building an attractive corporate culture and employer brand, as well as enabling diverse career paths.

#### Human rights

Possible violation of human rights and employee rights may impact Uponor's reputation and business opportunities.

Uponor mitigates risks by developing internal training and processes, as well as carrying out supply chain audits to address any potential third-party compliance issues. The implementation and roll-out of its new Supplier Code of Conduct will continue to its direct suppliers during 2023. In addition, both internal and external anonymous whistle-blowing channels are in use to supplement other reporting channels. The whistle-blower channel was opened to external stakeholders in 2021.

### Anti-corruption and bribery

Unethical behaviour by Uponor's employees or partners may negatively impact Uponor's reputation and business opportunities.

Uponor mitigates these risks by means of a careful recruitment process, internal training, internal controls, monitoring and auditing, as well as training and auditing partners and other external stakeholders. In addition, Uponor has different reporting channels available, including internal and external anonymous whistle-blowing channels.

### Key non-financial performance indicators

Measure	Unit	2022	2021
Total energy consumption	1,000 MWh	208.6	237.0
Raw materials	1,000 tonnes	139.6	162.2
Water consumption	1,000 m3	148.3	148.0
Total GHG emissions (Scope 1)	1,000 tonnes CO2e	7.4	7.3
Biogenic Scope 1 emissions	1,000 tonnes CO2e	2.26	2.65
Total GHG emissions (Scope 2)	1,000 tonnes CO2e	1.3	8.5
Scope 2 emissions (location-based)	1,000 tonnes CO2e	59.0	68.1
Total waste	1,000 tonnes	15.1	17.1
Incident rate (LTIF)	per million work hours	6.0	4.8
Share of white-collar employees participating in Code of Conduct e-learning	%	59.2	93.2

Some figures for previous years have changed due to improved accuracy in data collection and reporting, and also due to changes in reporting scope with new sites added to the reporting and inactive sites removed from reporting during 2022. Also, an emission recalculation during 2022 as a part of Uponor's Science Based Targets update process has caused changes in previous years' figures.

Uponor reports its Scope 2 emissions using market-based methodology. Market-based Scope 2 emissions are based on emission factors provided by energy suppliers, and on country-specific emission factors (i.e., GHG Protocol - IEA 2021) used as supplementary if supplier-specific data is not available.

Environmental indicators include all Uponor's manufacturing, distribution centre and warehousing sites. Social indicators include all Uponor operations. Total working hours are calculated based on the combined FTE of all active employees and the average yearly working hours in Uponor's largest operating countries.

The Code of Conduct e-learning completion rate deviation between 2021 and 2022 is due to the launch of a more extensive and completely new e-learning replacing the old version Q3 2022.

### Short-term risks and uncertainties

Uponor is exposed to risks and uncertainties which may have a negative impact on Uponor's operations, performance, financial position and sources of capital. For example, the following risks could potentially have an impact on Uponor's business:

The outlook for 2023 continues to be volatile with many uncertainties related to the general economic development with high inflation, labour shortages, rising mortgage rates notably in North America, the impacts of the geopolitical turmoil and current energy crisis in Europe.

Uponor is exposed to risks related to potential disruption of Russian gas supply both directly and indirectly. Uponor uses natural gas in its metal fitting production at one manufacturing facility in Germany. Possible gas supply disruptions in Central Europe are not likely to have a material direct impact on Uponor's other manufacturing facilities. However, gas supply disruptions in Central Europe may impact Uponor indirectly through effects on Uponor's suppliers' operations including raw material availability and prices.

The prices of raw materials used in the manufacture of Uponor's products are susceptible to change, driven by several market factors including petrochemical and metal product price fluctuations, supply capacity and market demand, among others. Uponor aims to pass most of the effects of such fluctuations onto its selling prices with a reasonable delay.

Uponor is subject to risks related to macroeconomic and geopolitical conditions. Political uncertainties may cause serious disruption and additional trade barriers to Uponor's operations or supply chain and thus affect e.g., the company's sales and credit risk. Economic downturns may increase trade customers' payment problems and Uponor may need to recognize impairment of trade receivables. The credit risk of customers is mitigated by having well-developed practices for customer credit risk management including the use of credit insurance where applicable.

