



uponor

2022 was a good year

Annual Review **2022**

Welcome to the Uponor Annual Review 2022

Uponor's Annual Report 2022 consists of an Annual Review and a Sustainability Review, which are published as separate documents and can be found on our website at uponorgroup.com.

You are now reading the Annual Review 2022, which covers the CEO's Review, Uponor as an investment, an overview of the divisions, Uponor's offering, Group strategy and megatrends affecting the business, Board of Directors' Report, Financial Statements for 2022, and Auditor's Report. The Annual Review also includes information for shareholders, as well as the Corporate Governance Statement and the Remuneration Report. This PDF report has been published voluntarily and is not an xHTML document compliant with ESEF.

The Sustainability Review describes Uponor's sustainability work in 2022.

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Change of address

Shareholders are requested to notify their custodian bank, their brokerage firm, or any other financial institution responsible for maintaining their book-entry securities account of any changes in their mailing address.

Disclosure policy

Information on Uponor's disclosure policy is available on uponorgroup.com > Investors > Disclosure Policy.

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Uponor and our strategy

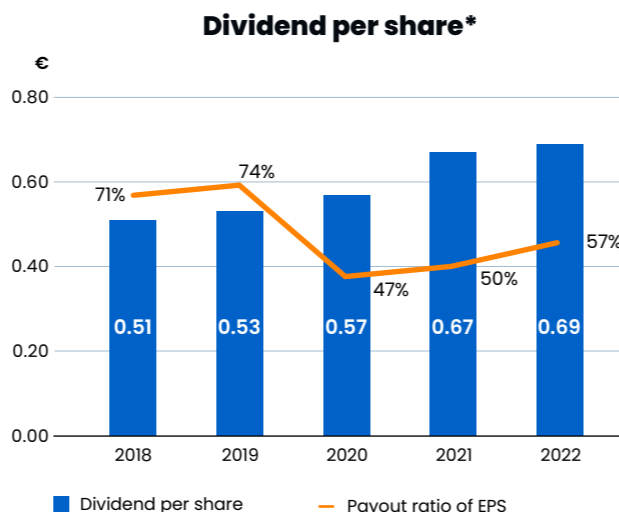
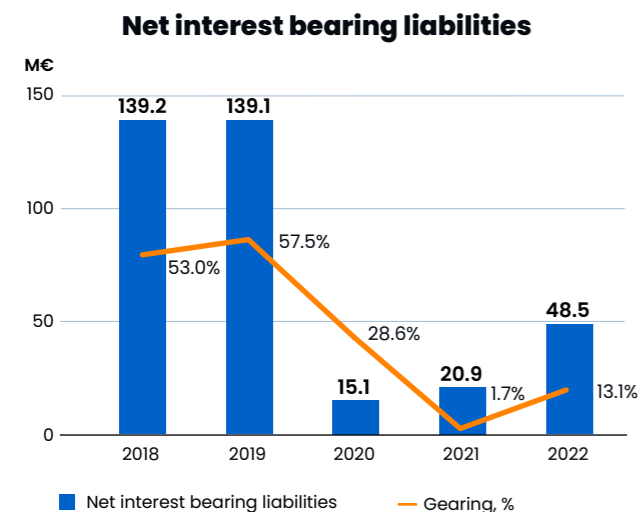
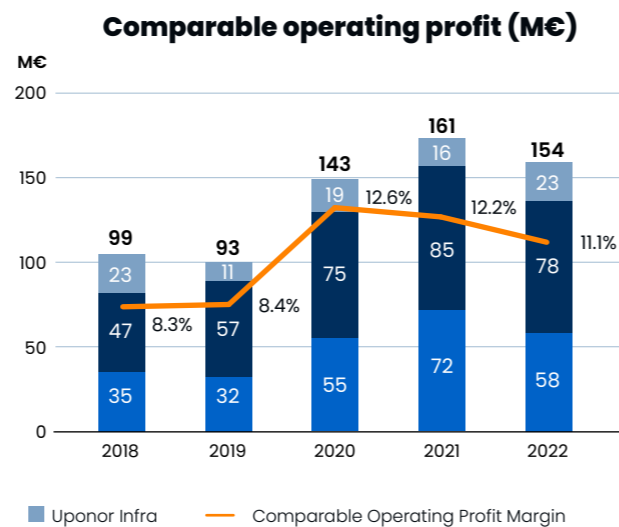
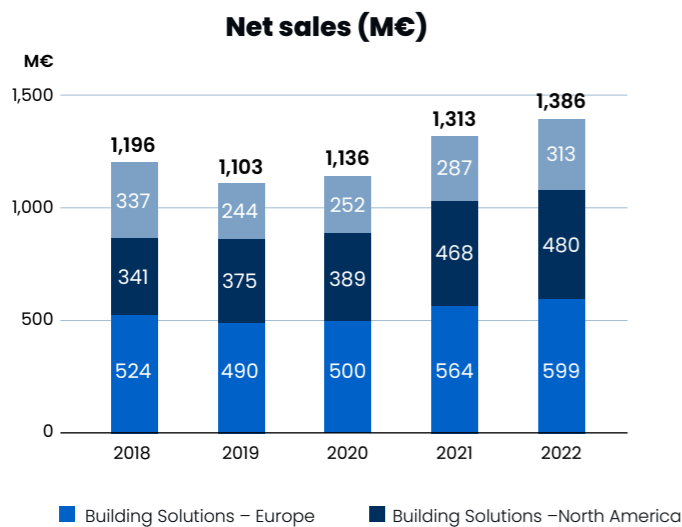
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2022 in numbers



*The Board's dividend proposal: €0.69 (0.67) per share, of which €0.34 will be paid in March 2023 and €0.35 is planned to be paid in September 2023.

Net sales, MEUR
1,386.2

Sales growth
5.6%

Comparable Operating Profit, MEUR
153.7

Comparable Operating Profit Margin
11.1%

Comparable EPS, EUR
1.21

Dividend per share*, EUR
0.69

THIS IS UPONOR

An international brand with strong innovation heritage

Uponor is a leading global provider of solutions that efficiently and effectively move water through cities, buildings, and homes. We help customers in residential and commercial construction, municipalities, and utilities to be more productive – and continuously find new ways to conserve, manage and provide water responsibly, unlocking its potential to provide comfort, health, and efficiency. Our safe drinking water, energy-efficient radiant heating and cooling systems, and reliable infrastructure solutions are sold in more than 80 countries.

Our trusted products and project-spanning partnerships build strong businesses while moving water where it needs to go, effortlessly and flawlessly. We're making a difference in the defining issues of our time: conserving water and energy, supporting the future of skilled labour, and creating healthier places to live and work.

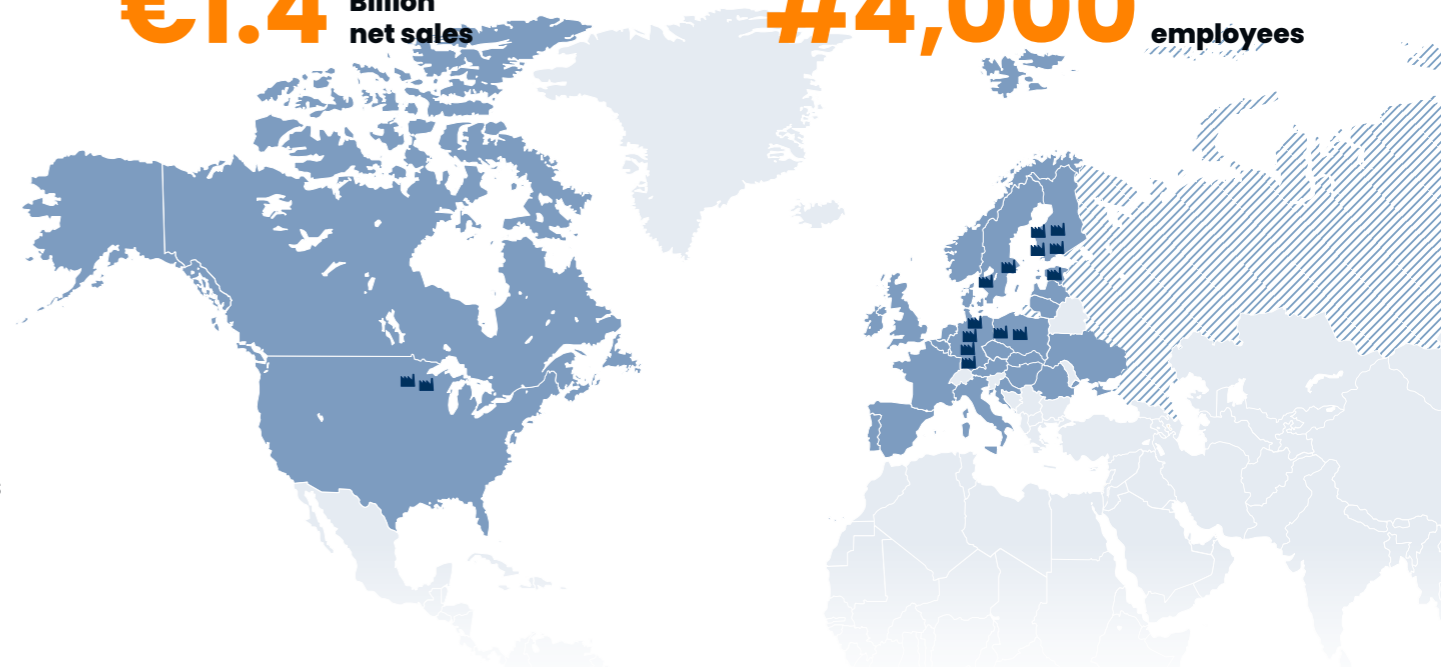
Uponor employs about 4,000 professionals in 26 countries in Europe and North America. In 2022, the company's net sales totalled approximately €1.4 billion. Uponor Corporation is based in Finland and listed on Nasdaq Helsinki. www.uponorgroup.com

#1 in Nordic and selected core European sub divisions

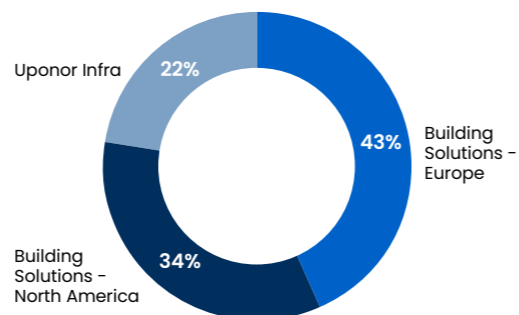
~80 Countries where our products are sold

€1.4 Billion net sales

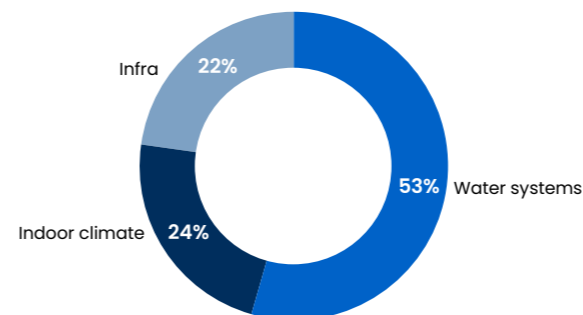
#4,000 employees



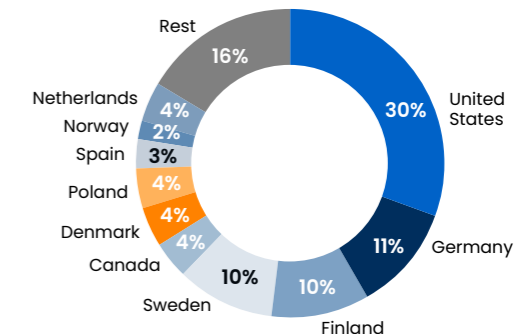
Balanced divisional mix (%)



Attractive end-market exposure (%)



Balanced geographical exposure (%)



Uponor – moving water through cities, buildings and homes

To be the leader in sustainable water solutions



Megatrends

- Need for safe and clean water
- Energy transformation
- Need for solutions to lower CO₂
- Construction productivity

Competitive advantages

- Superior quality
- Ease of installation
- Comprehensive offering
- Expert service
- Leading brand

Customers



Strategy for growth and resilience

- Maximize the core
- Sustainable innovations
- Lead construction to net zero
- People First



We are Uponorians



Distributors

Uponor Infra

Building Solutions – North America



Building Solutions – Europe



Unlocking the potential of water to protect the place we call home

CEO'S REVIEW

2022 was a good year for Uponor

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.

Fast recovery from cyberattack

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.

Successful strategy execution in its initial year

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.

“All-time high net sales and the comparable operating profit reached its second highest level ever.”



Progress in sustainability innovations

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, allowing Uponor, as the first one in the world, to recycle its PEX 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.

Renewed vision, purpose and tagline

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 provide water responsibly. Water is the catalyst that allows us to innovate energy-efficient and this is also captured in our new company tagline "Moving Water".

Staying on course with our strategy while improving resilience

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 longterm 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 4C 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 sustained 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.

With best regards,

Michael Rauterkus
President and CEO

ATTRACTIVE INVESTMENT CASE

An industry leader with attractive geographic and end-market exposure

Leading positions in highly attractive markets

- Water management sector expected to significantly outgrow the underlying construction market driven by secular growth trends: energy efficiency, productivity, and clean water
- Uponor is well positioned in European and North American markets, serving both new construction and renovation projects which helps mitigate the cyclicality of the construction industry
- Uponor has a balanced regional exposure across core markets with limited exposure to regions deemed higher risk in current geopolitical environment

Industry leading brand and portfolio with strong manufacturing network

- Uponor enjoys a high brand awareness with recognition for leading quality among installers, driving a pull vs push effect among customers
- Uponor has a broad and loyal customer base
- Strong product portfolio with well-maintained manufacturing network to drive performance

Strategic plan to fully leverage incremental growth and earnings

- Maximize the core – systematic 4C approach on categories, countries, channels, and customers
- Strengthen our pipeline of innovative systems, solutions, and technologies
- Delivering accelerated sales and earnings growth prospects

Strengthened financial and sustainability profile

- Sustainable step change in profitability (EBIT margin >12%) with strong returns
- Strong 5-year cash flow used mainly to strengthen balance sheet and for dividends
- Leader in sustainability, committed to SBTi net-zero targets

World-class management team with proven track record

- Recently strengthened management team combining Uponor experience with strong knowledge of industry best practices
- The executives have a proven track-record to deliver growth and execute transformations with strong performance in a volatile market environment over recent months
- People First strategy to strengthen Uponorians' performance mindset and drive engagement

STRATEGY OF GROWTH

Maximizing the Core and Sustainable Innovation

The company's vision is to be the leader in sustainable water solutions, with the purpose of unlocking water's potential to protect the place we call home. Water is the catalyst that allows us to innovate energy-efficient systems for moving water safely and intelligently, while minimizing the use of energy and maximizing comfort. We aim to reach our strategy

by maximizing the opportunities in our core business, accelerating growth through a step change in innovation, and driving an engaged performance-based People First culture, while leading the construction industry towards net zero. While executing our long-term growth strategy, we are constantly improving our agility and resilience.

OUR STRATEGIC CORNERSTONES



Max the Core

We will drive growth by leveraging our strong position and accelerating growth in our core categories through a systematic 4C approach and M&A.



Innovation

We will drive growth through a step change in innovation and new technology development and create synergies across our divisions and categories.



Net zero

We will lead the construction industry towards net zero by pioneering sustainable water systems and indoor climate solutions. Our aim is well connected to our ESG targets.



People First

We will pursue our strategy by strengthening the performance mindset of our highly engaged and diverse team of Uponorians.

Create lean and resilient organization

Update and harmonize systems and processes

Strategy execution in 2022

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. Together with our value chain partners, we also 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.

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. The calculation of our lost time injury frequency rate, LTIF, was harmonized across all divisions and we took new 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) according to the harmonized calculation method.

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 aiming at annual cost savings of €30 million with an estimated net reduction of up to 400 jobs globally.

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

MEGATRENDS

Growing need for energy-efficient systems and clean water

Uponor is well positioned to seize the opportunities created by the growing demand for energy-efficient heating and cooling systems as well as for sustainable systems for safe and clean water. There are four strong global megatrends that drive demand for Uponor's products and solutions and support our growth strategy.



Demand for safe and clean water

The expectation for high water quality in all circumstances is driving demand for Uponor's high quality pipes and systems that conserve, manage, and provide water responsibly, while improving people's comfort, health, and efficiency.



Demand for energy-efficient systems

The energy transition is a pathway toward the transformation of the global energy sector from fossil-based to zero-carbon by the second half of this century. Renewable energy and energy efficiency measures can potentially achieve 90% of the required carbon reductions.



Demand for solutions contributing to net zero

30% of carbon emissions originate from buildings. There is a need for sustainable heating solutions that help lower emissions. We believe the current energy crisis will further accelerate the transformation toward and demand for more energy-efficient systems.



Demand for systems to improve productivity

Labor shortages and rising costs drive the need for higher efficiency. The demand for easy-to-install and prefabricated systems is growing in our customer industries, especially in the construction industry. Uponor has a long heritage of innovating products and solutions that help our customers work smarter and faster.

OUR SOLUTIONS

Leading sustainable solutions for water, indoor climate and infrastructure

Uponor's product portfolio covers systems for water, indoor climate, and infrastructure. Our solutions are suitable both for new builds as well as for renovation projects.

Water and indoor climate solutions

For the residential market, we offer a range of solutions that enable pleasant living conditions in homes. Our solutions also help to increase the efficiency of a building, whether it is a single-family home or a large multi-family high-rise.

Our solutions for hygienic drinking water delivery and energy-efficient heating and cooling are also available for the commercial market for all sorts of buildings from offices to hotels and

23% Indoor climate
 Underfloor heating and cooling
 Smart controls
 Digital energy monitoring
 Heat interface units
 Local heat distribution pipes
 Manifolds



22% Infra
 Sewer
 Storm water management
 Waste water management

District energy
 Cable protection
 Pressure systems
 Designed solutions

55% Plumbing and water systems
 Plumbing pipes
 Rises
 Sewage

sports centers to hospitals and large industrial facilities. These solutions ensure a pleasant working environment and enable lower installation, operation, and maintenance costs. For hotels, our solutions allow guests to adjust the living conditions of their own rooms. At hospitals, our solutions meet the highest standards in hygiene, without compromising comfort and energy efficiency.

Our prefabricated solutions for the commercial segment are designed to make the building and maintenance processes more efficient. The preassembled plumbing and underfloor heating manifolds and prefabricated technical walls speed up construction or renovation projects, while making operation and maintenance faster and easier.

Infrastructure solutions

For municipalities and utilities, we offer solutions for the safe and effective distribution and management of water. Our infrastructure solutions cover systems for energy, stormwater management, sewer, potable water, underground ventilation, wastewater and gas distribution, as well as cable and telecom solutions. We also have a project service business that provides turnkey designed solutions for municipalities and utilities, as well as commercial and industrial customers.

For more information about Uponor's products and services, visit Uponor's website at uponorgroup.com.

BUILDING SOLUTIONS – EUROPE

Strong market position driven by well-known brand and leading portfolio

- **NET SALES IN 2022:** €599.2 million (43% of Group sales)
- **PERSONNEL:** 2,192
- **MARKET POSITION:** Market leading positions in multiple countries across core categories

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

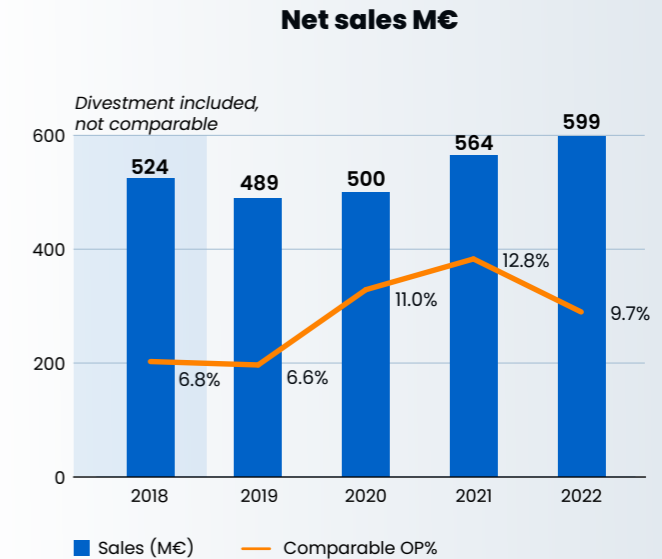
We are a major pan-European player in local heat distribution markets and a pioneer in cross-linked polyethylene tubing (PEX) and multi-layer pipes. We have a premium position in combined plumbing and indoor climate solutions, and we are also well known for our underfloor heating system offering. Our solutions are designed to improve our customers' productivity and sustainability performance.

Leveraging our strong market position

Our strategy is to leverage our strong market position to maximise growth in water systems and indoor climate solutions. Our focus lies on launching new products and services that enhance the sustainability and productivity of customer's operations. To maximise the core, we set focus on select markets where we see a lot of potential, including Germany, Austria, the Nordic countries, and Spain, where we enjoy strong market positions, as well as in the UK, France and Eastern Europe. We see growth opportunities in cross-selling between our product categories and shifting focus from selling components to providing whole integrated systems. Geographically, we want to further strengthen our presence in e.g. France, UK and Italy through active sales and selected M&A. We also aim to drive penetration and grow our share of customer's wallet in multi-family housing, non-residential, and renovation sectors.

2022 development

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 a cyberattack 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.

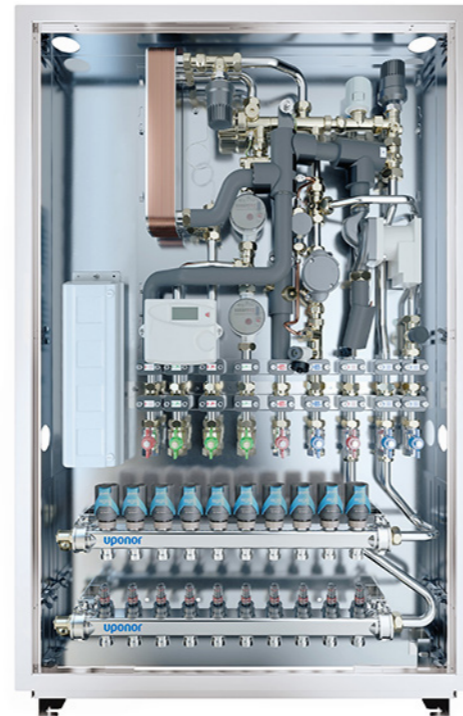
“ Our ambition is to become the European leader in integrated sustainable water and indoor climate solutions.”

IN THE SPOTLIGHT

Moving water through one of the greenest residential districts in Europe

An impressive residential quarter with two semi-detached houses and two apartment buildings, totaling 2,470 square meter of living space, was built in Allensbach, Konstanz, Germany. Building materials were selected based on locality, and the houses are made of "Dübelholz" beech wood slats from the local forests. The facades made of grey silver fir are also from the nearby Black Forest.

In addition to using local materials, the aim was to create sustainable, ecological and energy-efficient buildings that generate more energy than they consume. That is why **Uponor Combi Port Pro heat interface units** were chosen for the drinking water and radiant heating supply. They reduce both energy demand and CO2 emissions as well as meet the highest drinking water hygiene standards, while also increasing comfort for the tenants. With that, Uponor's solutions have contributed in creating one of the greenest residential districts in Europe.



BUILDING SOLUTIONS – NORTH AMERICA

Leading brand in North American PEX markets driven by unique offering

- **NET SALES IN 2022:** €479.8 million (34% of Group sales)
- **PERSONNEL:** 1,036
- **MARKET POSITION:** Market leader in PEX pipes for plumbing and indoor climate

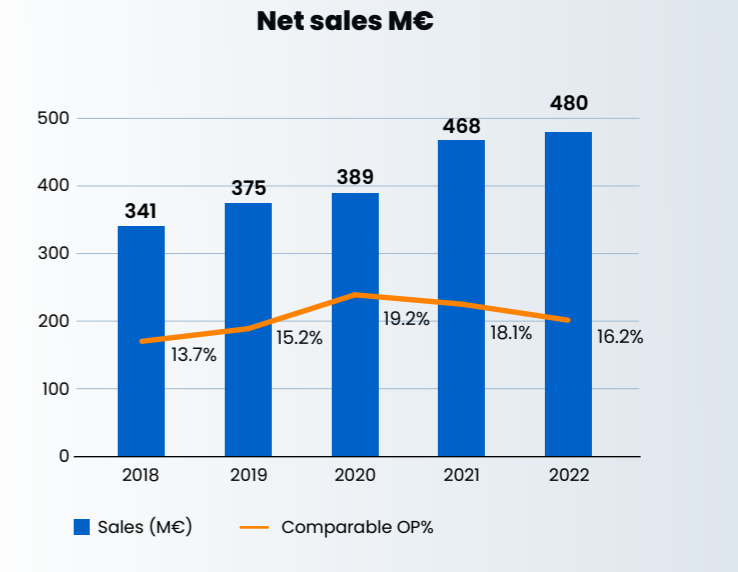
With Building Solutions – North America, we serve the United States and Canadian markets with PEX plumbing, radiant heating and cooling, hydronic distribution, pre-insulated pipes, and fire sprinkler systems. In North America, Uponor is a premium brand with an attractive positioning, especially in the PEX sector. Over the years, we have been able to form strong partnerships with national and independent wholesalers. At the moment, Uponor has two manufacturing facilities in North America, making it one of Uponor's manufacturing strongholds.

Expanding our channel footprint

In North America, our strategy is driven by the value proposition of core PEX product range. Next, we want to broaden our core plumbing and indoor climate portfolio by leveraging our global offerings and innovating new products and services, like kitting and pre-fabrication services. We are also expanding our channel footprint to better serve the commercial markets, while exploring opportunities in retail markets as well. At the same time, we want to capitalise on market growth and increase our market share by focusing on commercial plumbing and radiant solutions. Customers' continuing need to replace their existing old copper pipes with more modern and sustainable alternatives is also supporting our growth in North America.

2022 development

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.

“Broadening our core plumbing and indoor climate portfolio by leveraging our global offerings and innovating new products and services.”



IN THE SPOTLIGHT

Moving water for comfortable living at Society Orlando

Society Orlando is a two-tower, 1.5 million-square-foot high-rise project, to be constructed in Florida's Central Business District in Orlando. Created by a national real estate developer PMG to meet the demand for attainably priced rental communities, the project is being built in two phases: a 26-story tower, slated for completion in early 2023 and followed later by a second, 16-story tower. In addition to the combined total of 707 rental apartments, the finished structure will have 36,000 square feet of office and retail space.

The HVAC mechanicals (heating, ventilation, and air conditioning) in the first tower includes e.g., a hybrid air-and-water system involving the movement of condenser-chilled water from a rooftop cooling tower. The water moves through large-diameter **Uponor PP-RCT piping**, which is located on the roof of the building. The impressive hydronic distribution piping system in the first tower also includes almost 1,000 prefabricated **Uponor Wirsbo hePEX riser spools** and 3,000 separate pipe connections made with **Uponor ProPEX® fittings**.

The project is using **Uponor AquaPEX® pipe** for the domestic water system along with Uponor's new prefabrication services to help the mechanical contractor cut installation costs by approximately 70%.



UPONOR INFRA

Designed solutions gaining ground

- **NET SALES IN 2022:** €312.8 million (23% of Group sales)
- **PERSONNEL:** 850
- **MARKET POSITION:** Nordic leader in selected infrastructure products and service categories

With Uponor Infra, we serve the Baltic Sea area with sewer and storm, pressure pipe systems, district energy, designed solutions and project services for municipalities, utilities, and industry. We have a leading position in Finland and strong presence in the other Nordic countries in selected product categories. We are pioneering in sustainable products that reduce carbon footprint.

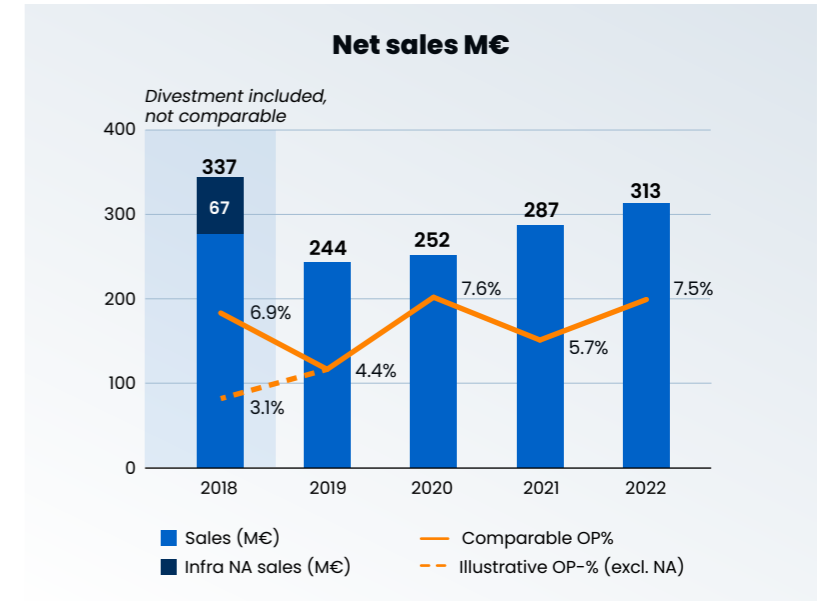
Uponor Infra has a unique infrastructure and industrial solution delivery capability from design to installation. Our operations are supported by strong partnerships with key wholesalers around the Baltic Sea area. We have production in Finland, Sweden, and Poland.

Designed solution expertise

In Uponor Infra, our strategy focuses on growing the core business by maximising the added value to our customers. We will further invest in solution delivery capabilities to accelerate growth and improve profitability. Additionally, we seek to improve our profitability through productivity improvements.

In the coming years, our aim is to increase our penetration in sewer, storm, and wastewater management businesses across the Nordics. In 2022, we launched a unique sustainable stormwater management solution, Uponor Stormwise. It is the most comprehensive stormwater management solution on the market, featuring a unique water treatment system that prevents pollution of water sources and includes advanced systems for efficient flooding prevention. The solution includes Uponor Blue products which provide significant carbon footprint reduction. We also launched Uponor IQ Blue, which is a new generation of stormwater pipes. The product line is composed of over 50% of raw material from certified renewable feedstock, which reduces the carbon footprint by up to 70% over their lifetime.

We will also continue to transform ourselves from selling products to providing full systems and strengthening key account relationships through joint account plans.



2022 development

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.

“ We want to be the most valued partner of sustainable solutions in infrastructure.”

IN THE SPOTLIGHT

Moving water in fish farm aiming for smallest possible environmental footprint

In 2022, Andfjord Salmon AS, a Norwegian fish farming company, had an ambition to create a sustainable and fish-friendly onshore facility – with the smallest possible environmental footprint. The facility's patented design is based on a seawater flow-through system, combining the best from both traditional ocean net-pens and land-based salmon farming. Since the onshore pools lie below sea level, Andfjord Salmon's flow-through technology consumes a minimal amount of energy and the operating costs are relatively low.

"In the pools, the salmon also have plenty of space and pure, oxygen-rich water. This ensures optimal growth conditions for salmon," says Martin Rasmussen from Andfjord Salmon.

Uponor supplied the complete **intake and outfall pipeline systems** for the onshore pool. "Uponor has long experience in industrial solutions. We have supplied intake and outfall pipelines to customers around the world, but this was our first solution for a land-based fish farm," says Christian Vestman from Uponor Project Services and Geir-Are Berg from Uponor Infra AS.



Uponor's Designed Solutions projects are typically turnkey installation projects that can include detailed design and engineering, materials, as well as installation and supervision services. Also, the related civil works like excavation, blasting, dredging, and submersion works are often part of these projects. Typical customers for a Designed Solutions project are water and sewage treatment plants, heavy industry manufacturers, and fish farms.

Group Leadership Team



From left: Goran Kovacev, Franciska Janzon, Thomas Fuhr, Sebastian Bondestam, Michael Rauterkus, Jennifer Hauschildt, Andres Caballero, Reetta Härkki and Markus Melkko

Executive Committee members

Michael Rauterkus, President and CEO

- b. 1966, German citizen, M.Sc. (BA)
- Employed by Uponor since 2021
- Member of the Executive Committee since 21 August 2021
- Uponor shareholdings: 12,300
- **Key positions of trust**
 - Member of the Board, Oras Invest, 2020–06/2021
 - Chairman of the Advisory Board, SLV GmbH, 2017–
- **Career highlights**
 - CEO, Grohe AG, 2015–2019; several managerial positions at the Grohe Group, 2006–2015
 - General Manager Northern Continental Europe, Hasbro, Inc., 2004–2006
 - Several managerial positions, Levi Strauss & Co., 1997–2004
 - Managerial positions in sales, Kraft Jacobs Suchard (now Mondelez), 1990–1997

Sebastian Bondestam, President, Uponor Infra

- b. 1962, Finnish citizen, M.Sc. (Eng.)
- Employed by Uponor since 2007
- Member of the Executive Committee since 1 April 2007
- Deputy to the President and CEO, 2010–
- Uponor shareholdings: 27,415
- **Key positions of trust**
 - President, TEPPFA, the European Plastic Pipe and Fittings Association, 2022–
 - Chair of the Board, NPG, the Nordic Plastic Pipe Association, 2020–
 - Deputy Chair of the Board and Chair of the Remuneration Committee, Glaston Corporation, 2018–
- **Career highlights**
 - Executive Vice President, Supply Chain, Uponor Corporation, 2007–
 - Director, Infrastructure, Uponor Corporation, April–June 2013
 - Executive Vice President, Supply Chain, Building Solutions – Europe, Uponor Corporation, 2007–2013
 - Various executive positions within different regions, Tetra Pak Group, 1991–2007

Andres Caballero, President, Building Solutions – North America

- b. 1974, United States citizen, M.Sc. (Eng.)
- Employed by Uponor since 2022
- Member of the Executive Committee since 25 July 2022
- Uponor shareholdings: 0
- **Career highlights**
 - Co-founder, Buendia Productions LLC, 2019–
 - Founder and President, ArtixMind LLC, 2019–2022
 - Co-founder and Operating Partner, Kimerance Consulting Group S.A., 2018–2022
 - Business Executive for Home and Building Technologies, Honeywell, 2008–2018
 - Market Manager Americas, Topcon-Danfoss joint venture, 2005–2008

Thomas Fuhr, Chief Technology Officer

- b. 1965, German citizen, M.Sc. (Mech. Eng.)
- Employed by Uponor since 2022
- Member of the Executive Committee since 1 October 2022
- Uponor shareholdings: 0
- **Career highlights**
 - Co-CEO, Grohe AG, 2019–2022
 - Chief Operating Officer and Deputy CEO, Grohe AG, 2016–2019
 - Chief Operating Officer, Grohe AG, 2013–2015
 - Several managerial positions in Development, Manufacturing, Quality, Logistics and Purchasing at Mercedes-Benz, 1989–2013

Jennifer Hauschildt, Chief Human Resources Officer

- b. 1969, United States citizen, BA (Math.), MBA
- Employed by Uponor since 2014
- Member of the Executive Committee since 1 April 2022
- Uponor shareholdings: 3,941
- **Key positions of trust**
 - Member of the Board, MidWestOne Bank
 - Member of the Board, MidWestOne Financial Group Inc (MOFG)
 - Member of the Board, Minnesota High Tech Association
- **Career highlights**
 - Vice President, Human Resources, Uponor, Inc., 2019–03/2022,
 - Vice President, IT, Uponor, Inc., 2014–2019
 - Various managerial positions in human resources and IT, Thomson Reuters, 1993–2013

Markus Melkko, Chief Financial Officer

- b. 1975, Finnish citizen, M.Sc. (Tech.), B.Sc. (Econ.)
- Employed by Uponor since 2022
- Member of the Executive Committee since 1 January 2022
- Uponor shareholdings: 3,052
- **Career highlights**
 - Interim CEO, Tikkurila Oyj, 2021–2021
 - CFO, Tikkurila Oyj, 2019–2021
 - CFO, Unisport Saltex, 2017–2019
 - CFO, Ekokem Oyj, 2015–2017
 - EVP, Business Development and Finance, Cleantech Industries Global N.V., 2014–2015
 - VP, Strategy and Business Development, Fazer Food Services, 2013–2014

Extended leadership team members

Goran Kovacev, SVP, Building Solutions – Europe

- b. 1979, German citizen, MBA
- Employed by Uponor since 2019
- Senior Vice President, Building Solutions – Europe, 9/2022–
- **Career highlights**
 - VP, Sales Europe, 2021–2022; VP, Sales and Marketing, Central – Eastern Europe and International, 2019–2021, Uponor GmbH
 - Various managerial positions in sales, Hilti Group, 2009–2019

Franciska Janzon, SVP, Communications and Investor Relations

- b. 1972, Finnish citizen, M.Sc. (Econ)
- Employed by Uponor since 2022
- Senior Vice President, Communications and Investor Relations, 3/2022–
- **Career highlights**
 - SVP, Group Communications, Investor Relations and Branding, Ramirent Group, 2007–2022
 - Manager, Group Communications, Investor Relations and Branding, Konecranes Group, 1999–2007

Reetta Härkki, SVP, Chief Legal Officer

- b. 1965, Finnish citizen, LL.M
- Employed by Uponor since 2008
- Chief Legal Officer, Uponor Corporation, 7/2022–
- **Career highlights**
 - General Counsel, Uponor Corporation, 2008–2022
 - Senior Legal Counsel, Nokia Corporation, 2001–2008
 - General Counsel, Sonera Zed, 2000–2001
 - Assistant General Counsel, Sonera Corporation, 1996–2000

Board of Directors



Annika Paasikivi

- b. 1975, Finnish citizen, B.A., M.Sc. (Global Politics)
- President and CEO, Oras Invest Ltd and CEO, Finow Ltd
- Chair of the Board, Uponor Corporation, 13 March 2018–
- Member of the Board, Uponor Corporation, 19 March 2014–
- Chair of the Personnel and Remuneration Committee
- Independent of the company but not independent of a significant shareholder

Key positions of trust

- Vice Chairman of the Board, Kemira Oyj, 2022
- Varova Oy, Member of the Board of Directors, 2016–

Career highlights

- COO, Oras Invest Ltd, 2011–2018
- COO, Friitala Fashion Ltd, 2009–2010
- Various positions in Varova Oy, 2003–2005

Uponor shareholdings: 52,118



Johan Falk

- b. 1971, Swedish citizen, M.Sc. (Eng.), MBA
- CEO, Asker Healthcare Group, 2012–
- Member of the Board, Uponor Corporation, 13 March 2018–
- Independent of the company and significant shareholders

Career highlights

- EVP, Infection Control, Getinge Group, 2011–2012
- VP, Business Development & CEO of BB Integration, B&B Tools, 2002–2010
- VP, Business Development, B&B Tools, 2001–2002

Uponor shareholdings: 6,423



Markus Lengauer

- b. 1965, Austrian citizen, M.Sc. (Eng.), Doctorate in Mech. Eng.
- Deputy chair of the Board, Uponor Corporation, 13 March 2018–
- Member of the Board, Uponor Corporation, 17 March 2015–
- Member of the Audit Committee
- Independent of the company and significant shareholders

Key positions of trust

- Oras Group, Chair of the Board of Directors, 2019–

Career highlights

- CEO, Oras Group, 2017–2018
- CEO, Rettig Group ICC division, 2004–2013

Uponor shareholdings: 10,670



Michael G. Marchi

- b. 1959, U.S. citizen, B.S. (Marketing and Economics), MBA
- CEO, MGM Executive Consulting
- Member of the Board, Uponor Corporation, 16 March 2020–
- Member of the Audit Committee
- Independent of the company and significant shareholders

Career highlights

- COO, Lixil Water Technology Americas, 2015–2016
- CEO, Grohe America, 2012–2013
- President, Kohler Kitchen and Bath Americas, 2007–2011
- President, Ann Sacks Tile & Stone, Kohler Company, 2003–2007
- Various management positions at GE, 1981–1996

Uponor shareholdings: 3,273



Pia Aaltonen-Forsell

- b. 1974, Finnish citizen, M.Soc.Sc. (Econ.), MBA
- CFO, Outokumpu
- Member of the Board, Uponor Corporation, 20 March 2017–
- Chair of the Audit Committee
- Independent of the company and significant shareholders

Career highlights

- Executive Vice President & CFO: Ahlström-Munksjö 2018
- Chief Financial Officer: Munksjö 2015–2017
- Chief Financial Officer: Vacon 2013–2015
- Senior Vice President, Finance, IT and M&A, Building and Living: Stora Enso 2012–2013
- Senior Vice President & Group Controller: Stora Enso 2009–2012
- Various finance and managerial positions: Stora Enso 2000–2009

Uponor shareholdings: 8,318



Susanne Skippari

- b. 1974, Finnish citizen, M.Sc. (Econ.)
- Executive Vice President, Human Resources, KONE Corporation, 2017–
- Member of the Board, Uponor Corporation, 15 March 2022–
- Member of the Personnel and Remuneration Committee
- Independent of the company and significant shareholders

Career highlights

- Head of Human Resources, New Equipment Business, KONE Corporation, 2015–2017
- Head of Talent Management, KONE Corporation, 2007–2009 and 2011–2015
- Area Human Resources Director for Europe, Middle East and Africa, KONE Corporation, 2009–2011
- Various management positions at Nokia Corporation, 2002–2007

Uponor shareholdings: 1,360

1. Corporate governance statement

Uponor Corporation ("Company") complies with the Finnish Corporate Governance Code 2020, issued by the Securities Market Association. The Finnish Corporate Governance Code is available on the website www.cgfinland.fi. Company 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.