The sale process of Uponor's Russian operations is still ongoing, although it advanced in the fourth quarter of 2022. Uponor announced the initiation of the sales process in its half-year financial report 2022, following an earlier decision to stop all imports from and exports to Russia at the outbreak of the invasion of Ukraine.

Demand for Uponor's products depends on business cycles in the construction sector. Uponor mitigates this risk by distributing its business to two main geographical areas: Europe and North America. In addition, Uponor has three business areas: plumbing solutions, indoor climate solutions and infrastructure solutions. Uponor's products are used in both new construction projects and renovation projects, and in the latter the demand is usually more stable than in the more cyclical new construction. Management uses scenario planning to identify and manage actions to handle potential economic downturns.

Compliance with laws and regulations is top priority within Uponor. Non-compliance with legislation and regulations may lead to fines as well as reputational and business risk to Uponor. Uponor can be exposed to different judicial proceedings. Two product-related lawsuits with class allegations filed in the autumn of 2021 remain pending against Uponor in the United States. Uponor has been successful thus far in its defence of the cases, which are essentially identical, but they remain in their early stages. As such, it remains uncertain what impact, if any, the cases will have on Uponor. In September 2022, the Finnish Competition and Consumer Authority (FCCA) proposed that the Market Court would impose competition infringement fines to its subsidiaries Uponor Infra Oy (EUR 8.5 million) and Uponor Suomi Oy (EUR 5 million) concerning alleged violations of the Competition Act. As the process is in its early stages, and Uponor deems the claims to be without foundation, no provisions have been made to the proposed fines.

Uponor has 16 manufacturing facilities in Europe and North America, which exposes the company to possible environmental risks. Uponor mitigates environmental risks by means of training and implementing ISO 14001, ISO 9001 and ISO 50001 processes and certifications in its manufacturing facilities. As Uponor's manufacturing facilities are located inland and further away from areas which are more exposed to extreme weather conditions, the company has no material physical risks related to climate change.

The international nature of its operations exposes the company to currency risks associated with various currencies. Approximately 60% of Uponor's net sales were generated in currencies other than the euro. Correspondingly, a major part of expenses associated with these net sales were also denominated in the same local currencies, markedly decreasing the associated currency risks.

Uponor's operations and services rely heavily on different software and data networks. Cybercrime, malfunctions or other security related breaches having an impact to Uponor's core systems or sensitive data may result adversely in Uponor's business and financial positions as well as lead to reputational damage.



A more detailed risk analysis can be found from [www.uponorgroup.com](http://www.uponorgroup.com) > Investors > Uponor as an investment.

### Long-term financial targets

Net sales: > 4% annual organic growth  
Profitability: > 12% comparable operating margin  
Capital structure: gearing 40–80%  
Dividend: growing

*The financial targets are linked to managements' STI and LTI programs.*

### ESG targets by 2027

70% reduction in greenhouse gas emission in own operations compared to the 2019 level  
20% reduction in greenhouse gas emissions in supply chain compared to the 2019 level  
A sustainable alternative for 50% of the portfolio  
40% both male and female in Top 50 management positions  
Top tier engagement scores  
Zero accident ambition  
Collaboration with top 25 customers to strengthen impact  
Impactful social programs in all business divisions

*The ESG targets are linked to managements' STI and LTI programs.*

Vantaa, 15 February 2023

Uponor Corporation  
Board of Directors

## Table part

This interim report has been compiled in accordance with the IAS 34 reporting standard and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2021. All figures presented have been rounded and consequently, the sum of individual figures might differ from the presented total figure. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim financial report