This corporate governance statement has been drawn up in accordance with the reporting section of the Finnish Corporate Governance Code 2020 issued by the Securities Market Association. This statement is presented as a separate report from the Review by the Board of Directors. The Company's Audit Committee has reviewed the statement in its meeting on 13 February 2023.

The Company has separately issued a Remuneration Report for Governing Bodies for 2022 on its website, in accordance with the reporting section of the Finnish Corporate Governance Code 2020, which will also be presented to the Annual General Meeting to be held on 17 March 2023. Revised version of the Remuneration Policy for Governing Bodies was approved by the Board of Directors on 9 February 2022 and adopted by the Annual General Meeting on 15 March 2022. The Remuneration Policy for Governing Bodies shall be presented to the general meeting at least every four years and whenever substantial changes have been made to it.



2. Descriptions concerning corporate governance

2.1 General Meeting of Shareholders

Shareholders exercise their rights at the shareholders' meeting, which constitutes the corporation's highest decision-making body. In accordance with Uponor Corporation's Articles of Association, the Annual General Meeting (AGM) shall be held by the end of June. Extraordinary General Meetings can be held when Board of Directors deems it necessary or when required by legislation.

The decisions made by general meetings of shareholders include:

- Amendments to the Articles of Association;
- Adoption of the annual accounts;
- Dividend distribution;
- Share issues;
- Buyback and disposal of the Company's shares;
- Share and stock option plans;
- Election of members of the Board and decision on their emoluments; and
- Election of the Company's auditor and decision on audit fees.

Annual General Meeting 2022

Annual General Meeting was held in Helsinki, Finland on 15 March 2022. A total of 396 shareholders representing around 48 300 034 of the company's shares and votes had participated in the advance voting. The AGM adopted the financial statements and the consolidated financial statements for 2021 and released the Board members and the President and CEO from liability. Further details regarding the Annual General Meeting are available at uponorgroup.com/en-en/investors/governance/agm-2022



2.2 The Board of Directors

Pursuant to the Articles of Association, the Board comprises a minimum of five and a maximum of seven members, elected for a one-year term starting at closing of the Annual General Meeting (AGM) at which they were elected and expiring at closing of the following AGM. Board members may be elected or removed only by a resolution adopted by the shareholders in a general meeting. The number of terms a Board member may serve is not limited, nor is there any defined retirement age. The AGM shall elect the Chair of the Board and the Board elects the Deputy Chair for one year at a time from amongst its members.

Duties

In accordance with the Finnish Companies Act, the Board of Directors is responsible for the management of the Company and the proper organisation of its activities. The Board's main duty is to direct the Group's strategy in such a way that enables, in the long run, the Group to meet the set financial targets and the return to shareholders is secured, while simultaneously taking the expectations of various stakeholders into account. In addition to the statutory duties, the Board takes decisions on all other significant issues.

According to the charter of the Board of Directors, the Board shall, among other things:

- a. annually review and determine the rules of procedure of the Board and the Executive Committee ('ExCom');
- b. approve the Group's values and monitor their implementation;
- c. approve the Group's basic strategy and monitor its implementation and updating;
- d. determine the dividend policy;
- e. make a proposal to the general meeting of shareholders on the payment of the dividend, including the amount and time of payment;
- f. approve the annual operational plan and budget based on the strategy, as well as monitor their implementation;
- g. annually approve the total amount of investments as well as any investments that exceed the approved total annual investment limit;
- h. approve investments and leasing arrangements whose net present value exceeds the limit specified in the Signing and Authorisation Policy;
- i. approve acquisitions, joint ventures, partnerships, licensing arrangements and asset divestments that exceed the limits specified in the Signing and Authorisation Policy;
- j. approve the Group's general organisational structure;
- k. appoint and dismiss the President and CEO and determine the terms of his/her service contract;
- l. prepare and approve the President and CEO's annual compensation;
- m. approve the appointment and dismissal of members of ExCom;
- n. approve annual compensation for the members of ExCom;
- o. prepare and approve a succession plan for the President and CEO;
- p. approve succession plans for members of ExCom;
- q. approve the interim reports, the half year financial report, the annual report and the annual financial statements;
- r. meet the external auditor at least once a year in a closed session without the management;
- s. prepare the proposals for general meetings of shareholders;
- t. annually evaluate the performance of the President and CEO and members of the Board as well as that of the Chair;
- u. approve far-reaching key Group policies, policies relating to Uponor values and as required by respective regulation;
- v. deal with other issues raised by the Chair or the President and CEO.

The Board meets on average 10 times a year. Some meetings may be held as teleconferences or other type of remote meetings. Two of the meetings should take place at a business unit, a different one each time. The Board may also meet at any time without the presence of the management and make decisions without holding a meeting. Minutes of a meeting are taken in English for each meeting.

Board of Directors in 2022

In March 2022, the AGM elected the following six members to the Board:

- Ms Pia Aaltonen-Forsell, born 1974, M. Soc. Sc.(Econ.), MBA, CFO, Outokumpu Oyj, member of the Uponor Board since 2017
- Mr Johan Falk, born 1971, M.Sc. (Eng.), MBA, CEO, Asker Healthcare Group, member of the Uponor Board since 2018
- Mr Markus Lengauer, born 1965, M.Sc. (Eng.), Doctorate in Mechanical Engineering, Chair of the Board, Oras Group, member of the Uponor Board since 2015
- Mr Michael G. Marchi, born 1959, B.S. (Marketing and Economics), MBA, CEO, MGM Executive Consulting, member of the Uponor Board since 2020
- Ms Annika Paasikivi, born 1975, B.A, M.Sc. (Global politics), President and CEO, Oras Invest Ltd and CEO, Finow Ltd, member of the Uponor Board since 2014
- Ms Susanne Skippari, born 1974, M.Sc. (Econ.), Executive Vice President, Human Resources, KONE Corporation, member of the Uponor Board since 2022.

Ms Annika Paasikivi was elected Chair of the Board and Mr Markus Lengauer Deputy Chair of the Board. Based on the evaluation of the Board, all the current Board members are independent of the Company and all the current Board members, with the exception of Ms Annika Paasikivi, are independent of major shareholders. Ms Annika Paasikivi is not independent of Oras Invest Oy, which is a major shareholder of the Company, since she acts as the President and CEO of Oras Invest Oy.

During 2022, the Board held twenty-eight meetings in total. COVID-19 pandemic and related travel restrictions still impacted the practical arrangements of the Board meetings. Seven

meetings were held as physical meetings and the remaining twenty-one meetings were organised fully remotely by using Microsoft Teams. One meeting in 2022 was arranged at a business unit. Five non-attendances were recorded (1 for Markus Lengauer, 1 for Michael Marchi and 3 for Susanne Skippari). Further, the Board made seven decisions without having a meeting.

In 2022, in addition to the normal duties based on regulation, good governance and the Board charter, the Board of Directors focused on the follow up of the new strategy and the potential and required changes to it due to rapid variations in macro-economic conditions (e.g. exit from Russia, potential raw material and energy constraints). Considerable board attention was also given to management succession planning, as the company welcomed 4 new members to the Executive Committee. Towards the end of the year, the board's focus was on supporting the management of and recovery from the cyberattack.

Board diversity principles

When designing the composition of the Board of Directors, the Nomination Board of the company assesses the Board composition from the viewpoint of the company's current and future business needs, while taking into account the diversity of the Board.

The diversity of the Board of Directors will be assessed from various viewpoints. The members of Uponor's Board of Directors shall have sufficient and complementary experience and expertise in the key industries and markets relevant to Uponor's business. In addition, an essential element is the personal characteristics of the members and their diversity.

Expertise

- Knowledge on the company's value creation drivers
- Industry
- Relevant markets and technologies
- Accounting and finance
- Governance

Personal characteristics

- Professional experience
- Education
- Gender
- Age
- Personality

Objective:

The company's aim is that the Board of Directors represents diverse expertise in different industries and markets, diverse professional and educational background, diverse age distribution and both genders. Concerning gender diversity the objective is that both genders are represented in the Board by at least two members. The objective was well achieved in 2022.

The realisation of the diversity principles is monitored and reported in the company's Corporate Governance Statement.

2.3 Board Committees

2.3.1 Audit Committee

According to the charter of the Audit Committee it shall have the following duties:

- to monitor the reporting process of financial statements and assuring that the reporting process generates correct information, to deal with any exceptional and material items and their handling and to approve important accounting principles;
- to review and oversee the quality and integrity of the annual report and the annual financial statements as well as the interim reports and the half year financial report;
- to monitor the financial and liquidity position of the company and prepare matters and proposals to the Board on a need-to-know basis;
- to monitor the efficiency, plans and processes of the Group's internal control, internal audit and risk management systems;
- to review the Company's corporate governance statement including the description of the main features of the internal control and risk management systems pertaining to the financial reporting process;
- to approve the annual plan and budget, to issue instructions on and to review and monitor the operations, plans and reports of the internal audit function, to receive status reports of the internal audit function in every meeting and to meet with the internal auditor at least twice a year;
- to review the external audit plan and to monitor the statutory audit of the financial statements and consolidated financial statements, to approve the budget of the external audit as well as new assignment above the limit set by the Audit Committee;

- to meet with the external auditor quarterly and to review all material reports from the auditor;
- to evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the company to be audited;
- to prepare the proposal for a resolution on the election of the auditor;
- to monitor the Company's compliance with legal and regulatory requirements, including the performance of its ethics and compliance programme and
- to meet with the management of the company, particularly the President and CEO and the CFO, but also others responsible for internal control and risk management.

The invitation and materials of the Audit Committee meetings shall be sent to the Board members, who all have the right to attend the meetings.

Audit Committee in 2022

The Board decided to re-establish the Audit Committee in March 2022, with the same charter as earlier. The appointed members of the Audit Committee are Pia Aaltonen-Forsell, Markus Lengauer and Michael G. Marchi. Pia Aaltonen-Forsell was elected as the committee chair.

During 2022, the Committee held five meetings, two of which were held as physical meetings and three remotely via Microsoft Teams. No non-attendance was recorded.



2.3.2 Personnel and Remuneration Committee

According to the charter of the Personnel and Remuneration Committee, it shall have the following duties:

- preparing the appointments of the President and CEO and the members of the Executive Committee, and the terms and conditions of their employment
- preparing matters to be brought to the Board relating to personnel, evaluation of top management and succession planning as needed
- to prepare matters pertaining to the remuneration and other financial benefits of the managing director and other executives;
- to prepare matters pertaining to the remuneration schemes of the company;
- to evaluate the remuneration of the managing director and the other executives as well as to see that the remuneration schemes are appropriate;
- to review the remuneration statement;
- to answer questions related to the remuneration statement at the general meeting.

Personnel and Remuneration Committee in 2022

The Board decided to re-establish the Personnel and Remuneration Committee in March 2022, with the same charter as earlier. The appointed members of the Personnel and Remuneration Committee are Annika Paasikivi (chair) and Susanna Skippari. The Personnel and Remuneration Committee held seven meetings in 2022, with zero non-attendances. One meeting was held as a physical meeting and the rest remotely via Microsoft Teams.

2.3.3. Temporary Committee

From time to time, the Board may establish temporary working committees to further enhance the efficiency of board work. During 2022, the Board established a temporary committee to prepare strategic matters for board assessment. The temporary committee has been terminated during 2022.

The appointed members of the temporary committee were Pia Aaltonen-Forsell (chair), Markus Lengauer and Annika Paasikivi. The temporary committee held in total 19 meetings, all of which were held remotely. Fees paid for committee work have been reported in the remuneration report.

2.4 Nomination Board

In March 2012, the AGM established a permanent Nomination Board, comprising shareholders or representatives of shareholders, for the preparation of proposals for the election and remuneration of members of the Board of Directors.

The duties of the Nomination Board shall be:

- to prepare the proposal for the appointment of members of the Board of Directors, for presentation to the general meeting;
- to prepare the proposal to the general meeting on matters pertaining to the remuneration of members of the Board of Directors;
- to prepare the proposal to the general meeting for the appointment of the Chair of the Board of Directors
- to seek prospective successors to members of the Board of Directors;
- to present the proposal on members of the Board of Directors and members' remuneration to the general meeting.

The Nomination Board shall comprise the three largest shareholders or shareholders' representatives. In addition, the chair of the Board of Directors shall act as an expert member. The right to appoint members representing shareholders lay with the three shareholders who on 30 April 2022 were registered in the shareholders' register of the corporation, held by Euroclear Finland Ltd, and who, according to the shareholders' register, held the greatest share of votes appertaining to all shares. The holdings of a shareholder, held in several funds or registers, who according to the Securities Market Act has an obligation to disclose changes in ownership (notified shareholdings), will be calculated together when counting the voting rights, if the shareholder so requests in writing to the Board of Directors, at the latest on 29 April preceding

the general meeting. In case two of the largest shareholders have an equal number of shares and votes and the representatives of both such shareholders cannot be appointed to the Nomination Board, the decision between them shall be made by drawing lots. If a shareholder does not wish to use the right to appoint a member, the right shall pass on to the next biggest shareholder in the shareholders' register, who otherwise would not have a right to appoint a member.

The Nomination Board shall constitute a quorum when a majority of the members are present. Decisions of the Nomination Board shall be made unanimously.

The Nomination Board is for the first time convened by the chair of the Board of Directors. Members of the Nomination Board elect a chair from amongst themselves.

Nomination Board in 2022

The members of the Nomination Board appointed in May 2022 are Ville Kivelä (Oras Invest Oy), Henrika Vikman (Nordea Funds Oy) and Hanna Kaskela (Varma Mutual Pension Insurance Company), as well as Chair of the Board Annika Paasikivi (expert member), who in turn elected Ville Kivelä as Chair of the Nomination Board. The members of the Nomination Board appointed in May 2021 (Ville Kivelä (Oras Invest Oy), Henrika Vikman (Nordea Funds Oy) and Reima Rytsölä (Varma Mutual Pension Insurance Company) continued their work until end of January 2022.

The Nomination Board held one meeting remotely via Microsoft Teams and made one decision without having a meeting among the previous composition of the Nomination Board (Ville Kivelä,

Henrika Vikman and Reima Rytsölä) in January 2022. During 2022 the Nomination Board held four additional meetings with the new composition (Ville Kivelä, Henrika Vikman and Hanna Kaskela), three of which were held remotely via Microsoft Teams and one as a physical meeting. Three non-attendances were recorded (2 for Ville Kivelä and 1 for Henrika Vikman).

2.5 Chief Executive Officer

Assisted by the Executive Committee, the President and CEO is in charge of the Group's day-to-day management in accordance with the orders and instructions issued by the Board. It is the President and CEO's duty to ensure that the Group's accounting procedures comply with the applicable legislation and that the financial management is conducted in a reliable manner.

The President and CEO is also the Chair of the Executive Committee.

President and CEO in 2022

Mr Michael Rauterkus, M.Sc. (BA), born 1966, acted as the President and CEO of the Company during 2022.

Mr Sebastian Bondestam, M.Sc. (Eng.), born 1962, acted as the deputy to the Company's managing director during 2022.

2.6 Executive Committee ("ExCom")

The ExCom is mainly responsible for formulating and implementing the Group's strategy. It also discusses and decides on significant operational issues, while each of its members is responsible for the Group's day-to-day management with respect to his/her field of responsibility.

The ExCom shall, among other things, attend to the following:

- a. the Group's strategy and its implementation throughout the Group;
- b. budgets, business plans and their implementation;
- c. significant organisational changes and any changes in employment conditions affecting large numbers of employees such as:
 - the composition of area/regional management teams,
 - major structural changes within the organisation,
 - all major redundancy programmes,
- d. the appointment or removal of Senior Officers and Unit Managers belonging to the reporting chain of any ExCom member;
- e. annual salary and incentive structures of the management (excluding those of ExCom members);
- f. investments and leasing arrangements with net present value of leases being in the limits specified in the Signing and Authorisation Policy of the Group;
- g. acquisitions, joint ventures, partnerships and licensing arrangements and, should these exceed the limit specified in the Signing and Authorisation Policy of the Group, the ExCom shall submit a proposal to the Board;
- h. incorporation or dissolution of legal entities;
- i. asset divestments - including real estate, legal units and shares in the limits specified in the Signing and Authorisation Policy of the Group;

- j. performance by region/unit including analysis of market trends and the competitive environment, as well as significant corrective actions (to be discussed in each meeting);
- k. R&D and new business development priorities and resources;
- l. items related to the Group's brand architecture;
- m. legal disputes and claims of a significant nature including matters at regional/unit level;
- n. approval of all key operational policies and
- o. any other matters, upon the Board's request.

ExCom prepares proposals to the Board on matters which require a resolution of the Board.

The ExCom meets 8-12 times a year, with informal records being kept of its meetings.

The target is to achieve a unanimous view among the members of the ExCom on the issues under discussion. The decisions shall be confirmed by the Chair.

Members of the Executive Committee and meetings of ExCom in 2022

The ExCom comprises of the President and CEO and the following executives determined by the Board:

- Mr Sebastian Bondestam, born 1962, M.Sc. (Eng.), President, Uponor Infra
- Mr Markus Melkko, born 1975, M.Sc. (Tech.), B.Sc. (Econ.), Chief Financial Officer from 1 January 2022
- Ms Jennifer Hauschildt, born 1969, BA (Mathematics), MBA, Chief Human Resources Officer from 1 April 2022

- Mr Bill Gray, born 1965, B.Com. (Finance and Marketing) & B.A., President, Building Solutions – North America and member of ExCom until 10 January 2022
- Mr John Reutter, interim President, Building Solutions – North America and interim member of ExCom from 10 January until 24 July 2022
- Mr Andres Caballero, born 1974, M.Sc. (Engineering), President, Building Solutions – North America from 25 July 2022
- Mr Karsten Hoppe, born 1971, M.Sc. (Industrial Engineering), MBA, Ph.D. (Business), President, Building Solutions – Europe until 30 September 2022
- Mr Thomas Fuhr, born 1965, German citizen, M.Sc. (Mech. Eng.), Chief Technology Officer from 1 October 2022.

In 2022, the ExCom held eight official meetings in addition to which the ExCom convened with a broader group on a weekly basis (in total 39 times).