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-12/2022	1-12/2021	10-12/2022	10-12/2021
Net sales	1,386.2	1,313.2	276.5	329.3
Cost of goods sold	882.3	828.5	184.5	211.6
Gross profit	503.9	484.7	92.0	117.7
Other operating income	1.5	0.9	1.0	0.1
Dispatching and warehousing expenses	38.3	31.9	9.8	8.6
Sales and marketing expenses	213.2	201.0	47.8	55.5
Administration expenses	83.3	77.3	22.8	24.0
Other operating expenses	35.2	21.2	11.1	6.8
<b>Operating profit</b>	<b>135.5</b>	<b>154.1</b>	<b>1.4</b>	<b>22.8</b>
Financial expenses, net	1.0	7.9	1.7	1.0
Share of results in associated companies and joint ventures	0.4	-6.4	0.2	0.0
Profit before taxes	134.9	139.8	0.0	21.9
Income taxes	37.4	36.4	-1.5	3.4
<b>Profit for period</b>	<b>97.5</b>	<b>103.4</b>	<b>1.5</b>	<b>18.4</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Re-measurements on defined benefit pensions, net of taxes	2.4	0.4	2.4	0.4
<b>Items that may be reclassified subsequently to profit or loss</b>				
Translation differences	-1.7	7.1	-16.8	2.2
Cash flow hedges, net of taxes	4.3	2.6	-7.1	0.7
Other comprehensive income for the period, net of taxes	5.0	10.1	-21.6	3.3
Total comprehensive income for the period	102.5	113.6	-20.1	21.8
Profit/loss for the period attributable to				
- Equity holders of parent company	88.0	96.9	1.7	16.8
- Non-controlling interest	9.5	6.5	-0.2	1.7
Total comprehensive income for the period attributable for				
- Equity holders of parent company	94.6	107.2	-19.3	20.1
- Non-controlling interest	7.9	6.4	-0.8	1.6
Earnings per share, €	1.21	1.33	0.02	0.23
Diluted earnings per share, €	1.21	1.33	0.02	0.23

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	31 Dec 2022	31 Dec 2021
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	304.7	295.5
Intangible assets	111.1	113.2
Investments in associates and joint ventures	0.5	0.4
Other securities and non-current receivables	4.0	6.5
Deferred tax assets	17.8	15.9
Total non-current assets	438.1	431.4
<b>Current assets</b>		
Inventories	220.3	174.4
Accounts receivable	176.7	206.8
Other receivables	67.8	56.4
Cash and cash equivalents	65.5	98.1
Total current assets	530.3	535.8
Assets held for sale	1.5	-
<b>Total assets</b>	<b>969.8</b>	<b>967.2</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity attributable to the owners of the parent company	460.7	414.6
Non-controlling interest	73.9	68.7
Total equity	534.7	483.4
<b>Non-current liabilities</b>		
Interest-bearing liabilities	103.2	106.7
Deferred tax liability	7.4	8.5
Provisions	30.9	25.5
Employee benefits and other liabilities	14.8	19.6
Total non-current liabilities	156.3	160.4
<b>Current liabilities</b>		
Interest-bearing liabilities	10.8	12.3
Provisions	21.0	17.7
Accounts payable	93.7	117.7
Other liabilities	152.2	175.8
Total current liabilities	277.7	323.5
Liabilities related to assets held for sale	1.1	-
<b>Total equity and liabilities</b>	<b>969.8</b>	<b>967.2</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-12/2022	1-12/2021
Cash flow from operations		
Net cash from operations	193.1	197.4
Change in net working capital	-54.5	-23.4
Income taxes paid	-48.7	-32.5
Interest paid	-2.8	-2.7
Interest received	1.2	0.4
<b>Cash flow from operations</b>	<b>88.4</b>	<b>139.2</b>
Cash flow from investments		
Acquisition of subsidiaries and businesses	-	-20.5
Purchase of other shares	0.0	-0.8
Purchase of fixed assets	-50.5	-45.5
Proceeds from sale of other shares	0.0	2.5
Proceeds from sale of fixed assets	0.9	0.8
Loans granted and repaid	0.1	-1.2
Dividends received	0.5	0.5
<b>Cash flow from investments</b>	<b>-49.1</b>	<b>-64.2</b>
Cash flow from financing		
Borrowings of debt	0.3	71.0
Repayment of debt	-4.3	-103.0
Change in other short-term loan	0.0	-15.0
Dividends paid	-51.4	-44.4
Purchase of own shares	-	-10.7
Payment of lease liabilities	-13.2	-13.4
<b>Cash flow from financing</b>	<b>-68.6</b>	<b>-115.4</b>
Conversion differences for cash and cash equivalents	0.1	0.6
Change in cash and cash equivalents	-29.2	-39.8
Cash and cash equivalents at 1 January	98.1	138.0
Cash classified as assets held for sale	-3.4	-
Cash and cash equivalents at end of period	65.5	98.1
<b>Changes according to balance sheet</b>	<b>-29.2</b>	<b>-39.8</b>

## STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D	E	F	G	H	I
Balance at 1 Jan 2022	146.4	50.2	3.5	-6.6	-12.0	233.2	414.6	68.7	483.4
Profit for the period						88.0	88.0	9.5	97.5
Other comprehensive income for the period			4.3	-0.1		2.4	6.6	-1.6	5.0
Dividend (€0.67 per share)						-48.7	-48.7		-48.7
Dividend paid to non-controlling interest								-2.7	-2.7
Share-based incentive plan					1.0	-0.8	0.2		0.2
Acquisition of own shares							-		-
Balance at 31 Dec 2022	146.4	50.2	7.8	-6.7	-11.0	274.0	460.7	73.9	534.7
Balance at 1 Jan 2021	146.4	50.2	0.9	-13.9	-1.7	175.0	356.8	65.1	421.9
Profit for the period						96.9	96.9	6.5	103.4
Other comprehensive income for the period			2.6	7.3		0.4	10.3	-0.2	10.2
Dividend (€0.57 per share)						-41.7	-41.7		-41.7
Dividend paid to non-controlling interest								-2.7	-2.7
Share-based incentive plan					0.4	2.6	3.0		3.0
Acquisition of own shares					-10.7		-10.7		-10.7
Balance at 31 Dec 2021	146.4	50.2	3.5	-6.6	-12.0	233.2	414.6	68.7	483.4

\*) Includes a €-14.3 (-14.3) million effective part of net investment hedging at the end of period.

A – Share capital

B – Share premium

C – Other reserves

D\* – Translation reserve

E – Treasury shares

F – Retained earnings

G – Equity attributable to owners of the parent company

H – Non-controlling interest

I – Total equity

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### ACCOUNTING PRINCIPLES

The interim financial report has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and IAS 34 Interim Financial Reporting. In its interim reports, Uponor Group follows the same principles as in the annual financial statements for 2022.

#### PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	31 Dec 2022	31 Dec 2021
Gross investment	50.5	45.5
- % of net sales	3.6	3.5
Book value of disposed fixed assets	1.0	0.6
Depreciation and impairments	54.5	49.1

#### PERSONNEL

	1-12/2022	1-12/2021
Converted to full time employees		
Average	4,214	3,871
At the end of the period	4,055	4,234

#### OWN SHARES

	31 Dec 2022	31 Dec 2021
Own shares held by the company, pcs	530,950	634,206
- of share capital, %	0.7	0.9
- of voting rights, %	0.7	0.9
Accounted par value of own shares held by the company, M€	1.1	1.3

Division information	1-12/2022			1-12/2021		
M€	External	Internal	Total	External	Internal	Total
Net sales by division						
Building Solutions - Europe	596.2	3.0	599.2	562.7	1.5	564.2
Building Solutions - North America	479.8	-	479.8	467.5	-	467.5
Uponor Infra	310.2	2.6	312.8	283.0	3.8	286.8
Eliminations	-	-5.6	-5.6	-	-5.3	-5.3
<b>Total</b>	<b>1,386.2</b>	<b>-</b>	<b>1,386.2</b>	<b>1,313.2</b>	<b>-</b>	<b>1,313.2</b>

Division information	10-12/2022			10-12/2021		
M€	External	Internal	Total	External	Internal	Total
Net sales by division						
Building Solutions - Europe	119.3	0.4	119.7	133.6	0.3	133.9
Building Solutions - North America	90.6	-	90.6	127.5	-	127.5
Uponor Infra	66.6	0.5	67.2	68.2	0.9	69.1
Eliminations	-	-1.0	-1.0	-	-1.1	-1.1
<b>Total</b>	<b>276.5</b>	<b>-</b>	<b>276.5</b>	<b>329.3</b>	<b>-</b>	<b>329.3</b>