2.7 Shares of each Board member, President and CEO and ExCom member and corporations over which he/ she exercises control

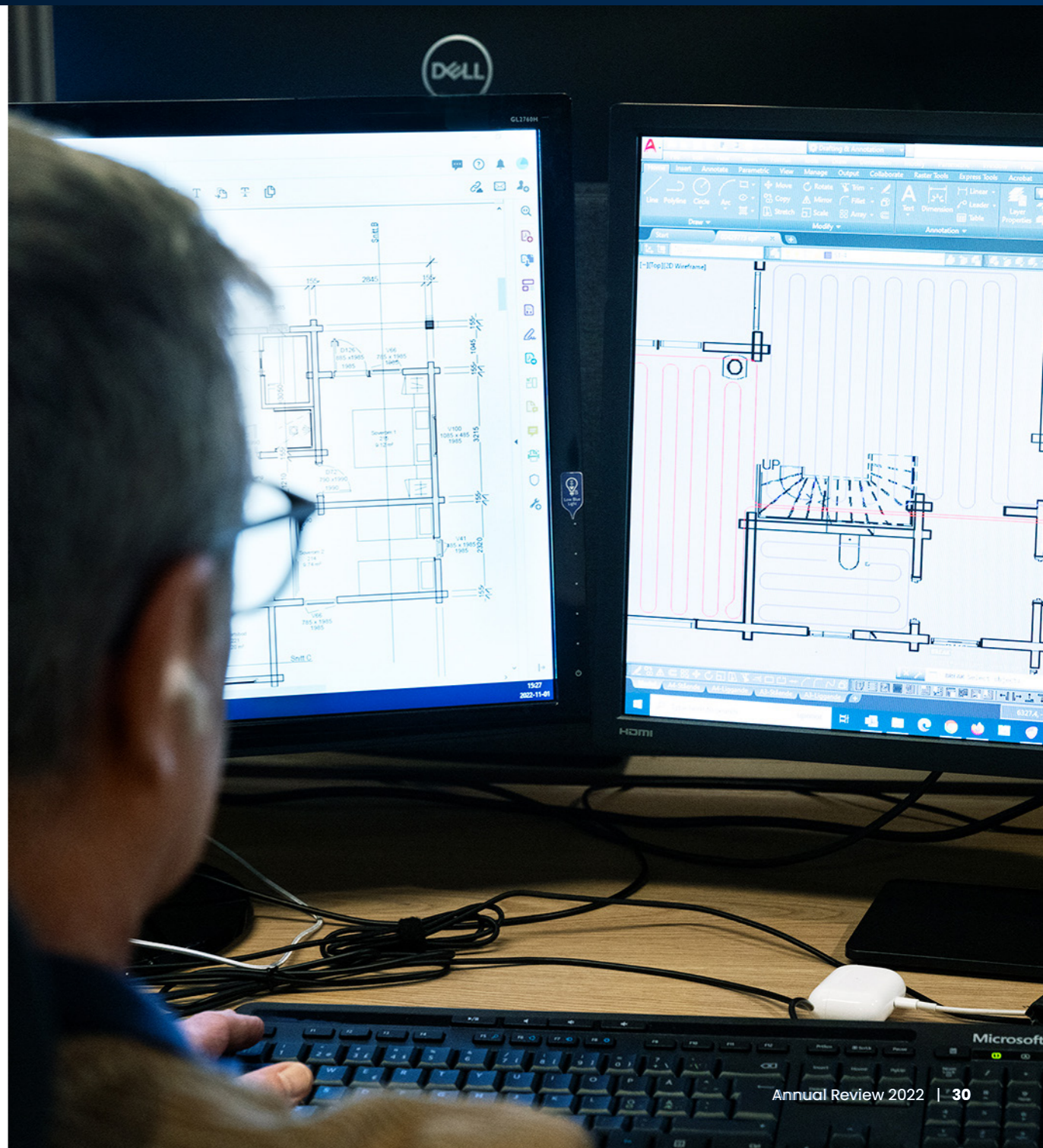
Shares held by management in 2022

The Board of Directors

Name	Position	Date	Shares
Aaltonen-Forsell, Pia	Board member	1 Jan	6,674
		31 Dec	8,318
Falk, Johan	Board member	1 Jan	5,063
		31 Dec	6,423
Lengauer, Markus	Board member	1 Jan	9,026
		31 Dec	10,670
Lindholm Casimir	Board member (until 15 March 2022)	1 Jan	5,063
		15 Mar	5,063
Marchi, Michael G.	Board member	1 Jan	1,913
		31 Dec	3,273
Paasikivi, Annika	Chair of the Board	1 Jan	49,284
		31 Dec	52,118
Skippari, Susanne	Board member (from 15 March 2022)	15 Mar	0
		31 Dec	1,360

The Executive Committee

Name	Position	Date	Shares
Bondestam, Sebastian	ExCom member	1 Jan	18,702
		31 Dec	27,415
Caballero, Andres	ExCom member (from 25 July 2022)	25 Jul	0
		31 Dec	0
Fuhr, Thomas	ExCom member (from 1 October 2022)	1 Oct	0
		31 Dec	0
Gray, Bill	ExCom member (until 10 January 2022)	1 Jan	14,491
		10 Jan	14,491
Hauschildt, Jennifer	ExCom member (from 1 April 2022)	1 Apr	3,941
		31 Dec	3,941
Hoppe, Karsten	ExCom member (until 30 September 2022)	1 Jan	9,150
		30 Sep	20,469
Melkko, Markus	ExCom member	1 Jan	3,052
		31 Dec	3,052
Rauterkus, Michael	President and CEO	1 Jan	12,300
		31 Dec	12,300
Reutter, John	Interim ExCom member (10 January – 24 July 2022)	10 Jan	0
		24 Jul	4,003



3. Descriptions of internal control procedures and the main features of risk management systems

3.1 Overview of the internal control

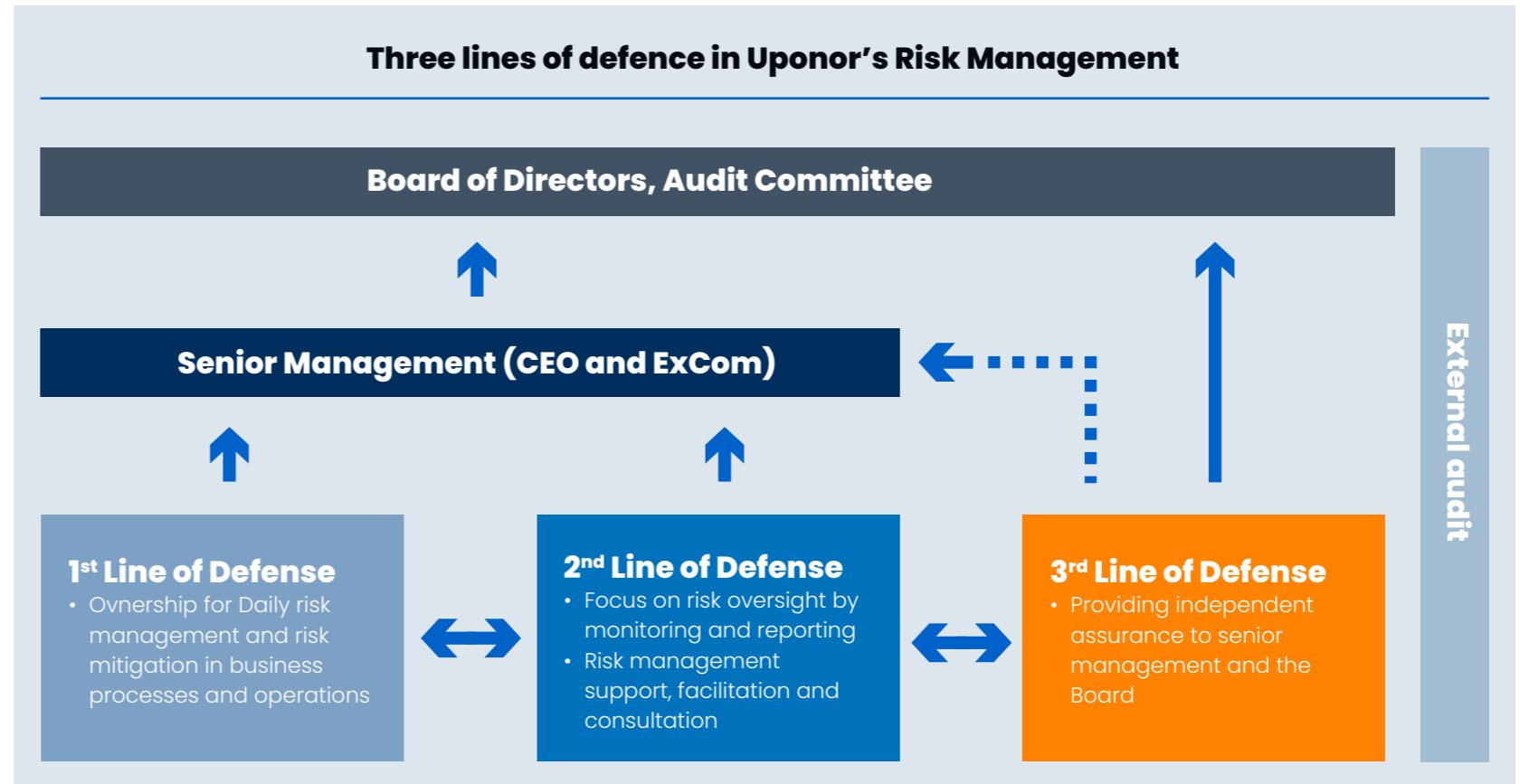
Internal control process aims to ensure that Uponor's objectives are achieved and aligned with the strategy in the following categories:

- Operational efficiency
- Reliability of financial statements
- Compliance with Uponor's internal policies and processes in addition to applicable laws and regulations.

The Group's internal control framework strives to balance the business needs and the control perspective. Uponor's internal control environment is defined through group policies and standards, which act as a basis for effective internal control. They also describe relevant control activities to mitigate risks that may affect Uponor's ability to achieve its objectives. All Uponorians are expected to act ethically, follow Uponor's policies and Code of Conduct and perform the control activities related to their position.

Uponor's Internal Control approach is based on the Three Lines of Defense model, where:

- The 1st line owns and manages daily risks in business processes and operations
- The 2nd line supports, facilitates, and provides consultation on risk management led by internal controls and risk management
- The 3rd line provides independent assurance by internal audit on whether risk management is on an appropriate level.



Internal control over the financial reporting process is part of the overall internal control system in the Group. The objective of internal control over financial reporting is to ensure that the financial reporting information is reliable, comprehensive and timely, and that the financial statements are prepared in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies.

The Company's consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Community. The financial statements also include additional information as required by the Finnish Accounting Act and the Companies Act. The Company's financial statements have been prepared according to generally accepted accounting principles in Finland.

3.1.1 Control environment

The control environment serves as the foundation for all other components of internal control. Group level policies and internal control principles serve as binding guidelines for operating units.

The Group Finance function co-ordinates the business units and functions finance processes by establishing adequate control activities in financial reporting in co-operation with the local finance representatives. It also provides management and regulatory authorities reporting as well as co-ordinates process level internal control implementation and follow-up in Group reporting process. The Group Finance function is also responsible of the interpretation and application of accounting standards in the Group.

The Audit Committee's duties include monitoring and supervising the financial reporting process and the efficiency, plans and processes of the internal control, internal audit and risk management systems. Furthermore the Audit Committee shall review and oversee the quality and integrity of the financial statements, annual report, the half year financial report and interim reports and monitors the financial position of the company. The Audit Committee also monitors the statutory audits of the financial statements and consolidated financial statements, evaluates the independence of the statutory auditor or audit firm, and prepares the proposal for resolution on the election of the auditor. Audit Committee additionally reviews and monitors the operations, audit schedules and reports of the internal audit function and meets with the internal auditor, the external auditor and the management of the company on agreed intervals.

The President and CEO's duty is to ensure that the Group's accounting procedures comply with the applicable legislation and that the financial management is conducted in a reliable manner.

The CFO is responsible for the monitoring of the process-level internal control implementation and follow-up of the financial processes.

Internal Audit supports the Board and the management in following up the effectiveness of internal control and corporate governance. It carries out independent audits of business units and subsidiaries, process reviews, and targeted audits on specific areas to ensure compliance with internal company policies, guidelines and laws and regulations.

3.1.2 Control activities, reporting and monitoring

The Group aims to embed control in the daily operations. Control activities include for example four-eye principle, segregation of duties, authority limits and group policies. Control activities are continuously improved to ensure that risk mitigation is effective. In addition, Internal Audit evaluates control effectiveness as part of their audit engagements.

The Group's Finance Manual sets the standards and guidelines for financial reporting and describes the accounting policies to be applied within the Group. The purpose of the manual is to ensure the relevance and reliability as well as comparability of each entity's financial statements.

The Company has a common Group wide control framework for external financial reporting, management reporting and treasury processes. The internal control points are built in the business processes as well as into the management's supervision and monitoring. These key controls aim to address the risks related to the achievement of the financial reporting objectives. The control activities are designed to provide reasonable assurance of the accuracy, timeliness and completeness of the financial reporting information and they are applied at all levels of the organisation.

Uponor has a global enterprise resource planning (ERP) system that supports harmonized processes and controls across the Group. Ongoing monitoring of the financial reporting process occurs locally in each unit as part of the daily operations. On Group level, the responsibility lies within the Group Finance function. Internal control deficiencies shall be reported upstream, with any serious matters to be reported to the ExCom and to the Audit Committee. Audit Committee has the responsibility for monitoring Uponor's internal controls.

3.2 Overview of the risk management systems

Risk management is a systematic way of protecting business assets and income against losses in order to achieve the Company's targets without unnecessary interruption. Risk management also includes risk-taking. That means utilisation of opportunities, taking into account the risk-reward ratio and expectations in each case.

The objective of risk management is to enable the Company to implement its strategy, to ensure it achieves its financial targets and to protect it from operative incidents, which might prevent it from achieving its targets. A further objective is to ensure the continuity of the operations even in an exceptional business environment.

The main risk areas of the Company have been identified and assessed. Group risk identification and assessment process is conducted twice a year, during second and fourth quarters. Company applies risk identification and assessment process covering all Business Divisions and selected functions. Risks are identified based on each divisional or functional management team's knowledge of its business and area of responsibility. The main principle is to manage risks at their source within the business unit, plant or function where risks may occur. Risk ownership including the monitoring actions for the assessed risks are defined and carried out by the appropriate management at different levels of the Company. Vice President, Treasury is responsible for the overall process and consolidates the results at Group level.

Vice President, Treasury is responsible for providing support to the ExCom in developing risk policies and guidelines, as well as for establishing assessment, monitoring and reporting procedures. He/she provides support to the Business Divisions, units and functions by providing assistance and training. He/she is also responsible for establishing and maintaining the company's global commercial insurance programs.

Assessment of risks regarding financial reporting is part of the Group's overall internal control and risk management framework. The risk assessment procedure which relates to the financial reporting process includes:

- a. ensuring, that objectives for financial reporting have been set up.
- b. identifying and mitigating risks that might hinder the achievement of set objectives.

The objectives are set both in the business units and in Group level operations. The risks are analysed in order to determine how the risks should be managed. The risk assessment process also considers the potential for material misstatement due to fraud.





4. Other information

4.1 Internal audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value to and improve Uponor's operations. Internal audit is an integrated part of Uponor's internal control framework.

The purpose of Uponor's internal audit is to support the Board and management in monitoring the effectiveness of internal control, risk management and corporate governance. Internal audit achieves the purpose by having a systematic, disciplined approach to evaluate and improve the aforementioned areas. The purpose of internal audit is also to share leading practices within Uponor. In addition to the existing channels within Uponor, internal audit will also serve as a channel through which subsidiaries can notify Uponor's management about possible wrongdoing/fraud.

The CFO has overall administrative responsibility for the functioning of the internal audit function. As of 1 January 2014, Uponor has outsourced its internal audit function to Ernst & Young Oy.

The operating principles for internal audit are:

- Internal audit plan is prepared for approval by the Audit Committee under supervision of the CFO. Internal audit plan is approved for the period of 12 months. The ExCom may make changes to the audit plan and is obliged to keep the Audit Committee informed of them.
- Written audit reports are issued for each individual audit project. These reports are delivered to the President and CEO and the CFO and, depending on audit target, to other ExCom members. Further, also executives and managers of audited Group companies or functions will receive a copy. A copy of a report will also be sent to external auditors.
- Summary reports are presented to the Audit Committee regarding most significant internal audit findings, related risks and management actions.
- Internal auditors meet the Audit Committee once a year in person with no Uponor management present.
- Internal audit work is coordinated with Uponor's external auditors. In practice, there are bi-annual meetings between internal and external auditors, in which the internal audit plans and results are discussed and shared.
- In 2022, internal audit focused on auditing subsidiaries as well as conducting Group-wide process audits.

4.2 Compliance

At Uponor, compliance has always been of top priority; Uponor strives to maintain and promote the highest legal and ethical standards in its business practices and conduct. Uponor's Code of Conduct sets out the required norms for business behaviour. In parallel it provides guidelines for a common way of working with the aim of ensuring that all Uponor employees, managers, officers and directors live up to the ethical standards needed also for sustainable business.

In addition to other channels, all stakeholders are able to report anonymously of any kind of suspicions of Code of Conduct violations or of other potential misconduct through whistleblowing channels hosted externally. Besides the internal whistleblowing channel, there has been an external channel available for anonymous reporting purposes since May 2021. All stakeholders, especially the employees, have been encouraged to voice their concerns on any misconduct. The reported cases are investigated as per the Investigation Policy in full confidence and with the highest integrity.

The foundation for the Compliance function, including the roles and responsibilities thereof, has been defined in the Compliance Charter. The SVP and Chief Legal Officer has an overall oversight responsibility on the Group level for the functioning of the Compliance function. The Group Compliance Officer, who reports to the SVP and Chief Legal Officer, has an overall operational responsibility for the Compliance related matters. The Compliance Committee is responsible to oversee and manage compliance issues within Uponor as well as make recommendations for investigation of cases reported. The Compliance Committee consists of the CFO, SVP and Chief Legal Officer and Group Compliance Officer. The Compliance Committee convened 9 times during 2022.

All the Group functions are involved in the policy management and in compliance related initiatives to certain extent through the Policy Management Group. Since late 2021, each Division has also nominated the Division Compliance Delegate(s) to participate in the policy creation process and in other compliance topics.



4.3 Insider administration

Uponor Corporation complies with applicable EU regulations, especially the Market Abuse Regulation (596/2014, "MAR"), and any regulation and guidance given by the European Securities Markets Authority ("ESMA"). Further, the company observes Finnish legislation, especially the Securities Markets Act (746/2012, as amended) and the Finnish Penal Code (39/1889, as amended), including the insider and other guidelines of Nasdaq Helsinki Ltd. and the standards and guidance of the Finnish Financial Supervisory Authority ("FIN-FSA") and other authorities. Uponor also has its own insider policy.

Managers, as defined by MAR, include the members of the Board of Directors and senior executives in the following positions: the President and CEO, the CFO, and other members of the Executive Committee. The company keeps a record of its managers as defined by MAR as well as their closely associated persons. MAR requires that each manager and his/her closely associated persons notify the company and FIN-FSA of their transactions in the financial instruments of or linked to the company conducted on his/her own account. These notifications shall be made promptly and no later than three business days after the date of transaction (T+3). Uponor will issue stock exchange releases to disclose information on transactions by managers and their closely associated persons, as specified in MAR.

Uponor does not maintain a list of permanent insiders. Instead, all persons involved with insider projects will be listed as project-specific insiders. Project-specific lists will be established and maintained for each project or event constituting inside information, based on a separate decision. All persons working for Uponor, representatives of external entities, shareholders and authorities who have information concerning an insider project

or have access to project-specific inside information, as well as persons who are working for the implementation of an insider project, will be entered in a project-specific insider list.

Preparation of periodic disclosure (annual and half year financial statements, interim reports, financial statements bulletins) or regular access to unpublished financial information is not regarded as an insider project. However, due to the sensitive nature of unpublished information on the company's financial results, the persons determined by the company, based on their position or access rights, to have authorised access to unpublished financial result information are added to a list of Financial Information Recipients.

Uponor applies an absolute trading prohibition (a 'closed window principle') during a period beginning 30 calendar days before the announcement of each of the periodic financial reports and the year-end report (the financial statements bulletin) and ending at the end of the trading day following the day of publication of such a report. At the minimum, a closed period commences at the end of the reporting period in question. The closed window principle applies to the managers (as defined by MAR) as well as the Financial Information Recipients.

Uponor's internal insider policy is published on the Group intranet. All Group employees are required to act in accordance with these rules.

4.4 External audit

Assisted by the Audit Committee, the Board prepares a proposal on the external auditor and presents it to the Annual General Meeting (AGM) for election. The external auditor must be a corporation of authorised public accountants accredited by the Central Chamber of Commerce of Finland. In co-operation with the auditor, the corporate management organises the audit of the Group's subsidiary companies, as required by applicable local legislation. Auditors of these subsidiary companies report directly to the legal unit they have audited, submitting a copy of each report to the Group's financial administration for inclusion in the Company's audit log.

External Audit in 2022

The 2022 AGM appointed KPMG Oy Ab, a corporation of authorised public accountants accredited by the Central Chamber of Commerce in Finland, as the Company's auditor for the financial year 2022, with Anders Lundin, Authorised Public Accountant, acting as the principal auditor.

Fees to the external auditor for the statutory audit services totalled €874,991 and for audit related and other services €16,012 in total €891,003 for the year 2022.



4.5 Related party transactions

Uponor has specific Guidelines on Related Parties (“Guidelines”) in place. The purpose and objectives of these Guidelines are to define the related parties and related party transactions in Uponor Group as well as to determine the rules on (i) proper decision making mechanism for related party transactions and (ii) when such transactions are to be disclosed.

Related parties have been defined in accordance with the IAS 24 standard. The company also keeps a record of its related parties. All related parties have been informed of the Guidelines in place and of the obligation to inform all related party transactions in advance to the CFO according to instructions given. No related party transaction shall be concluded prior to confirmation from the CFO.

Remuneration Report

The Remuneration Report describes the remuneration for Uponor's Governing Bodies as required by the Finnish Securities Market Act, the Finnish Limited Liability Companies Act and the Finnish Corporate Governance Code 2020 (the "Governance Code") issued by the Securities Markets Association. The Remuneration Policy of the Governing Bodies was approved at the Annual General Meeting, 15 March 2022.

The Remuneration Policy provides a framework of the remuneration principles and practices of the Board of Directors (the "Board"), the President and CEO, and the Deputy CEO of Uponor. The remuneration of the Board and the CEO in 2022 follows the Remuneration Policy framework and principles, and no deviations to the Policy have been made, nor have any clawbacks of remunerations taken place. The Remuneration Report presents information on the paid remuneration of the President and CEO, the Deputy CEO and the Board during the financial year 2022. It also presents the development of average employee remuneration and company performance over the past five financial years in comparison to President and CEO, Deputy CEO and Board remuneration.