M€	1-12/2022	1-12/2021	10-12/2022	10-12/2021
<b>Operating profit by division</b>				
Building Solutions - Europe	44.0	65.9	-7.0	4.6
Building Solutions - North America	77.5	84.5	6.8	20.2
Uponor Infra	23.1	16.2	5.1	2.5
Others	-8.2	-9.5	-1.8	-3.4
Eliminations	-0.9	-3.0	-1.6	-1.0
<b>Total</b>	<b>135.5</b>	<b>154.1</b>	<b>1.4</b>	<b>22.8</b>



M€	1-12/2022	1-12/2021
<b>Division depreciation and impairments</b>		
Building Solutions - Europe	22.7	19.1
Building Solutions - North America	19.5	18.1
Uponor Infra	10.7	10.5
Others	1.6	1.4
Eliminations	-	-
<b>Total</b>	<b>54.5</b>	<b>49.1</b>
<b>Division investments</b>		
Building Solutions - Europe	13.4	16.1
Building Solutions - North America	25.7	18.6
Uponor Infra	8.3	8.9
Others	3.1	2.4
Eliminations	-	-0.5
<b>Total</b>	<b>50.5</b>	<b>45.5</b>
M€	31 Dec 2022	31 Dec 2021
<b>Division assets</b>		
Building Solutions - Europe	514.5	490.8
Building Solutions - North America	355.0	321.4
Uponor Infra	205.1	219.5
Others	390.2	384.6
Eliminations	-494.9	-449.1
<b>Total</b>	<b>969.8</b>	<b>967.2</b>
<b>Division liabilities</b>		
Building Solutions - Europe	384.3	379.6
Building Solutions - North America	234.0	242.2
Uponor Infra	54.1	76.9
Others	279.6	258.6
Eliminations	-517.9	-473.5
<b>Total</b>	<b>434.0</b>	<b>483.9</b>
<b>Division personnel, average</b>		
	1-12/2022	1-12/2021
Building Solutions - Europe	2,192	1,900
Building Solutions - North America	1,036	999
Uponor Infra	850	845
Others	136	126
<b>Total</b>	<b>4,214</b>	<b>3,871</b>
<b>Reconciliation</b>		
M€	1-12/2022	1-12/2021
<b>Operating profit by division</b>		
Total result for reportable divisions	144.6	166.6
Others	-8.2	-9.5
Eliminations	-0.9	-3.0
Operating profit	135.5	154.1
Financial expenses, net	1.0	7.9
Share of results in associated companies and joint ventures	0.4	-6.4
<b>Profit before taxes</b>	<b>134.9</b>	<b>139.8</b>

## REVENUE FROM CONTRACT WITH CUSTOMERS

The Group disaggregates revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Set out below is the disaggregation of the Group's revenue from contract with customers, including reconciliation of the revenue:

M€	1-12/2022			1-12/2021		
	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division						
Building Solutions - Europe	588.8	7.4	596.2	556.8	5.9	562.7
Building Solutions - North America	479.8	-	479.8	467.5	-	467.5
Uponor Infra	289.3	20.9	310.2	265.5	17.5	283.0
External customer, total	1,357.8	28.3	1,386.2	1,289.8	23.4	1,313.2
Internal	5.6		5.6	5.3		5.3
Total	1,363.5	28.3	1,391.8	1,295.1	23.4	1,318.5
Eliminations	-5.6		-5.6	-5.3		-5.3
<b>Total revenue from contracts with customer</b>	<b>1,357.8</b>	<b>28.3</b>	<b>1,386.2</b>	<b>1,289.8</b>	<b>23.4</b>	<b>1,313.2</b>

M€	10-12/2022			10-12/2021		
	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division						
Building Solutions - Europe	117.5	1.7	119.3	132.0	1.6	133.6
Building Solutions - North America	90.6	-	90.6	127.5	-	127.5
Uponor Infra	62.9	3.7	66.6	63.7	4.5	68.2
External customer, total	271.0	5.5	276.5	323.2	6.1	329.3
Internal	1.0		1.0	1.1		1.1
Total	272.0	5.5	277.4	324.3	6.1	330.4
Eliminations	-1.0		-1.0	-1.1		-1.1
<b>Total revenue from contracts with customer</b>	<b>271.0</b>	<b>5.5</b>	<b>276.5</b>	<b>323.2</b>	<b>6.1</b>	<b>329.3</b>

**COMMITMENTS**

<b>M€</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Commitments of purchase PPE (Property, plant, equipment)	4.0	13.1
- on own behalf		
Mortgages issued	0.9	4.4
Guarantees issued	0.2	0.3
- on behalf of a subsidiary		
Guarantees issued	12.7	16.7
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures		
Mortgages issued	0.9	4.4
Guarantees issued	12.8	17.0
<b>Total</b>	<b>13.8</b>	<b>21.5</b>

**FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY**

M€	IFRS 7 Fair value hierarchy level	31 Dec 2022	31 Dec 2021
<b>Non-current financial assets</b>			
<b>Fair value through other comprehensive income</b>			
Electricity derivatives	1	1.6	0.6
<b>Amortised cost</b>			
Other non-current receivables		0.8	4.3
Other shares and holdings		1.6	1.5
<b>Current financial assets</b>			
<b>Fair value through other comprehensive income</b>			
Electricity derivatives	1	6.3	2.2
<b>Fair value through profit or loss</b>			
Other derivative contracts	2	5.9	1.3
<b>Amortised cost</b>			
Accounts receivable and other receivables		219.5	252.7
Cash and cash equivalents		65.5	98.1
<b>Financial assets total</b>		<b>301.1</b>	<b>360.7</b>
<b>Non-current financial liabilities</b>			
<b>Amortised cost</b>			
Interest bearing liabilities		103.2	106.7
<b>Current financial liabilities</b>			
<b>Fair value through other comprehensive income</b>			
Other derivative contracts	2	-	0.5
<b>Fair value through the profit or loss</b>			
Other derivative contracts	2	2.2	1.5
<b>Amortised cost</b>			
Interest bearing liabilities		10.8	12.3
Accounts payable and other liabilities		147.3	177.6
<b>Financial liabilities total</b>		<b>263.4</b>	<b>298.6</b>

The carrying value of financial assets and liabilities is considered to correspond to their fair value. The Group's financial instruments are classified according to IFRS 7 fair value hierarchies. Uponor applies the hierarchy as follows:

- The fair value of electricity derivatives is measured based on Nord Pool power exchange prices. (Hierarchy 1)
- The fair value of currency forward agreements is measured based on price information from common markets and commonly used valuation methods. (Hierarchy 2)

## KEY FIGURES

	1-12/2022	1-12/2021
Earnings per share, €	1.21	1.33
Operating profit, %	9.8	11.7
Return on equity, % (p.a.)	19.1	22.9
Return on investment, % (p.a.)	22.2	24.7
Solvency ratio, %	55.2	50.2
Gearing, %	9.1	4.3
Gearing, % rolling 4 quarters	13.1	1.7
Net interest-bearing liabilities	48.5	20.9
Equity per share, €	6.34	5.71
- diluted	6.34	5.71
Dividend per share, €	0.69	0.67
Dividend per earnings, %	57.0	50.4
Effective share yield, %	4.2	3.2
P/E ratio	13.7	15.7
Market value of share capital	1,216.0	1,533.0
Trading price of shares		
- low, €	12.29	16.86
- high, €	21.74	28.88
- average, €	16.25	21.89
Shares traded		
- 1,000 pcs	20,549	20,981
- M€	333.2	459.2