The remuneration report has been divided into following sections:

- Letter from the Chair of the Personnel and Remuneration Committee
- Pay-for-performance during the preceding five years
- Remuneration of the Board of Directors for the preceding financial year
- Remuneration of the President and CEO, and Deputy CEO for the preceding financial year

Additional information on company as well as Board and executive remuneration please see: uponorgroup.com/en-en/investors/remuneration.



Letter from the Chair of the Personnel and Remuneration Committee

Dear Shareholders,

Uponor follows a total remuneration approach built on the principles of fair, competitive, and performance-based remuneration, to ensure long-term business performance and value creation, and to attract and retain the most competent personnel. A notable portion of the President and CEO's remuneration is based on variable pay, in the form of short-term and long-term incentive programs. To ensure a strong link between the President and CEO's remuneration and financial performance, the short- and long-term incentive plan criteria are largely based on the company's financial performance metrics combined with a smaller weight on sustainability or other non-financial performance metrics.

Uponor's Executive Committee was significantly strengthened during 2022 with several new members. Work on our strategic cornerstones continued throughout the organization and our overall performance was good in 2022 despite the notable external challenges. The war in Ukraine accelerated the already

on-going inflationary development and increased the possibility of raw material and energy constraints. In the final quarter of the year Uponor was subject to a cyber security attack. During the attack, our personnel showed exceptional dedication and resilience by working hard to remediate the situation while securing deliveries to our customers. The swift response and recovery enabled Uponor to stay on track to reaching record-high annual net sales of € 1.4 billion and to sustain the operating profit margin at a reasonable level of 11.1%.

I would like to express my gratitude to all Uponorians for the results we have achieved together in 2022 and for your support in the execution of our value creation strategy.

Annika Paasikivi

Chair of the Personnel and Remuneration Committee

Pay-for-performance during the preceding five years

The following section presents a comparison between the remuneration of the President and CEO, the Deputy CEO and the Board, the average employee remuneration and company performance for the financial years 2018 to 2022. We have awarded both our employees and executives with well-earned incentives during these years. For further information regarding remuneration and to read our Remuneration Policy of the Governing Bodies, please visit our website at [uponorgroup.com/en-en/investors/remuneration](https://www.uponor.com/en-en/investors/remuneration).

In our short-term incentive plans we have consistently rewarded participants based on the achievement of pre-determined target levels of comparable operating profit and other supporting KPIs. Further, rewards under the long-term incentive plans have been awarded based on intrinsic value, which is based primarily on Uponor's EBITDA, and either cumulative net sales or sustainability depending on plan period in question. The Board closely follows these performance indicators to assess whether our strategy has been implemented successfully. The Personnel and Remuneration Committee ascertains that it is appropriate to reward employees for attaining targets linked to these performance measures. By meticulously aligning our incentive plans with the goals of Uponor, we ensure that remuneration drives the best interest of the company.

As Uponor is a global company that employs 4,214 professionals in 27 countries in Europe and North

America, the remuneration levels vary between these countries. According to the Remuneration Policy of the Governing Bodies, the variable portion of the remuneration of the President and CEO and the Deputy CEO represents a notable part of their remuneration at the target level, whereas employee remuneration is less volatile as a smaller portion of their total remuneration is made up of variable remuneration. The Board members do not participate in any incentive plans; thus, the remuneration of the Board is more stable in nature. During the last five years, the remuneration for the President and CEO and the Deputy CEO has been aligned with financial performance. The main factors impacting the development of the average employee pay are typically changes in the employee demography between countries and between employee groups, annual salary increases, as well as the realization of short-term incentive payouts.

See the adjacent table for specific values.

Five-year development of remuneration and company performance

	2018	2019	2020	2021	2022
President & CEO Pay					
T€ (Luomakoski, 1 Jan – 20 Aug 2021) including eg. severance payment, prorated STI and LTI payments in 2021	720.5	783.6	829.3	2,372.4	-
Change%	-11.3	8.8	5.8	186.1	-
T€ (Rauterkus, 21 Aug – 31 Dec 2022)	-	-	-	208.7	908.6
Change%	-	-	-	-	335.4
Deputy CEO Pay					
T€	378.5	455.4	417.2	535.2	782.4
Change%	-2.1	20.3	-8.4	28.3	46.2
Employee Pay* - Global					
T€	52.1	52.0	54.0	56.7	55.9
Change%	3.8	-0.2	3.9	5.1	-1.5
Total Board Pay					
T€	401.7	407.7	383.7	416.1	569.4
Change%	21.7	1.5	-5.9	8.4	36.8
Net sales					
M€	1,196.3	1,103.1	1,136.0	1,313.2	1,386.2
Change%	2.2	-7.8	3.0	15.6	5.6
Intrinsic Value					
M€	1,034.1	931.3	1,376.3	1,522.2	1,435.4
Change%	15.5	-9.9	47.8	10.6	-5.7
Comparable Operating Profit					
M€	99.3	92.7	142.7	160.5	153.7
Change%	2.2	-6.6	53.9	12.5	-4.2
Comparable OP %					
	8.3	8.4	12.6	12.2	11.1
Total Shareholder Return %					
	-45.7	41.1	60.4	18.4	-17.5

* Average employee salary is calculated by dividing the total paid salaries and bonuses with the average number of employees during the year.

Remuneration of the Board of Directors for 2022

As stated in the Remuneration Policy of the Governing Bodies approved by the Annual General Meeting in 2022, Board remuneration consist of an annual fee and a fee per meeting. The members of the Board of Directors are not employees of Uponor and do not participate in any Uponor incentive scheme or pension arrangement.

The 2022 Annual General Meeting approved the following fees to be paid to members of the Board of Directors.

- Chair of the Board of Directors: €100,000
- Deputy Chair of the Board of Directors: €58,000
- Chair of the Board's Audit Committee: €58,000
- Chair of the Board's Personnel and Remuneration Committee (only in case she/he is not the Chair of the Board as well): €58,000
- Each other member of the Board: €48,000

Approximately 40% of this yearly remuneration was paid by acquiring Uponor Corporation shares in public trading and/or by conveying Uponor Corporation shares held by the company, and the rest was paid in cash. The yearly Board remuneration was paid within two weeks after the publication of the company's half-year report for January–June 2022.

Travel expenses related to meetings of the Board were reimbursed according to the company's travel policy.

Remuneration per each actual Board and committee meeting (excluding decisions without a meeting) were paid to the members of the Board of Directors in the

amount of €800 for meetings held in 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 was equal to the remuneration for meetings held in the country of residence of the member.

All payments to members of the Board of Directors during the financial year 2022 have been in compliance with the Remuneration Policy.

In the financial year 2022, the following fees were paid to the members of the Board of Directors:

Board of Directors	Audit Committee	Personnel and Remuneration Committee	Ad Hoc Committee	Remuneration in cash €	Remuneration in shares		Remuneration for Board and committee meetings, total €
					Number of shares	Value €	
Paasikivi, Annika, Chair		Chair	Member	57,829	2,834	41,507	36,800
Aaltonen-Forsell, Pia	Chair		Chair	33,537	1,644	24,078	42,800
Falk, Johan				27,763	1,360	19,919	25,600
Lengauer, Markus	Member		Member	33,537	1,644	24,078	47,200
Lindholm, Casimir (until 15 March 2022)		Member		-	-	-	3,600
Marchi, Michael G.	Member			27,763	1,360	19,919	33,400
Skippari, Susanne (since 15 March 2022)		Member		27,763	1,360	19,919	22,400
Total				208,191	10,202	149,418	211,800

Remuneration of the President and CEO and the Deputy CEO for 2022

Remuneration of the President and CEO and the Deputy CEO comprises a base salary, benefits and performance-based incentive plans. The incentive plans consist of an annual short-term incentive plan and long-term share incentive plans.

In 2022, the variable portion of the remuneration of the President and CEO and the Deputy CEO was increased in line with the increased emphasis on pay-for-performance.

Michael Rauterkus was appointed President and CEO as of August 2021 and was not paid long-term incentive during 2022. Rauterkus was paid total remuneration of €908,642 including base salary and benefits, supplementary pension and short-term incentive 2021. The relative proportion of fixed pay was 76% and variable pay 24%.

The Deputy CEO, Sebastian Bondestam, was paid total remuneration of €782,420. The relative proportion of fixed pay was 37% and variable pay 63%.

The different components of the total remuneration 2022 are described in the following table.

	FIXED REMUNERATION	VARIABLE REMUNERATION		OTHER		
	Base Salary (including taxable benefits: company car and phone)	Short-term incentive (STI)	Long-term incentive (LTI)	Supplementary Pension	Severance payment	
President and CEO						
Michael Rauterkus	575,300	218,342	-	115,000		908,642 Total 2022, €
21 August 2021 -	-	324,818	*	-		Accrued 2022, to be paid in 2023, €
Deputy CEO						
Sebastian Bondestam	265,538	142,657	349,225	25,500		782,420 Total 2022, €
	-	152,547	*	-		Accrued 2022, to be paid in 2023, €

*The exact value of the reward is determined based on the share price at the time of the payout, and it is not known yet.

Performance KPI Actualisation

The following tables present the criteria, weights and achievements of the short-term incentive and the long-term incentive plans paid in 2022, and short-term incentive plan accrued in 2022 to the President and CEO and the Deputy CEO.

Criteria and total outcome of the short-term incentive plan 2021 (paid in 2022)

	Criteria	Weight	Achievement
President and CEO	Uponor Comparable Operating Profit	100%	Maximum
Deputy CEO	Uponor Comparable Operating Profit	40%	Maximum
	Uponor Infra Comparable Operating Profit	60%	Between target and maximum

Criteria and total outcome of the long-term incentive plan 2019–2021 (paid in 2022)

	Criteria	Weight	Achievement
President and CEO	Intrinsic Value	60%	Between target and maximum
	Net Sales	40%	Between threshold and target
Deputy CEO	Intrinsic Value	60%	Between target and maximum
	Net Sales	40%	Between threshold and target

Criteria and total outcome of the short-term incentive plan 2022 (accrued 2022, paid 2023)

	Criteria	Weight	Achievement
President and CEO	Uponor Comparable Operating Profit	54%	Between threshold and target
	Uponor Net Sales	36%	Between threshold and target
	Uponor Lost Time Injury Frequency (LTIF)	10%	Below threshold
Deputy CEO	Uponor Comparable Operating Profit	30%	Between threshold and target
	Uponor Infra Comparable Operating Profit	60%	Maximum
	Uponor Infra Lost Time Injury Frequency (LTIF)	10%	Below threshold



Summary of the remuneration of the President and CEO and Deputy CEO for financial year 2022

Remuneration element	President and CEO (Rauterkus)	Deputy CEO
Base salary and benefits	The paid base salary was €575,300 including phone benefit.	The paid base salary and benefits was €265,538 including taxable benefits: company car and phone
Short-term incentive (STI)	<p>Performance year 2021 The maximum STI opportunity was 100% of the annual base salary.</p> <p>Performance year 2022 and due payment 2023 The maximum STI opportunity was increased to 140% of the annual base salary.</p>	<p>Performance year 2021 The maximum STI opportunity was 60% of the annual base salary. No changes was made to the STI maximum opportunity in 2021.</p> <p>Performance year 2022 and due payment 2023 The maximum STI opportunity was increased to 80% of the annual base salary.</p>
Long-term incentive (LTI) For additional long-term incentive plan descriptions, please see our website.	<p>Performance period 2019–2021 (paid in 2022) Michael Rauterkus was appointed President and CEO as of August 2021, and was not eligible for the 2019–2021 long-term incentive performance period.</p> <p>Performance period 2020–2022 and due payment 2023 The maximum gross reward for the performance period would have been 66,938 shares. The confirmed gross reward is 64,327 shares, and it will be paid partly in shares and partly in cash to cover taxes and tax-related costs arising from the reward. The value of the reward in euros will be determined by the share price on the transfer day.</p> <p>Ongoing plans The maximum reward for the ongoing LTI 2021–2023 performance period was increased to 60,650 shares including a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2024.</p> <p>The maximum reward for the ongoing LTI 2022–2024 performance period is 50,750 shares including a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2025.</p> <p>The maximum reward for the ongoing LTI 2023–2025 performance period is 87 365 shares including a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2025.</p>	<p>Performance period 2019–2021 (paid in 2022) Payment was made partially in shares and cash: €349,225 was paid in March 2022. The share proportion consisted of 8,713 shares.</p> <p>Performance period 2020–2022 and due payment 2023 The maximum gross reward for the performance period would have been 27,000 shares. The confirmed gross reward is 25,947 shares, and it will be paid partly in shares and partly in cash to cover taxes and tax-related costs arising from the reward. The value of the reward in euros will be determined by the share price on the transfer day.</p> <p>Ongoing plans The maximum reward for the ongoing LTI 2021–2023 performance period is 19,350 shares including a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2024.</p> <p>The maximum reward for the ongoing LTI 2022–2024 performance period is 14,067 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2025.</p> <p>The maximum reward for the ongoing LTI 2023–2025 performance period is 25,601 shares including a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2025.</p>
Supplementary pension	The supplementary pension was defined as 20% of annual base salary. The value of the defined pension plan in 2022 was 115,000 per annum. The President and CEO may retire at the age of 67.	The supplementary pension was defined as 10% of annual base salary. The value of the defined pension plan in 2022 was €25,500. The Deputy CEO may retire at the age of 63.
Termination	The mutual termination notice period of 6 months applies to the President and CEO. He is entitled to a severance pay of 12 months' salary in addition to the salary earned during the notice period, in case the company terminates his service.	The mutual termination notice period of 6 months applies to the Deputy CEO. He is entitled to a severance pay of 6 months' salary in addition to the salary earned during the notice period in case the company terminates his service.



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Financial Statements **2022**

Review by the Board of Directors

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.uponor.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€	1-12/2022	1-12/2021	Change
Net sales	599.2	564.2	+6.2%
Operating profit	44.0	65.9	-33.3%
Operating profit margin, %	7.3%	11.7%	-37.2%
Comparable operating profit	58.3	72.0	-18.9%
Comparable operating profit margin, %	9.7%	12.8%	-23.7%
Personnel, average	2,192	1,900	+292

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€	1-12/2022	1-12/2021	Change
Net sales	479.8	467.5	+2.6%
Operating profit	77.5	84.5	-8.3%
Operating profit margin, %	16.2%	18.1%	-10.6%
Comparable operating profit	77.9	84.7	-8.0%
Comparable operating profit margin, %	16.2%	18.1%	-10.3%
Personnel, average	1,036	999	+37

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€	1-12/2022	1-12/2021	Change
Net sales	312.8	286.8	+9.1%
Operating profit	23.1	16.2	+42.8%
Operating profit margin, %	7.4%	5.7%	+30.9%
Comparable operating profit	23.4	16.3	+43.2%
Comparable operating profit margin, %	7.5%	5.7%	+31.3%
Personnel, average	850	845	+5

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 > 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

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 sale process of Uponor's Russian operations was still ongoing at the end of the year 2022.

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.

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 items affecting comparability associated with the transformation programme are estimated to be around €25 million.

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 aim 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, Uponor's 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 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 material used	1,000 tonnes	139.6	162.2
Water consumption	1,000 m ³	148.3	148.0
Total GHG emissions (Scope 1)	1,000 tonnes CO ₂ e	7.4	7.3
Biogenic Scope 1 emissions	1,000 tonnes CO ₂ e	2.26	2.65
Total GHG emissions (Scope 2)	1,000 tonnes CO ₂ e	1.3	8.5
Scope 2 emissions (location-based)	1,000 tonnes CO ₂ e	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.

EU taxonomy eligibility

Figures are based on Uponor's current understanding and interpretation of the Taxonomy regulation, and subject to any changes in official reporting and interpretation guidance from the European Commission. A full EU Taxonomy alignment disclosure will be presented in Uponor's Sustainability Review 2022.

	Total amount, M€	Eligible activities	Non-eligible activities
Net sales, eligible	1,386.2	21%	79%
Operational expenses, eligible	47.3	17%	83%
Capital expenditure, eligible	50.5	35%	65%

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 (€ 8.5 million) and Uponor Suomi Oy (€ 5.0 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 > 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

75% 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.

Guidance 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%.

Vantaa, 15 February 2023

Uponor Corporation
 Board of Directors

Group key financial figures

	2022	2021	2020	2019	2018		2022	2021	2020	2019	2018
Consolidated income statement (continuing operations), M€						Other key figures					
Net sales	1,386.2	1,313.2	1,136.0	1,103.1	1,196.3	Operating profit (continuing operations), %	9.8	11.7	11.6	8.3	8.9
Operating expenses	1,197.8	1,110.8	952.1	961.3	1,063.6	Comparable operating profit (continuing operations), %	11.1	12.2	12.6	8.4	8.3
Depreciation and impairments	54.5	49.1	52.7	51.8	42.4	Profit before taxes (continuing operations), %	9.7	10.6	10.7	6.9	7.8
Other operating income	1.5	0.9	1.0	1.3	16.4	Return on Equity (ROE), %	19.1	22.9	24.3	15.3	18.0
Operating profit	135.5	154.1	132.3	91.3	106.7	Return on Investment (ROI), %	22.2	24.7	21.8	14.4	17.2
Comparable operating profit	153.7	160.5	142.7	92.7	99.3	Solvency, %	55.2	50.2	48.7	44.6	45.1
Financial income and expenses	-1.0	-7.9	-6.3	-11.6	-8.5	Gearing, %	9.1	4.3	3.6	37.6	39.4
Profit before taxes	134.9	139.8	121.8	75.6	93.5	Net interest-bearing liabilities, M€	48.5	20.9	15.1	139.1	139.2
Profit for the period	97.5	103.4	96.1	55.3	63.2	- % of net sales	3.5	1.6	1.3	12.6	11.6
Consolidated balance sheet, M€						Change in net sales, %					
Non-current assets	342.7	335.5	305.2	327.7	310.6	Exports from Finland, M€	65.9	54.2	41.4	48.7	54.2
Goodwill	95.4	95.9	85.8	83.6	83.5	Net sales of foreign subsidiaries, M€	1,228.7	1,165.9	996.3	965.1	1,049.4
Inventories	220.3	174.4	128.7	144.4	147.9	Total net sales of foreign operations, M€	1,246.1	1,182.8	1,009.7	980.2	1,064.7
Cash and cash equivalents	65.5	98.1	138.0	76.1	38.1	Share of foreign operations, %	89.9	90.1	88.9	88.9	89.0
Accounts receivable and other receivables	244.5	263.3	210.7	201.4	206.5	Personnel at 31 December	4,055	4,234	3,658	3,708	3,928
Equity attributable to the owners of the parent company	460.7	414.6	356.8	311.6	297.6	Average no. of personnel	4,214	3,871	3,708	3,801	4,074
Non-controlling interest	73.9	68.7	65.1	58.8	56.0	Employee benefits total, M€	297.2	278.8	257.8	247.5	259.6
Provisions	51.9	43.2	37.1	30.0	30.2	Investments (continuing operations), M€	50.5	45.5	30.2	26.1	54.0
Non-current interest-bearing liabilities	103.2	106.7	124.1	203.4	175.6	- % of net sales	3.6	3.5	2.7	2.4	4.5
Current interest-bearing liabilities	10.8	12.3	29.0	11.8	1.7						
Non-interest-bearing liabilities	268.1	321.6	256.4	217.7	225.5						
Balance sheet total	969.8	967.2	868.4	833.2	786.6						

Items affecting comparability and reconciliations to IFRS

M€	2022	2021	2020	2019	2018
Items affecting comparability					
- restructuring and associated charges	-15,8	-6,4	-10,4	-1,4	-8,2
- capital gains and losses on sale of non-current assets	-	-	-	-	15,7
- other items	-2,4	-	-	-	-
- total items affecting comparability in operating profit	-18,2	-6,4	-10,4	-1,4	7,4
Items affecting comparability, total	-18,2	-6,4	-10,4	-1,4	7,4
Comparable gross profit					
- Gross profit	503.9	484.7	429.4	381.9	400.8
- Less: Items affecting comparability in gross profit	-1.3	-0.2	-0.9	-0.1	-
Comparable gross profit	505.3	484.8	430.2	382.0	400.8
% of sales	36.5	36.9	37.9	34.6	33.5
Comparable operating profit					
- Operating profit	135.5	154.1	132.3	91.3	106.7
- Less: Items affecting comparability in operating profit	-18.2	-6.4	-10.4	-1.4	7.4
Comparable operating profit	153.7	160.5	142.7	92.7	99.3
% of sales	11.1	12.2	12.6	8.4	8.3

Share-specific key figures

	2022	2021	2020	2019	2018
Share capital, M€	146.4	146.4	146.4	146.4	146.4
Number of shares at 31 December, in thousands	73,207	73,207	73,207	73,207	73,207
Number of shares outstanding, in thousands					
- at end of year	72,676	72,573	73,022	72,987	72,962
- average	72,654	73,021	73,016	72,983	73,123
Total equity attributable to the owners of the parent company, M€	460.7	414.6	356.8	311.6	297.6
Share trading, M€	333.2	459.2	361.2	266.7	499.0
Share trading, in thousands	20,549	20,981	28,795	26,537	40,763
- of average number of shares, %	28.3	28.7	39.4	36.4	55.7
Market value of share capital, M€	1,216.0	1,533.0	1,329.4	852.9	631.0
Earnings per share (diluted), €	1.21	1.33	1.21	0.72	0.72
Equity per share, €	6.34	5.71	5.68	4.89	4.27
Dividend, M€	50.1 ¹⁾	48.6	41.6	38.7	37.2
Dividend per share, €	0.69 ¹⁾	0.67	0.57	0.53	0.51
Effective share yield, %	4.2	3.2	3.1	4.5	5.9
Dividend per earnings, %	57.0	50.4	47.1	73.6	70.8
P/E ratio	13.7	15.7	15.0	16.2	12.0
Issue-adjusted share prices, €					
- highest	21.74	28.88	18.60	12.37	17.62
- lowest	12.29	16.86	6.73	8.52	8.13
- average	16.25	21.89	12.55	10.05	12.24

The definitions of key ratios are shown on page 60.