## QUARTERLY DATA

	10-12/ 2022	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021	4-6/ 2021	1-3/ 2021
Net sales, M€	276.5	364.0	396.2	349.5	329.3	321.4	353.3	309.2
- Building Solutions – Europe	119.7	141.2	175.9	162.4	133.9	141.6	149.0	139.7
- Building Solutions – North America	90.6	140.5	125.3	123.4	127.5	108.3	118.4	113.2
Building Solutions – North America, \$	92.7	141.2	132.2	137.6	146.4	127.4	142.8	135.8
- Uponor Infra	67.2	83.9	96.3	65.4	69.1	72.4	87.8	57.5
Gross profit, M€	92.0	132.5	145.7	133.7	117.7	115.0	126.9	125.0
- Gross profit, %	33.3	36.4	36.8	38.3	35.8	35.8	35.9	40.4
Operating profit, M€	1.4	44.4	42.8	46.8	22.8	37.3	47.0	47.0
- Building Solutions – Europe	-7.0	13.7	16.9	20.3	4.6	17.6	20.9	22.8
- Building Solutions – North America	6.8	23.2	23.2	24.3	20.2	17.7	23.0	23.6
Building Solutions – North America, \$	6.7	23.2	24.4	27.1	23.0	20.8	27.7	28.3
- Uponor Infra	5.1	8.9	7.5	1.6	2.5	4.9	6.8	2.0
- Others	-1.8	-1.3	-3.3	-1.7	-3.4	-1.6	-2.4	-2.2
Operating profit, % of net sales	0.5	12.2	10.8	13.4	6.9	11.6	13.3	15.2
- Building Solutions – Europe	-5.8	9.7	9.6	12.5	3.4	12.4	14.0	16.3
- Building Solutions – North America	7.2	16.4	18.5	19.7	15.7	16.3	19.4	20.8
- Uponor Infra	7.6	10.6	7.8	2.5	3.6	6.7	7.8	3.5
Profit for the period, M€	1.5	33.1	29.6	33.3	18.4	27.4	25.9	31.7
Balance sheet total, M€	969.8	1,040.5	1,040.8	967.2	967.2	944.8	1,021.9	963.8
Earnings per share, €	0.02	0.40	0.34	0.45	0.23	0.35	0.32	0.43
Equity per share, €	6.34	6.60	6.05	5.51	5.71	5.54	5.13	4.77
Market value of share capital, M€	1,216.0	986.8	964.1	1,343.3	1,533.0	1,572.5	1,789.2	1,385.1
Return on investment, % (p.a.)	22.2	29.1	29.8	31.8	24.7	28.5	27.6	29.6
Net interest-bearing liabilities at the end of the period, M€	48.5	55.2	77.0	85.9	20.9	-26.6	-5.3	37.9
Gearing, %	9.1	9.9	15.1	18.4	4.3	-5.6	-1.2	9.2
Gearing, % rolling 4 quarters	13.1	11.9	8.0	4.0	1.7	1.5	7.5	17.9
Gross investment, M€	15.1	11.9	14.5	9.0	18.3	8.9	11.8	6.5
- % of net sales	5.5	3.3	3.6	2.6	5.6	2.8	3.3	2.1

## Items affecting comparability and reconciliations to IFRS

Uponor provides comparable operating profit and comparable gross profit in order to provide useful and comparable information of its operative business performance. Comparable operating or gross profit excludes items affecting comparability (IAC). Items affecting comparability are exceptional transactions that are unrelated to normal business operations. Such items often include issues such as capital gains and losses, additional costs arising from site closures and other restructuring, additional write-downs, or reversals of write-downs, expenses due to accidents and disasters, environmental matters, legal proceedings and changes in regulation.