Notes to the table:

¹⁾ Proposal of the Board of Directors

The average number of shares is adjusted with treasury shares.

Definitions of key ratios

$$\text{Return on Equity (ROE), \%} = \frac{\text{Profit before taxes} - \text{taxes}}{\text{Total equity, average}} \times 100$$

$$\text{Return on Investment (ROI), \%} = \frac{\text{Profit before taxes} + \text{interest and other financing costs}}{\text{Balance sheet total} - \text{non-interest-bearing liabilities, average}} \times 100$$

$$\text{Solvency, \%} = \frac{\text{Total equity}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$$

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

$$\text{Net interest-bearing liabilities} = \text{Interest-bearing liabilities} - \text{cash, bank receivables and financial assets excluding restricted cash}$$

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

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

$$\text{Dividend per share ratio} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield} = \frac{\text{Dividend per share}}{\text{Share price at the end of financial period}} \times 100$$

$$\text{Price - Earnings ratio (P/E)} = \frac{\text{Share price at the end of financial period}}{\text{Earnings per share}}$$

$$\text{Market value of shares} = \text{Number of shares at the end of financial period} \times \text{last trading price}$$

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

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

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

$$\text{Comparable gross profit} = \text{Gross profit} - \text{items affecting comparability}^*$$

$$\text{Comparable gross profit margin} = \frac{\text{Gross profit} - \text{items affecting comparability}^*}{\text{Net sales}} \times 100$$

$$\text{Comparable operating profit} = \text{Operating profit} - \text{items affecting comparability}^*$$

$$\text{Comparable operating profit margin} = \frac{\text{Operating profit} - \text{items affecting comparability}^*}{\text{Net sales}} \times 100$$

^{*)} Items affecting comparability are exceptional transactions that are not related to normal business operations. The most common items affecting comparability are capital gains and losses, inefficiencies in production related to plant closures, additional write-downs, or reversals of write-downs, expenses due to accidents and disasters, provisions for planned restructurings, environmental matters, penalties, and changes in legislation and legal proceedings. The Group's management exercises its discretion when taking decisions regarding the classification of items affecting comparability.

Shares and shareholders

The volume of Uponor shares traded on the NASDAQ OMX Helsinki Exchange in 2022 totalled 20,548,710, valued at €333.2 million. The share closed at € 16.61 and the market capitalisation came to €1,216.0 million. The year-end number of shareholders totalled 21,544. Foreign ownership in the company accounted for 28.8 (29.4) per cent.

Major shareholders on 31 December 2022

Shareholder	No. of shares	% of shares	% of votes
Oras Invest Ltd	18,635,361	25.5	25.6
Investment Fund Nordea Nordic Small Cap	2,794,538	3.8	3.8
Ilmarinen Mutual Pension Insurance Company	2,460,000	3.4	3.4
Varma Mutual Pension Insurance Company	2,327,072	3.2	3.2
Mandatum Life Insurance Company Limited	1,240,199	1.7	1.7
Sigrid Jusélius Foundation	888,286	1.2	1.2
Paasikivi Pekka	853,900	1.2	1.2
Elo Mutual Pension Insurance Company	752,000	1.0	1.0
The State Pension Fund	655,000	0.9	0.9
Evli Finland Select Fund	590,000	0.8	0.8
Paasikivi Jukka	588,173	0.8	0.8
Paasikivi Pertti	558,888	0.8	0.8
Others	40,332,577	55.1	55.5
Total	72,675,994	99.3	100.0
Own shares held by the company	530,950	0.7	-
Grand total	73,206,944	100.0	100.0

Nominee registered shares on 31 December 2022

Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	17,199,612	23.5	23.7
Citibank Europe Plc	2,669,396	3.6	3.7
Clearstream Banking S.A.	791,061	1.1	1.1
Others	300,577	0.4	0.4
Total	20,960,646	28.6	28.8

The maximum number of votes which may be cast at the Annual General Meeting is 72,675,994 (status on 31 December 2022).

At the end of the financial period the company held a total of 530,950 own shares corresponding to the same number of votes. These shares do not entitle to vote in the Annual General Meeting.

The Paasikivi family has shareholdings directly and through Oras Invest Ltd totalling 28.6 (27.8) per cent.

Shareholders by category on 31 December 2021

Category	No. of shares	% of shares
Private non-financial corporations	21,788,299	29.8
Public non-financial corporations	80	0.0
Financial and insurance corporations	8,576,188	11.7
General government	6,379,237	8.7
Non-profit institutions	2,519,698	3.4
Households	12,882,125	17.6
Foreign (including nominee registrations)	21,061,317	28.8
Other (joint account)	0	0.0
Total	73,206,944	100.0

Shareholders by size of holding on 31 December 2022

Shares per shareholder	No. of shares, total	% of share capital	No. of shareholders	% of shareholders
1-100	435,205	0.6	8,753	40.63
101-1,000	3,974,828	5.4	10,395	48.25
1,001-10,000	5,764,116	7.9	2,198	10.20
10,001-100,000	4,825,580	6.6	164	0.76
100,001-1,000,000	10,881,037	14.9	27	0.13
1,000,001-	47,326,178	64.6	7	0.03
Total	73,206,944	100.0	21,544	100.0

Share capital development 2018 - 2022

Date	Share capital, euro	Number of shares
2022 31 Dec	146,446,888	73,206,944
2021 31 Dec	146,446,888	73,206,944
2020 31 Dec	146,446,888	73,206,944
2019 31 Dec	146,446,888	73,206,944
2018 31 Dec	146,446,888	73,206,944

Consolidated financial statements (IFRS)

Consolidated statement of comprehensive income

M€	Note	2022	%	2021	%	M€	Note	2022	%	2021	%
Net sales	2	1,386.2	100.0	1,313.2	100.0	Other comprehensive income					
Cost of goods sold		882.3	63.6	828.5	63.1	Items that will not be reclassified subsequently to profit or loss:					
Gross profit		503.9	36.4	484.7	36.9	Re-measurements on defined benefit pensions, net of taxes		2.4		0.4	
Other operating income	4	1.5	0.1	0.9	0.1	Items that may be reclassified subsequently to profit or loss:					
Dispatching and warehousing expenses		38.3	2.8	31.9	2.4	Translation differences		-1.7		7.1	
Sales and marketing expenses		213.2	15.4	201.0	15.3	Cash flow hedges, net of taxes		4.3		2.6	
Administration expenses		83.3	6.0	77.3	5.9	Other comprehensive income for the period, net of taxes		5.0		10.1	
Other operating expenses	4	35.2	2.5	21.2	1.6	Total comprehensive income for the period		102.5		113.6	
Expenses		370.0	26.7	331.4	25.2	Profit for the period attributable to					
Operating profit	2	135.5	9.8	154.1	11.7	Equity holders of parent company		88.0		96.9	
Financial income	7	29.1	2.1	17.2	1.3	Non-controlling interest		9.5		6.5	
Financial expenses	7	30.0	2.2	25.1	1.9	Total comprehensive income for the period attributable to					
Share of result in associated companies and joint ventures		0.4	0.0	-6.4	-0.5	Equity holders of parent company		94.6		107.2	
Profit before taxes		134.9	9.7	139.8	10.6	Non-controlling interest		7.9		6.4	
Income taxes	8	37.4	2.7	36.4	2.8	Earnings per share, €	9	1.21		1.33	
Profit for the period		97.5	7.0	103.4	7.9	Diluted earnings per share, €		1.21		1.33	

Consolidated balance sheet

M€	Note	31 Dec 2022	%	31 Dec 2021	%
ASSETS					
Non-current assets					
Intangible assets					
Intangible rights		3.7		5.9	
Goodwill		95.4		95.9	
Customer relationship value		5.3		6.8	
Other intangible assets		4.5		2.0	
Investment in progress		2.3		2.6	
Total intangible assets	10	111.1	11.5	113.2	11.7
Property, plant and equipment					
Land and water areas		15.6		15.0	
Buildings and structures		103.4		101.8	
Machinery and equipment		123.3		124.3	
Other tangible assets		17.3		20.7	
Construction work in progress		45.1		33.6	
Total property, plant and equipment	11	304.7	31.4	295.5	30.5
Securities and long-term investments					
Investments in associated companies and joint ventures	13	0.5		0.4	
Other securities and non-current receivables	14	4.0		6.5	
Total securities and long-term investments		4.5	0.5	6.9	0.7
Deferred tax assets	19	17.8	1.8	15.9	1.6
Total non-current assets		438.1	45.2	431.4	44.6

M€	Note	31 Dec 2022	%	31 Dec 2021	%
Current assets					
Inventories					
	15	220.3	22.7	174.4	18.0
Current receivables					
Accounts receivable		176.7		206.8	
Current income tax receivables		11.3		5.7	
Accruals		1.5		1.5	
Other receivables		54.9		49.3	
Total current receivables	16	244.5	25.2	263.3	27.2
Cash and cash equivalents	17	65.5	6.8	98.1	10.1
Total current assets		530.3	54.7	535.8	55.4
Assets held for sale	3	1.5		-	
Total assets		969.8	100.0	967.2	100.0

M€	Note	31 Dec 2022	%	31 Dec 2021	%	M€	Note	31 Dec 2022	%	31 Dec 2021	%
EQUITY AND LIABILITIES						Current liabilities					
Equity attributable to the owners of the parent company	18					Interest bearing liabilities	22, 23	10.8		12.3	
Share capital		146.4		146.4		Accounts payable		93.7		117.7	
Share premium		50.2		50.2		Current income tax liability		14.5		15.1	
Other reserves		7.8		3.5		Provisions	21	21.0		17.7	
Translation reserve		-6.7		-6.6		Other current liabilities	24	137.7		160.7	
Retained earnings		274.0		233.2		Total current liabilities		277.7	28.6	323.5	33.4
Treasury shares		-11.0		-12.0		Total liabilities		434.0	44.8	483.9	50.0
Total equity attributable to the owners of the parent company		460.7	47.5	414.6	42.9	Liabilities related to assets held for sale	3	1.1		-	
Non-controlling interest	30	73.9		68.7		Total equity and liabilities		969.8	100.0	967.2	100.0
Total equity		534.7	55.1	483.4	50.0						
Liabilities											
Non-current liabilities											
Interest-bearing liabilities	22, 23	103.2		106.7							
Employee benefit obligations	20	14.8		19.6							
Provisions	21	30.9		25.5							
Deferred tax liabilities	19	7.4		8.5							
Total non-current liabilities		156.3	16.1	160.4	16.6						

Consolidated cash flow statement

M€	Note	2022	2021	M€	Note	2022	2021
Cash flow from operations				Cash flow from investments			
Net cash from operations				Cash flow from investments			
Profit for the period		97.5	103.4	Acquisition of subsidiaries and businesses	3	-	-20.5
Adjustments for:				Purchase of other shares		0.0	-0.8
Depreciation		54.5	49.1	Purchase of fixed assets		-50.5	-45.5
Dividend income		-0.1	-0.1	Proceeds from sale of other shares		0.0	2.5
Income taxes		37.4	36.4	Proceeds from sale of fixed assets		0.9	0.8
Interest income		-2.9	-0.1	Dividends received		0.5	0.5
Interest expense		3.4	4.4	Loans granted and repayments		0.1	-1.2
Sales gains/losses from the sale of businesses and fixed assets		0.1	-0.2	Cash flow from investments		-49.1	-64.2
Share of profit in associated companies and joint ventures		-0.4	6.4	Cash flow before financing		39.3	75.0
Other cash flow adjustments		3.7	-1.9	Cash flow from financing			
Net cash from operations		193.1	197.4	Borrowings of debt		0.3	71.0
Change in net working capital				Repayments of debt		-4.3	-103.0
Receivables		31.6	-42.6	Change in other short term debt		0.0	-15.0
Inventories		-49.8	-39.3	Dividends paid		-51.4	-44.4
Non-interest-bearing liabilities		-36.2	58.5	Purchase of own shares		-	-10.7
Change in net working capital		-54.5	-23.4	Payment of lease liabilities		-13.2	-13.4
				Cash flow from financing		-68.6	-115.4
Income taxes paid		-48.7	-32.5	Conversion differences for cash and cash equivalents		0.1	0.6
Interests paid		-2.8	-2.7	Change in cash and cash equivalents		-29.2	-39.8
Interests received		1.2	0.4	Cash and cash equivalents at 1 January		98.1	138.0
Cash flow from operations		88.4	139.2	Cash classified as assets held for sale	3	-3.4	-
				Cash and cash equivalents at 31 December		65.5	98.1
				Changes according to balance sheet	17	-29.2	-39.8

Consolidated statement of changes in shareholders' equity

ME	Share capital	Share premium	Other reserves	Unrestricted equity	Hedge reserve	Treasury shares	Translation reserve	Retained earnings	Equity attributable to the owners of the parent company	Non-controlling interest	Total equity
2022											
Balance at 1 January	146.4	50.2	1.4	0.1	2.0	-12.0	-6.6	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 paid								-48.7	-48.7	-2.7	-51.4
Share based incentive plan						1.0		-0.8	0.2		0.2
Acquisition of own shares									-		-
Balance at 31 December	146.4	50.2	1.4	0.1	6.3	-11.0	-6.7	274.0	460.7	73.9	534.7
2021											
Balance at 1 January	146.4	50.2	1.4	0.1	-0.6	-1.7	-13.9	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	10.1
Dividend paid								-41.7	-41.7	-2.7	-44.4
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 December	146.4	50.2	1.4	0.1	2.0	-12.0	-6.6	233.2	414.6	68.7	483.4

For further information see note 18.

Notes to the consolidated financial statements

1. Accounting principles

Company profile

Uponor is an international industrial group providing building and municipal infrastructure solutions. Uponor Group's segment structure consists of the following three reporting divisions: Building Solutions – Europe, Building Solutions – North America and Uponor Infra. Its division business risks, and profitability factors differ from each other with respect to the market and business environment as well as offering, services and customers. Group management, control and reporting structures are organised according to the business divisions.

Uponor Group's parent company is Uponor Corporation, domiciled in Helsinki in the Republic of Finland. Uponor Corporation is a public limited company, and its registered address is:

Uponor Corporation
P.O. Box 37 (street address: Äyritie 20)
FI-01511 Vantaa
Finland
Business ID: 0148731-6
Tel. +358 20 129 211

The Financial Statements will also be available on the company website at investors.uponor.com and can be ordered from Uponor Corporation at the above-mentioned address.

At its meeting of 15 February 2023, Uponor Corporation's Board of Directors approved the publication of these financial statements. According to the Finnish Limited Liability Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting to be held after their publication. Furthermore, the Annual General Meeting can decide on the modification of the financial statements.

Basis of preparation

Uponor Group's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and their SIC and IFRIC interpretations valid on 31 December 2022. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and their interpretations adopted in accordance with the procedures as set in regulation (EC) No

1606/2002 of the European Parliament and of the European Council. The consolidated financial statements also include additional information required by the Finnish Accounting Act and the Limited Liability Companies Act. The consolidated financial statements are presented in millions of euros (M€) and are based on the historical cost convention, unless otherwise specified in the accounting principles section below. All figures presented have been rounded and consequently, the sum of individual figures might differ from the presented total figure. The percentages reported have been calculated from the exact figures and not from the rounded figures published.

Use of estimates

The preparation of consolidated financial statements under IFRS requires the use of estimates and assumptions affecting the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements, as well as the reported amounts of income and expenses during the report period. Although these estimates are based on the management's best view of current events and actions, the actual results may ultimately differ from these estimates. In addition, judgement is required in the application of accounting policies.

Consolidation principles

The consolidated financial statements include the parent company, Uponor Corporation, and all companies in which the parent company holds more than half of the voting rights, either directly or through its subsidiaries. Subsidiaries include those companies in which Uponor Corporation has direct or indirect control of over 50 per cent of the voting rights or otherwise has power to govern the financial and operating policies, with the purpose of gaining financial benefit from their operations. Subsidiaries acquired or established during the year are included from the date the Group obtained control. Divested companies have been included up to their date of sale.

Intra-Group shareholdings are eliminated using the acquisition method. Accordingly, the assets and liabilities of an acquired company are measured at fair value on the date of acquisition. The excess of the acquisition cost over the fair value of the net assets has been recorded as goodwill. Based on the First-Time-Adoption of IFRS 1, any company acquisitions made prior to the IFRS transition date (1 January 2004) are not adjusted for IFRS, but book value according to Finnish Accounting Standards (FAS) is applied to goodwill amounts. Intra-Group transactions, receivables, liabilities, unrealised gains and dividends between Group companies are eliminated in the consolidated financial statements.

Associated companies are entities over which the Group has 20–50 per cent of the voting rights, or over which the Group otherwise exercises a major influence. Joint ventures are arrangements in which the Group has a joint control with another entity. Holdings in associated companies and joint ventures over which the Group does not have over 50 per cent

ownership of the voting rights or over which the Group does not exercise a major influence are included in the consolidated financial statements using the equity method. Accordingly, the share of post-acquisition profits and losses are recognised in the income statement to the extent of the Group's holding in the associated companies and joint ventures. When the Group's share of losses exceeds the carrying amount it is reduced to nil and any recognition of further losses ceases unless the Group has an obligation to fulfil the associated company's or joint ventures' obligations. Joint ventures over which the Group has over 50 per cent ownership of the voting rights or over which the Group otherwise exercises a major influence are included in the consolidated financial statements using the acquisition cost method.

Foreign currency translations and exchange rate differences

Each company translates its foreign currency transactions into its own functional currency, using the rate of exchange prevailing on the transaction date. Outstanding monetary receivables and payables in foreign currencies are stated using the exchange rates on the balance sheet date. Exchange rate gains and losses on actual business operations are treated as sales adjustment items or adjustment items to materials and services. Exchange rate gains and losses on financial transactions are entered as exchange rate differences in financial income and expenses.

In the consolidated financial statements, the income statements of the Group's foreign subsidiaries are converted into euros using the average exchange rates quoted for the reporting period. All balance sheet items are converted into euros using the exchange rates quoted on the reporting date. The resulting conversion difference and other conversion differences resulting from the conversion of subsidiaries' equity are shown as a separate item under equity. In addition, in the consolidated financial statements, exchange rate differences in the loans granted by the parent company to foreign subsidiaries in replacement of their equity are treated as translation differences. Realised translation differences in relation to the divestment of subsidiaries and the redemption of material shares in subsidiaries are recognised as income or expenses in the consolidated statement of comprehensive income.

Key exchange rates for the euro

	At end of period		Average	
	2022	2021	2022	2021
USD	1.0666	1.1326	1.0500	1.1816
SEK	11.1218	10.2503	10.6571	10.1562
CAD	1.4440	1.4393	1.3704	1.4804
DKK	7.4365	7.4364	7.4396	7.4368
PLN	4.6808	4.5969	4.6868	4.5720
NOK	10.5138	9.9888	10.1122	10.1639

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and assets related to discontinued operations are formed once the company decides to dispose a separate significant business unit, whose net assets, liabilities and financial results can be separated operationally and for financial reporting purposes.

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Classification as held for sale requires that the sale of asset is highly probable, and the asset (or disposal group) is available for immediate disposal in its present condition. Non-current assets held for sale are shown separately in the consolidated balance sheet.