	10- 12/ 2022	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021	4-6/ 2021	1-3/ 2021
<b>Items affecting comparability</b>								
Restructuring charges	-9.6	-0.5	-7.7	-0.4	-3.9	-0.7	-1.2	-0.6
Capital gains and losses on sale of non-current assets	-	-	-	-	-	-	-	-
Total items affecting comparability in operating profit	-9.6	-0.5	-7.7	-0.4	-3.9	-0.7	-1.2	-0.6
<b>Items affecting comparability, total</b>	<b>-9.6</b>	<b>-0.5</b>	<b>-7.7</b>	<b>-0.4</b>	<b>-3.9</b>	<b>-0.7</b>	<b>-1.2</b>	<b>-0.6</b>
<b>Comparable gross profit</b>								
Gross profit	92.0	132.5	145.7	133.7	117.7	115.0	126.9	125.0
Less: Items affecting comparability in gross profit	-1.0	0.0	-0.2	-0.1	0.1	-0.1	-0.1	-0.1
Comparable gross profit	93.0	132.5	146.0	133.8	117.7	115.1	127.0	125.1
% of sales	33.6	36.4	36.8	38.3	35.7	35.8	35.9	40.4
<b>Comparable operating profit</b>								
Operating profit	1.4	44.4	42.8	46.8	22.8	37.3	47.0	47.0
Less: Items affecting comparability in operating profit	-9.6	-0.5	-7.7	-0.4	-3.9	-0.7	-1.2	-0.6
<b>Comparable operating profit</b>	<b>11.0</b>	<b>44.9</b>	<b>50.5</b>	<b>47.2</b>	<b>26.7</b>	<b>38.1</b>	<b>48.2</b>	<b>47.6</b>
% of sales	4.0	12.3	12.7	13.5	8.1	11.8	13.6	15.4
<b>Comparable operating profit by division</b>								
<b>Building Solutions – Europe</b>								
Operating profit	-7.0	13.7	16.9	20.3	4.6	17.6	20.9	22.8
Less: Items affecting comparability in operating profit	-6.3	-0.5	-7.2	-0.3	-4.0	-0.5	-1.0	-0.5
Comparable operating profit	-0.7	14.3	24.2	20.6	8.6	18.1	21.9	23.3
% of sales	-0.6	10.1	13.7	12.7	6.4	12.8	14.7	16.7
<b>Building Solutions – North America</b>								
Operating profit	6.8	23.2	23.2	24.3	20.2	17.7	23.0	23.6
Less: Items affecting comparability in operating profit	-0.4	0.0	0.0	-	-	0.0	0.0	-
Comparable operating profit	7.2	23.2	23.2	24.3	20.3	17.7	23.0	23.6
% of sales	8.0	16.5	18.5	19.7	15.9	16.4	19.4	20.9
<b>Uponor Infra</b>								
Operating profit	5.1	8.9	7.5	1.6	2.5	4.9	6.8	2.0
Less: Items affecting comparability in operating profit	-0.1	-	-0.1	-	-0.1	0.0	-	-
Comparable operating profit	5.2	8.9	7.7	1.6	2.6	4.9	6.8	2.0
% of sales	7.8	10.6	8.0	2.5	3.8	6.7	7.8	3.5
<b>Others</b>								
Operating profit	-1.8	-1.3	-3.3	-1.7	-3.4	-1.6	-2.4	-2.2
Less: Items affecting comparability in operating profit	-1.2	0.0	-0.3	-0.1	0.4	-0.2	-0.1	-0.1
Comparable operating profit	-0.7	-1.3	-3.0	-1.7	-3.8	-1.4	-2.2	-2.1
% of sales	na	na	na	na	na	na	na	na



**DEFINITIONS OF KEY RATIOS**

Return on Equity (ROE), %

$$= \frac{\text{Profit before taxes – taxes}}{\text{Total equity, average}} \times 100$$

Return on Investment (ROI), %

$$= \frac{\text{Profit before taxes + interest and other financing costs}}{\text{Balance sheet total – non-interest-bearing liabilities, average}} \times 100$$

Solvency, %

$$= \frac{\text{Total equity}}{\text{Balance sheet total – advance payments received}} \times 100$$

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Net interest-bearing liabilities

$$= \text{Interest-bearing liabilities – cash and cash equivalents excluding restricted cash}$$

Earnings per share (EPS)

$$= \frac{\text{Profit for the period attributable to equity holders of the parent company}}{\text{Average number of shares adjusted for share issue in financial period excluding treasury shares}}$$

Equity per share ratio

$$= \frac{\text{Equity attributable to the owners of the parent company}}{\text{Number of shares adjusted for share issue at end of year}}$$

Average share price

$$= \frac{\text{Total value of shares traded (€)}}{\text{Total number of shares traded}}$$

Gross profit margin, %

$$= \frac{\text{Gross profit}}{\text{Net sales}} \times 100$$

Operating profit margin, %

$$= \frac{\text{Operating profit}}{\text{Net sales}} \times 100$$

Comparable gross profit

$$= \text{Gross profit – items affecting comparability}$$

Comparable gross profit margin

$$= \frac{\text{Gross profit – items affecting comparability}}{\text{Net sales}} \times 100$$

Comparable operating profit

$$= \text{Operating profit – items affecting comparability}$$

Comparable operating profit margin

$$= \frac{\text{Operating profit – items affecting comparability}}{\text{Net sales}} \times 100$$