Profit or loss from a discontinued operation and gains or losses on its disposal are shown separately in the consolidated statement of comprehensive income. Assets related to discontinued operations are assessed at book value or, if it is the lower of the two, at fair value. Depreciation from these assets has been discontinued upon the date of classifying assets as discontinued operations.

Revenue from contracts with customers

Uponor Group is in the business of providing systems and solutions for safe drinking water delivery, energy-efficient radiant heating and cooling, and reliable infrastructure. The revenue streams can be divided into two groups:

- Sale of goods
- Rendering of services including project business and water monitoring services.

Sale of goods

The sale of goods includes products such as pipes, chambers and water tanks. Each good provided to the customer is distinct from the other products provided to the customer and therefore, each good is considered as a separate performance obligation.

The Group recognises the revenue for the goods at a point in time. When determining the timing of revenue recognition, the Group analyses the delivery terms and customer acceptance clauses in order to define the exact timing of the control being transferred. Certain products have a right of return, but the Group has assessed that the returns are unlikely and therefore, they are considered immaterial. Regarding warranties provided, Uponor provides warranties for general repairs of defects that exist at the time of sale, as required by law. Therefore, Uponor provides assurance to the customer that the product is working in the manner intended. Uponor recognises these warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Rendering of services including project business and water monitoring services

The Group has project deliveries in which Uponor is committed to deliver a complete set of goods and services to the customer, which include e.g. planning and design, overall project management and integration services. When the product provided by Uponor includes both goods and services, the Group accounts for the goods and services in the contract as a single performance obligation. In case a licensing agreement is needed for the good to be fully operating, the good and the license are accounted for as separate performance obligations, as the customer can benefit from the goods without a license.

The Group recognises revenue for rendering of services over time as the Group has concluded to have an enforceable right to payment for performance completed to date.

The Group applies the input method to recognise revenue for contracts in the project business, which is used when the outcome of the project can be estimated reliably. The input method is defined as the proportion of the individual project

cost incurred to date from the total estimated project costs. The payment frequency is linked with the milestones of the project.

Additionally, Uponor has provided cloud-based water monitoring services relating to monitoring of water consumption, quality and leakages. The services include a device, an application for use of the device and accompanied services. These services are considered to be highly interdependent and are therefore treated as one performance obligation. The Group recognises revenue for the water monitoring services over time. Equipment and installation costs relating to the contracts are accounted for as contract costs and thus periodised on a straight-line basis over the contract period.

In both revenue streams, Uponor is acting as principal in all the customer contracts as the Group provides the goods and services itself to a customer and controls the specified goods and services before they are transferred to a customer. Revenue is recognised when goods are transferred or services are performed, i.e. when a performance obligation is satisfied and control of the good or service underlying the particular performance obligations is transferred to the customer.

Contract balances

Contract assets and trade receivables. Uponor records a trade receivable when Uponor's right to payment is unconditional (i.e. only the passage of time is required before payment of the consideration is due). For trade receivables, please refer to Note 26.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. Uponor recognises a contract asset for the earned consideration that is conditional in case services are rendered or goods are provided before receiving the payment from the customer e.g. in project business or before delivery of goods has been invoiced. Contract assets are subject to impairment assessment. Refer to accounting policies of financial assets.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which Uponor has received consideration from the customer. The contract liability is recognised when the payment is received or when the payment is due (whichever is earlier). Contract liabilities are recorded as revenue when Uponor performs under the contract. Contract liabilities may arise within the project business and within the water monitoring services.

Research and development

Research costs are expensed as incurred and are included in the consolidated statement of comprehensive income in other operating expenses. Development costs are expensed as incurred, unless the criteria for capitalising these costs as assets are met. Product development costs are capitalised as intangible assets and are depreciated during the useful life of the asset, if future economic benefits are expected to flow to the entity and certain other criteria, such as the product's technical feasibility and commercial usability, are confirmed. The Group does not have any capitalised development costs.

Pension plans

The Group's pension schemes comply with each country's local rules and regulations. Pensions are based on actuarial calculations or actual payments to insurance companies. The Group applies defined contribution and defined benefit pension plans.

Within the defined contribution plan, pension contributions are paid directly to insurance companies and, once the contributions have been paid, the Group has no further payment obligations. These contributions are recognised in the income statement for the accounting period during which such contributions are made.

For defined benefit pension plans, the liability is the present value of the defined benefit obligation on the balance sheet date less the fair value of plan assets. The pension obligation is defined using the projected unit credit method. The discount rate applied to calculating the present value of post-employment benefit obligations is determined by the market yields of long-term corporate bonds or government bonds. Costs resulting from the defined benefit pension plans are recognised as expenses for the remaining average period of employment.

Current service cost (benefit expense) and net interest cost on defined benefit obligation (net liability) are recognised in the income statement and presented under employee benefit costs. Re-measurement items on defined benefit plan obligations and plan assets, including actuarial gains and losses and return on plan assets (excluding interest income), are immediately recognised through other comprehensive income and such balances are permanently excluded from the consolidated income statement. Actuarial valuations for Uponor's defined benefit pension plans are performed annually.

Operating profit

Operating profit is an income statement item, which is calculated by deducting expenses related to operating activities from net sales and other operating income.

Borrowing costs

Borrowing costs are recognised in the income statement as they incur. Direct transaction expenses due to loans, clearly linked to a specific loan, are included in the loan's original cost on an accrual basis and recognised as other financial expenses using the effective interest method. Interest costs on borrowings to finance the construction of assets are capitalised as part of the cost during the period required to prepare and complete the property for its intended use.

Income taxes

Income taxes in the consolidated statement of comprehensive income comprise taxes based on taxable income recognised for the period by each Group company on an accrual basis, according to local tax regulations, including tax adjustments from the previous periods and changes in deferred tax. Deferred tax assets or liabilities are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using the tax rate approved on the balance sheet date. Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available, against which temporary differences can be utilised.

Intangible assets

Goodwill

Goodwill represents future economic benefits arising from assets that are not capable of being individually identified and separately recognised by the Group. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired company on the date of acquisition. Goodwill is allocated to the business divisions that are expected to benefit from the business combination in which the goodwill arose. Goodwill is not amortised, but is tested for impairment annually. Gains and losses on the disposal of a Group entity include any goodwill relating to the entity sold.

Other intangible assets

Other intangible assets include trademarks, patents, copyrights, software licences, technology and customer relations. Intangible assets are recognised in the balance sheet at historical costs less accumulated depreciation, according to the expected useful life and any impairment losses.

Property, plant and equipment

Group companies' property, plant and equipment are stated at historical cost less accumulated depreciation, according to the expected useful life and any impairment losses. Interest costs on borrowings to finance the construction of these assets are capitalised as part of the cost during the period required to prepare and complete the property for its intended use. Assets acquired through the acquisition of a new subsidiary are stated at the fair value on the date of the acquisition.

Ordinary repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the asset's carrying amount when it is probable that the Group will incur future economic benefits in excess of the originally assessed standard of performance of the existing asset.

Gains or losses on the disposal, divestment or removal from use of property, plant and equipment are based on the difference between the net gains and the balance sheet value. Gains are shown within other operating income and losses under other operating expenses.

Depreciations

Group companies' intangible assets and property, plant and equipment are stated at historical cost less accumulated straight-line depreciation, according to their expected useful life and any impairment losses. Land is not depreciated, as it is deemed to have an indefinite life, but depreciation is otherwise based on estimated useful lives as follows:

	Years
Buildings	20–40
Production machinery and equipment	8–12
Other machinery and equipment	3–15
Office and outlet furniture and fittings	5–10
Transport equipment	5–7
Intangible assets	3–10

The residual value and useful life of assets are reviewed on each balance sheet date and, if necessary, adjusted to reflect any changes in expectations of financial value. The asset is written down to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Government grants

Government grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Any grants received for the acquisition of intangible or tangible assets are deducted from the asset's acquisition cost and recorded on the income statement to reduce the asset's depreciation. Other grants are recognised as income for the periods during which the related expenses are incurred. Such grants are shown as deductions from expenses related to the target of the grant.

Impairment

The balance sheet values of assets are assessed for impairment annually or whenever there is an indication that an asset may be impaired. Should any indication of an impaired asset exist, the asset's recoverable amount will be assessed. The asset's recoverable amount is its net selling price less any selling expenses, or its value in use, whichever is higher. The value in use is determined by reference to the discounted future net cash flow expected from the asset. Discount rates correspond to the cash generating unit's average return on investment before taxes. Impairment is measured at the level of cash generating units, which is the lowest level that is primarily independent of other units and whose cash flows can be distinguished from other cash flows.

Whenever the asset's carrying amount exceeds its recoverable amount, it is impaired and the resulting impairment loss is recognised in the income statement. An impairment of property, plant and equipment and other intangible assets, excluding goodwill, will be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Impairment is not reversed over the balance sheet value that existed before the recognition of impairment losses in the previous financial periods. Any impairment loss on goodwill is not reversed.

Goodwill is assessed for impairment at least annually, or if any indication of impairment exists, more often.

Leases

Uponor's leased assets comprise mainly of properties (offices and warehouses including land areas), cars and forklifts.

At contract inception, Uponor determines whether the contract is, or contains, a lease. A contract is determined as a lease contract if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Uponor recognises a right-of-use asset and a lease liability corresponding to the present value of the future lease payments in the consolidated statement of financial position at the commencement date of the lease.

Lease liabilities

At the commencement date of the lease, Uponor recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments, inclusive of in-substance fixed payments, less any lease incentives receivable and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. Uponor does not have significant contracts including variable lease payments. The lease contracts may also contain payments of penalties for terminating the leases. Uponor includes the termination penalty in the lease payments if it has determined that there is a reasonable certainty of terminating the lease. Neither VAT nor other indirect taxes are not included in the carrying amount of the leasing liability.

The lease term is defined as the period when the lease is non-cancellable. In assessing the lease term, Uponor has estimated the expected termination date. In estimating the termination date, Uponor considers e.g. the expenditure related to the termination of the lease and the importance of the underlying asset to its operations. Uponor has entered into lease agreements valid until further notice relating mainly to real estate leases. Regarding lease contracts that include extension and termination options, Uponor exercises significant judgement whether these extension and termination options are reasonably certain to be exercised.

Uponor calculates the present value of the lease payments using the interest rate implicit in the lease if this is readily available. For contracts where the interest rate implicit in the lease is not readily available, the incremental borrowing rate is used. The incremental borrowing rate reflects the rate at which Uponor could borrow an amount similar to the value of the right-of-use asset, in the same currency, over the same term, and with similar collateral. Uponor has determined the incremental borrowing rates taking into consideration the financial environment of the contract, the maturity of the lease agreements and the different economic environments. Based on these factors, Uponor uses an interest rate matrix to determine the appropriate discount rate for different lease contracts where the interest rate implicit in the lease is not readily available.

Right-of-use assets

Uponor recognises right-of-use assets at the commencement date of the lease, which is the date when the underlying asset is available for use. The right-of-use assets are measured at cost, which comprises the amount of lease liability and the lease payments made at or before the commencement of the lease including any direct costs incurred less any lease incentives received. The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Buildings	3–10 years
Land and water	3–45 years
Machinery and equipment	3–15 years
Other tangible assets	3–10 years

Right-of-use assets are subject to impairment testing.

Short-term leases and leases of low-value assets

Uponor applies the short-term lease recognition exemption to its short-term leases and low value assets. In determining whether a contract is a short-term lease contract Uponor takes into account reasonable certainty of exercising extension and termination options similarly as for other leases. If a lease contains a purchase option, Uponor does not consider it to be a short-term lease. In determining whether a lease contains a low-value asset, Uponor considers the value of the underlying asset when new and not in its current age and condition. Lease payments relating to short-term leases and leases of low value are recognised as an expense on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost or net realisable value, based on the FIFO principle. The net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and sale. In addition to the cost of materials and direct labour, an appropriate proportion of production overheads is included in the inventory value of finished products and work in progress.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation or if the settlement of an obligation will cause a legal loss and a reliable estimate of the amount of obligation can be made. Provisions can include e.g. environmental provisions, warranty provisions, restructuring costs and onerous contracts. Changes in provisions due to the passage of time and changes in provisions are included in relevant expenses on the consolidated statement of comprehensive income. The amount of provisions is reviewed on every balance sheet date and the amounts are revised to correspond to the best estimate at that moment.

Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity. Such present obligation that probably does not require a settlement of a payment obligation or the amount of which cannot be reliably measured is also considered to be a contingent liability. Contingent liabilities are disclosed in the notes to the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at bank and other short-term, highly liquid investments, whose maturity does not exceed three months. Cash and cash equivalents are carried in the balance sheet at cost. The bank account credit limit in use is recognised under current interest-bearing liabilities.

Financial assets

Financial assets are classified as follows: amortized cost, fair value through profit and loss and fair value through other comprehensive income. Assets are classified as current assets, except for maturities over 12 months after balance sheet date, which are classified as non-current assets. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Sales and purchase of financial assets are recognised at their trading date.

Amortized cost assets consist of holdings in non-listed companies and investments, non-derivative assets with fixed or determinable payment dates that are not quoted in the active markets or held for trading purposes. Loan and other receivables are measured at amortised cost. Accounts receivable are carried at expected fair value, which is the original invoice amount less the provision made for impairment of these receivables. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, the probable bankruptcy of the

debtor or default in payments are considered as probable indicators of the impairment of accounts receivable. Impairment of a loan receivable is assessed with the same criteria as an impairment of accounts receivable.

Fair value through profit and loss include financial assets held for trading and measured at fair value. Derivative instruments, for which hedge accounting is not applied, are included in financial assets at fair value through profit and loss. Interest and currency derivatives, for which no hedge accounting is applied, are recognised in the balance sheet at historical cost and valued at fair value on each balance sheet date. Fair value is determined using market prices on the balance sheet date, or the present value of estimated future cash flows. Changes in the fair value of financial assets at fair value through profit and loss, and unrealised and realised gains and losses, are included in financial income and expenses in the period in which they occur. Fair value through profit and loss are presented under the other current assets in the balance sheet.

Fair value through other comprehensive income assets include derivative instruments, for which hedge accounting is applied. Fair value through other comprehensive assets are measured at fair value based on market prices on the balance sheet date, or using the net present value method of cash flows, or another revaluation model. Changes in the fair value of other comprehensive income assets are recognised in the hedge reserve under shareholders' equity, taking tax consequences into account. Changes in the fair value will be re-entered from shareholders' equity into the consolidated statement of comprehensive income when the asset is disposed of or has lost its value to the extent that an impairment loss must be recognised.

Financial liabilities

Financial liabilities are classified as follows: amortised cost, fair value through profit and loss and fair value through other comprehensive income. Financial liabilities are included in non-current liabilities, except for items with maturities less than 12 months after the balance sheet date, which are included in current liabilities. A financial liability is derecognized when the related obligation is discharged, cancelled or expires.

Amortised cost financial liabilities include non-current and current interest-bearing liabilities, accounts payable and other liabilities. Interest-bearing liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Transaction costs are included in the original book value of financial liabilities.

Fair value through profit and loss financial liabilities includes those derivatives for which hedge accounting is not applied and whose fair value is negative.

Fair value through other comprehensive income financial liabilities include derivative instruments, for which hedge accounting is applied and whose fair value is negative.

Derivative contracts and hedge accounting

Financial derivatives are used for hedging purposes and are initially recognised in the balance sheet at fair value and are subsequently re-measured at fair value on each reporting period's balance sheet date. At the contract date derivatives are classified as either cash flow hedges or hedges that hedge accounting is not applied to. For derivatives that hedge accounting is not applied to the changes in fair value are recognised under financial items in the consolidated statement of comprehensive income. The fair values of derivatives are determined on the basis of publicly quoted market prices.

Cash flow hedging is applied to electricity derivatives and interest rate derivatives. Hedge programmes are documented according to the requirements of IFRS 9.

Fair value changes of derivatives, which are designated as cash flow hedges, are recognised in other comprehensive income in the hedge reserve to the extent that the hedge is effective. Accumulated fair value changes in other comprehensive income are released into the consolidated statement of comprehensive income in the period during which the hedged cash flow affects the result, while electricity derivatives are recognised under cost of goods sold and interest rate derivatives under financial items.

The ineffective portion of the fair value change of cash flow hedges is recognised under cost of goods sold for electricity derivatives and under financial items for interest rate derivatives.

Share-based payments – management incentive scheme

Uponor's share-based incentive plans include a net settlement feature, share-based payments are settled net in shares after withholding taxes, and thus are accounted for as equity-settled plans. The fair value of share-based incentives have been determined at grant date and is expensed until vesting. The entire share incentive, including the cash-for-taxes portion is recognised in equity. Also the value of the cash portion is based on the grant date value to the extent not granted and expensed.

Treasury shares

Treasury shares are presented in the financial statements as a reduction in shareholders' equity. Treasury shares are taken into account in calculating key figures and ratios according to IAS 33.

Dividends

Dividends proposed by the Board of Directors are not recognised in the financial statements until their proposal is approved by the shareholders in the Annual General Meeting.

Accounting policies requiring consideration by management and essential uncertainty factors associated with estimates

Estimates and assumptions regarding the future must be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting principles requires consideration.

Group management needs to make decisions regarding the selection and application of accounting principles. These judgements are in particular required in those cases in which the IFRS in force provide the opportunity to choose between various accounting, valuation or presentation methods.

The estimates made in connection with preparing the financial statements reflect the management's best view at the time of the closing of the accounts. These estimates are affected by historical experience and assumptions regarding future developments, which are regarded as well-founded at the time of closing the accounts. On a regular basis, the Group monitors the realisation of these estimates and assumptions through internal and external information sources. Any changes in estimates and assumptions are recognised in the financial statements for the period during which such corrections are made, and all subsequent financial periods.

Estimates have been used in determining the size of items reported in the financial statements, including, among other things, possibility to realise certain asset items, such as deferred tax assets and other receivables, the economic useful life of property, plant and equipment, provisions, pension liabilities and impairment on goodwill.

From the Group's perspective, the most significant uncertainty factors are related to impairment testing on goodwill, provisions and the defined benefit-based pension obligations. The application of the related accounting policies requires the use of estimates and assumptions that also have a large impact. Uncertainty factors in connection with impairment testing on goodwill relate to the assumptions made on future cash flows and determining the discount rate. The Group's weighted average capital cost rate (WACC) determined by reporting division is used as the discount rate in impairment tests. The book value of the defined benefit-based pension obligation is based on actuarial calculations, which in turn are based on the assumptions and estimates of a discount rate used for assessing plan assets and obligations at their current value, the expected rate of return on plan assets and developments in inflation, salary and wage levels.

Significant management's judgement relating to IFRS 15 Revenue from Contracts with customers has been applied in the following areas:

- Timing of revenue recognition (sale of goods and rendering of services)
- Right of return (sale of goods)
- Identifying performance obligations in project business
- Assessing the right to payment for performance completed date in project business

Relating to the timing of revenue recognition, the exact timing of the control transfer is analysed contract by contract taking into account the delivery terms, customer acceptance clauses and customer's ability to benefit from the goods delivered.

Significant judgement relating to lease contracts relates to determining the lease term. IFRS 16 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. Uponor has analysed the expected lease term and thereby assessed whether it is reasonably certain that any options to extend or terminate the agreements will be exercised for the lease contracts. Uponor has lease agreements with either a fixed lease term or which are valid until further notice. Uponor evaluates the lease term on a case by case basis. For lease agreements valid until further notice, Uponor has determined the lease term using the expected termination date based on its best estimate.

Uponor considers any significant leasehold improvements undertaken over the term, costs relating to the termination of the lease, such as negotiation costs, relocation costs, costs of identifying another underlying asset suitable for the lessee's needs, costs of integrating a new asset into the lessee's operations, or termination penalties and similar costs, including costs associated with returning the underlying asset in a contractually specified condition or to a contractually specified location. Additionally, the importance of the underlying asset to the lessee's operations is considered, for example, whether the underlying asset is a specialised asset, the location of the underlying asset and the availability of suitable alternatives. Uponor will revise the lease term if there is a change in the non-cancellable period of a lease.

New and amended IFRS standards and interpretations that are effective for the year 2022

The following new or revised IFRS standards have been adopted from 1 January 2022 in these consolidated financial statements

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for financial years beginning on or after 1 January 2022). When an onerous contract is accounted for based on the costs of fulfilling the contract, the amendments clarify that these costs comprise both the incremental costs and an allocation of other direct costs.

Annual Improvements to IFRS Standards 2018–2020 (effective for financial years beginning on or after 1 January 2022). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments clarify the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter later than its parent. A subsidiary may elect to measure cumulative translation differences at amounts included in the consolidated financial statements of the parent.
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities: This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- IFRS 16 Leases – Lease incentives – Example 13. The amendment removes the illustration of payments from the lessor relating to leasehold improvements. The example was not clear as to why such payments are not a lease incentive.

Property, Plant and Equipment – Proceeds before Intended Use – Amendments to IAS 16 Property, Plant and Equipment (effective for financial years beginning on or after 1 January 2022). Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items.

Reference to the Conceptual Framework – Amendments to IFRS 3 Business Combinations (effective for financial years beginning on or after 1 January 2022). The amendments update a reference in IFRS 3 and made further reference related amendments.

Adoption of the changes listed above did not have a material impact on the financial statements of the Group.

New and revised IFRS standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS standards that have been issued but are not yet effective. The Group does not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Group in future periods, except as noted below:

IFRS 17 Insurance Contracts, including Amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for financial years beginning on or after 1 January 2023, early application permitted for companies that also apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers). The new standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. This standard

replaces IFRS 4 standard. The amendments to IFRS 17 alleviate mismatches in comparative information arising from the different transition requirements of IFRS 9 and IFRS 17. The amendments also allow the comparative information about financial assets to be presented in a manner that is more consistent with the requirements in IFRS 9 Financial Instruments.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements* (effective for financial years beginning on or after 1 January 2023, early application is permitted). The amendments are to promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective for financial years beginning on or after 1 January 2023, early application is permitted). The amendments clarify the application of materiality to disclosure of accounting policies.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* (effective for financial years beginning on or after 1 January 2023, early application is permitted). The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes (effective for financial years beginning on or after 1 January 2023, early application is permitted). The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases* (effective for financial years beginning on or after 1 January 2024, early application is permitted). The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements* (effective for financial years beginning on or after 1 January 2024, early application is permitted). The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures* (available for optional adoption, effective date deferred indefinitely). The amendments address the conflict between the existing guidance on consolidation and equity accounting and require the full gain to be recognised when the assets transferred meet the definition of a 'business' under IFRS 3 Business Combinations.

= not yet endorsed for use by the European Union as of 31 December 2022

2. Segment information

Uponor's segment structure is based on business and geographical divisions in accordance with the organisational structure. The reporting divisions are Building Solutions – Europe, Building Solutions – North America and Uponor Infra. The business risks and profitability factors differ from each other with respect to the market and business environments, product offering, services and customers. The Group's management, control and reporting structures are organised by business division. The reported divisions are specified as operating divisions, which have not been combined.

Building Solutions – Europe is in charge of the European markets and sales to such non-European countries in which Uponor does not have its own operations.

Building Solutions – North America is responsible for business operations in the U.S and Canada. Building solutions in Uponor mainly refers to indoor climate and plumbing solutions for residential and non-residential buildings. A major part of the building solutions customers are heating, ventilation and air conditioning (HVAC) professionals, such as installers and building companies.

Uponor Infra specialises in municipal infrastructure pipe systems business in Northern Europe and it has also business in Central Europe. Its products and services, such as sewer and storm water systems and wastewater treatment systems and project services are sold to municipalities, utilities and pipeline construction and renovation customers.

The 'Others' division includes Group functions.

Financial target setting and monitoring mainly focus on figures for division sales, operating profit, operative costs and net working capital. Group resources are managed, for instance, by allocating investments to attractive businesses and balancing human resources and competencies to match the requirements of business processes.

Division reporting is based on the Group accounting principles. All transactions between divisions are market-based and internal sales and margins are eliminated from consolidated figures.

The division revenue equals to the net sales and the division result equals to the operating profit presented in the condensed consolidated income statement. The income statement consists of continuing operations by division, while balance sheet items match the Group structure on the closing dates.

Division assets include items directly attributable to a division and items, which can be allocated on a reasonable basis. These are mainly non-interest-bearing items such as intangible assets, property, plant and equipment, inventories, accruals, accounts receivables and other receivables.

2022 M€	Building Solutions – Europe	Building Solutions – North America	Uponor Infra	Others	Eliminations	Uponor Group	2021 M€	Building Solutions – Europe	Building Solutions – North America	Uponor Infra	Others	Eliminations	Uponor Group
Net sales, external	596.2	479.8	310.2	-	-	1,386.2	Net sales, external	562.7	467.5	283.0	-	-	1,313.2
Net sales, internal	3.0	-	2.6	-	-5.6	-	Net sales, internal	1.5	-	3.8	-	-5.3	-
Net sales, total	599.2	479.8	312.8	-	-5.6	1,386.2	Net sales, total	564.2	467.5	286.8	-	-5.3	1,313.2
Operating profit	44.0	77.5	23.1	-8.2	-0.9	135.5	Operating profit	65.9	84.5	16.2	-9.5	-3.0	154.1
Operating profit, %	7.3	16.2	7.4			9.8	Operating profit, %	11.7	18.1	5.6			11.7
Financial income						29.1	Financial income						17.2
Financial expenses						30.0	Financial expenses						25.1
Share of result in associated companies and joint ventures						0.4	Share of result in associated companies and joint ventures						-6.4
Income taxes						37.4	Income taxes						36.4
Profit for the period						97.5	Profit for the period						103.4
Assets	514.5	355.0	205.1	390.2	-494.9	969.8	Assets	490.8	321.4	219.5	384.6	-449.1	967.2
Liabilities							Liabilities						
Total liabilities for reportable segments	384.3	234.0	54.1	279.6	-517.9	434.0	Total liabilities for reportable segments	379.6	242.2	76.9	258.6	-473.5	483.9
Equity						534.7	Equity						483.4
Total shareholders' equity and liabilities						969.8	Total shareholders' equity and liabilities						967.2
Investments	13.4	25.7	8.3	3.1	0.0	50.5	Investments	16.1	18.6	8.9	2.4	-0.5	45.5
Depreciation and impairment	22.7	19.5	10.7	1.6	0.0	54.5	Depreciation and impairment	19.1	18.1	10.5	1.4	0.0	49.1
Personnel, average	2,192	1,036	850	136	-	4,214	Personnel, average	1,900	999	845	126	-	3,871

Disaggregated revenue information

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€	2022			2021		
	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers						
Building Solutions - Europe	588.8	7.4	596.2	556.8	5.9	562.7
Building Solutions - North America	479.8	0.0	479.8	467.5	0.0	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 revenue	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
Total revenue	1,357.8	28.3	1,386.2	1,289.8	23.4	1,313.2

Sale of goods

The sale of goods include products such as pipes, chambers and water tanks. Each good provided to the customer is distinct from the other products provided to the customer and therefore, each good is considered as a separate performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Rendering of services including project business

Typically, the promised goods and services in the contract are not distinct from each other and therefore, in most of the cases the Group accounts for the goods and services as a single performance obligation. The Group has concluded that the rendered services including project business are satisfied over time given that the Group's performance does not create an asset with an alternative use to the Group. The Group has an enforceable right to payment for performance completed to date or the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Entity-wide information

M€	2022	2021
Information about product and services		
External net sales		
Building Solutions	1,072.8	1,025.6
Infrastructure Solutions	313.4	287.6
Uponor Group	1,386.2	1,313.2
Information about geographical areas		
External net sales		
United States	420.4	406.2
Germany	148.8	144.9
Sweden	145.5	125.4
Finland	140.8	130.7
Canada	62.2	62.5
Netherlands	60.1	56.9
Denmark	59.7	60.0
Poland	51.2	41.2
Spain	38.0	38.6
Norway	32.7	37.9
Others	226.8	209.0
Uponor Group	1,386.2	1,313.2
Non-current assets		
United States	142.8	124.3
Sweden	51.9	54.8
Finland	51.8	48.5
Germany	43.3	47.9
Poland	19.3	19.2
Others	15.9	25.0
Uponor Group	324.9	319.6

External net sales are presented in accordance with the geographical location of the customers. Non-current assets are presented in accordance with the geographical location of the assets. Non-current assets do not include goodwill and deferred tax asset.

3. Business acquisitions and disposals

Acquisitions 2022

No acquisitions were done in 2022.

Acquisitions 2021

On 29 October 2021, Uponor announced that the company had completed the acquisition of all outstanding shares in Capricorn S.A. from its owners. Capricorn is a Polish manufacturer of components for heating and sanitary installations. In 2020, its net sales were close to EUR 25 million and it employs approximately 400 people in Świebodzice, in the South West Poland. This acquisition aims at broadening Uponor's portfolio as Capricorn's portfolio complements well existing radiant heating and cooling product range, and their location offers a strategic extension to manufacturing footprint in Eastern Europe. The new company is included in the division Building Solutions – Europe.

The consideration paid of €21.2 million represents the entire determined fair value of the company. The estimate was done by applying an income approach and a market approach. The goodwill of €10.0 million arising from the acquisition consists largely of attainable synergies, such as those involving international growth, product portfolio, and cross selling.

Acquisition related costs amounted to €1.0 million, of which €0.8 were included in administration expenses and €0.2 in other operative expenses in the consolidated statement of comprehensive income for the reporting period ended 31 December 2021.

Capricorn S.A. was included in the consolidated statement of comprehensive income as of 1 November 2021, contributed a total of €3.7 million in net sales and –€0.4 million in profit for the period.

M€	2021
Recognised amounts of identifiable net assets acquired and liabilities assumed	
Property, plant and equipment	11.8
Intangible assets	6.9
Inventories	3.9
Accounts receivable and other receivables	5.4
Cash and cash equivalents	0.8
Total assets	28.8
Non-current interest-bearing liabilities	8.5
Deferred tax liability	1.3
Current interest-bearing liabilities	1.9
Accounts payable and other current liabilities	5.9
Total liabilities	17.5
Net assets	11.2

M€	2021
Consideration	21.2
Acquired net assets	-11.2
Goodwill	10.0

M€	2021
Cash flow effect	
Acquisition cost	21.2
Received in cash and cash equivalents	-0.8
Cash flow effect	20.4

Disposals 2022 and 2021

No divestments were done in 2022 or 2021.

Assets held for sale

In 2022, Uponor reclassified its Russian operations as assets held for sale and made a 11.2 million write down of net assets related to the operations. The sale process is still in progress.

M€	2022	2021
Assets held for sale		
Non-current assets	3.4	-
Inventories	4.6	-
Current receivables	1.3	-
Cash and cash equivalents	3.4	-
Write-down of net assets	-11.2	-
Total assets	1.5	-

M€	2022	2021
Liabilities related to assets held for sale		
Non-current liabilities	0.1	-
Current liabilities	1.1	-
Total liabilities	1.1	-

4. Other operating income and expenses

Revenue from activities outside normal operations is reported in other income. This includes items such as capital gains on disposal of other non-current assets and rental income.

M€	2022	2021
Other operating income		
Gains from sales of fixed assets	0.1	0.5
Other items	1.4	0.4
Total	1.5	0.9
Other operating expenses		
Research and development expenses	23.2	20.7
Losses from sales of fixed assets	0.2	0.3
Other items	11.8	0.3
Total	35.2	21.2
Auditor fees		
Audit firm KPMG		
Statutory audit services	0.9	0.8
Other services	0.0	0.0
Total	0.9	0.8

In 2022 a write-down of 11.2 M€ related to the sale of Uponor's Russian operations was included in Other items.

KPMG Oy Ab provided non-audit services for a total of 12 thousand euros (20) in 2022.

5. Employee benefits

M€	2022	2021
Short-term employee benefits:		
- Salaries and bonuses	235.5	219.6
- Other social costs	44.0	39.5
Post-employment benefits:		
- Pension expenses - defined contribution plans	12.9	13.3
- Pension expenses - defined benefit plans	0.2	0.2
Termination benefit expenses	1.3	2.0
Share based payments		
- Cash settled share-based payment expenses	1.3	0.3
- Equity settled share-based payment expenses	1.9	4.0
Total	297.2	278.8
Personnel at 31 December	4,055	4,234
Personnel, average	4,214	3,871

In 2022 and 2021, termination benefit expenses mainly consist of expenses related to operational excellence programme and management compensation. Information on the management's employee benefits is presented in note 31 Related party transactions.

6. Depreciation and impairment

M€	2022	2021
Depreciation and impairment by asset category		
Intangible rights	2.8	2.0
Other intangible assets	2.4	0.9
Land and water areas	0.2	0.2
Buildings and structures	12.5	11.5
Machinery and equipment	28.4	25.8
Other tangible assets	8.3	8.9
Total	54.5	49.1
Depreciation and impairment by function		
Cost of goods sold	35.1	32.9
Dispatching and warehousing	5.7	5.0
Sales and marketing	6.9	6.2
Administration	5.0	3.9
Other	1.7	1.0
Total	54.5	49.1

Depreciation also includes depreciation of right-of-use assets in the amount of €13.7 (12.8) million.

In 2022, impairments of €0.7 (0.0) million were made related to tangible and intangible assets. By function, these are included in Other.

7. Financial income and expenses and currency exchange differences

M€	2022	2021
Financial income		
Dividend income from other shares and holdings	0.1	0.1
Interest income from loans and other receivables	1.2	0.1
Profit from financial assets and liabilities designated at fair value through profit and loss		
- interest derivatives, not under hedge accounting	1.8	-
Exchange differences	26.0	16.7
Other financial income	0.0	0.2
Total	29.1	17.2
Financial expenses		
Interest expense for financial liabilities measured at amortised cost	3.0	2.7
Interest expense from interest rate swaps	0.4	0.5
Loss from financial assets and liabilities designated at fair value through profit and loss		
- net foreign currency derivatives, not under hedge accounting	8.1	10.0
Exchange differences	17.7	9.9
Other financial costs	0.9	2.1
Total	30.0	25.1

In 2022, exchange rate gains and losses included in operating income and expenses total a €1.9 million gain (€0.6 million).

Interest expenses include the interest part of lease payments of €1.4 (1.1) million.

8. Income taxes

M€	2022	2021
Current year and previous years taxes		
For the financial period	41.0	40.1
For previous financial periods	1.5	-0.8
Change in deferred taxes	-5.1	-3.0
Total	37.4	36.4
Tax reconciliation		
Profit before taxes	134.9	139.8
Computed tax at Finnish statutory rate (20%)	27.0	28.0
Difference between Finnish and foreign rates	6.3	6.0
Non-deductible expenses	3.7	1.5
Tax exempt income	-0.8	-0.2
Utilisation of previously unrecognised tax losses	-0.3	-0.6
Unrecognised deferred tax assets on losses	1.2	2.1
Change in tax legislation	0.0	-0.1
Taxes from previous years	1.5	-0.8
Other items	-1.3	0.5
Total	37.4	36.4
Effective tax rate, %	27.7	26.0

Effective tax rate in 2022 was 27.7% (26.0). The increase in effective tax rate compared to last year was mainly due to one-time impacts related to a write-down of the Russian operations' net assets.

During 2022 and 2021 there were no significant changes in national tax legislation having impact on Group's deferred taxes.

Taxes relating to other comprehensive income

M€	Before taxes	Tax effect	Net of taxes
2022			
Cash flow hedges	5.4	-1.1	4.3
Re-measurements on defined benefit pensions	3.2	-0.8	2.4
Translation differences	-1.7	0.0	-1.7
Total	6.9	-1.9	5.0
2021			
Cash flow hedges	3.2	-0.5	2.6
Re-measurements on defined benefit pensions	0.5	-0.1	0.4
Translation differences	7.1	0.0	7.1
Total	10.8	-0.6	10.1

9. Earnings per share

	2022	2021
Profit for the period, M€	97.5	103.4
Profit for the period attributable to equity holders of parent company, M€	88.0	96.9
Shares, in thousands		
Weighted average number of shares *)	72,654	73,021
Diluted weighted average number of shares	72,654	73,021
Basic earnings per share, €	1.21	1.33
Diluted earnings per share, €	1.21	1.33

*) Weighted average number of shares does not include treasury shares.

10. Intangible assets

2022 M€	Intangible rights	Customer relationship value	Technology	Goodwill	Other intangible assets	Investment in progress	Intangible assets
Acquisition costs 1 Jan	35.4	19.1	2.0	96.7	44.0	2.6	199.7
Reclassified as held for sale	0.0	0.0	0.0	0.0	-	-	0.0
Translation difference	-0.6	-0.1	0.0	-0.6	0.0	0.0	-1.3
Increases	0.4	-	0.0	-	1.1	2.1	3.7
Decreases	-0.4	-	0.0	-	0.0	-0.1	-0.5
Transfers between items	0.1	-	0.0	-	2.2	-2.3	0.0
Acquisition costs 31 Dec	34.9	19.0	2.0	96.1	47.3	2.3	201.6
Accumulated depreciations and impairments 1 Jan	29.4	12.3	1.5	0.7	42.6	-	86.5
Reclassified as held for sale	0.0	0.0	0.0	0.0	0.0	-	0.0
Translation difference	-0.6	0.0	0.0	-	0.0	-	-0.6
Acc. depreciation on disposals and transfers	-0.4	-	-	-	0.0	-	-0.4
Depreciation for the financial period	2.8	1.4	0.1	-	0.6	-	4.8
Impairments	0.0	-	-	-	0.1	-	0.1
Accumulated depreciations and impairments 31 Dec	31.2	13.7	1.6	0.7	43.3	-	90.5
Book value 31 December	3.7	5.3	0.4	95.4	4.1	2.3	111.1

2021 M€	Intangible rights	Customer relationship value	Technology	Goodwill	Other intangible assets	Investment in progress	Intangible assets
Acquisition costs 1 Jan	33.7	12.9	1.5	86.5	44.4	0.8	179.9
Business combinations	0.7	6.2	0.5	10.0	-	-	17.3
Translation difference	-0.2	-	-	0.2	0.0	0.0	0.0
Increases	1.2	-	0.0	-	-	2.0	3.1
Decreases	-0.4	-	0.0	-	-0.4	-0.1	-0.9
Transfers between items	0.4	-	0.0	-	0.0	-0.1	0.3
Acquisition costs 31 Dec	35.4	19.1	2.0	96.7	44.1	2.6	199.7
Accumulated depreciations and impairments 1 Jan	27.5	11.9	1.4	0.7	42.4	-	83.9
Business combinations	0.5	0.0	0.0	0.0	0.0	-	0.5
Translation difference	-0.2	-	-	-	0.0	-	-0.2
Acc. depreciation on disposals and transfers	-0.3	-	-	-	-0.2	-	-0.5
Depreciation for the financial period	2.0	0.4	0.1	-	0.4	-	2.8
Accumulated depreciations and impairments 31 Dec	29.4	12.3	1.5	0.7	42.6	-	86.5
Book value 31 December	5.9	6.8	0.5	95.9	1.5	2.6	113.2

The 2022 and 2021 increases in intangible assets mainly included investments in IT software development. In 2022 the Russian operations were reclassified as held for sale. In 2021, business combinations include acquisition of Capricorn S.A..

According to the IFRS 3 standard, goodwill is not depreciated but is tested at least annually for any impairment. The recoverable amount of cash generating units are determined based on value in use calculation, which uses cash flow projections. If a unit's recoverable amount does not exceed the carrying amount, impairment is booked. Goodwill has been allocated between the divisions as follows: Building Solutions – Europe €83.7 (84.3) million and Uponor Infra €11.8 (11.8) million. In 2021, the changes relate mainly to the acquisition of Capricorn S.A..

Impairment tests are carried out for each separate cash-generating unit. Cash flow forecasts related to goodwill cover a period of 5 years. Terminal value is calculated from the fifth year's cash flow. Cash flow forecasts are based on the strategic plans approved by the management. Key assumptions of the plans relate to growth and profitability development of the markets and the product and service offerings. A cash-generating unit's useful life has been assumed to be indefinite, since these units have been estimated to impact on the accrual of cash flows for an undetermined period. The discount rate used is based on the interest rate level reflecting the average yield requirement for the cash generating unit in question. The discount rate used was 7.8 (7.2) per cent for Building Solutions – Europe and 7.5 (6.2) per cent for Uponor Infra. The 2022 goodwill impairment tests indicated that there was no need to make impairments.

A sensitivity analysis is performed for the following variables: sales, gross profit margin and discount rate. A 4.1 per cent sales reduction compared to the forecasted long-term levels would not expose the Group to any material impairment risk. A decrease of 1.8 percentage points in gross profit margin would not cause any impairment, provided that other business factors remained unchanged. A discount rate increase of 3.8 percentage points would not lead to any impairment, either. Presented sensitivities relate to the division Uponor Infra, as its goodwill is more sensitive to the risk of impairment. It is the opinion of management that the changes in the basic assumptions in the theoretical scenarios mentioned above should not be interpreted as evidence that they are likely to occur.

Goodwill sensitivity analysis	Building Solutions – Europe		Uponor Infra	
	2022	2021	2022	2021
Book value of goodwill 31.12, M€	83.7	84.3	11.8	11.8
Assumed average sales growth, %	8.9	4.6	2.6	3.0
Discount rate used, %	7.8	7.2	7.5	6.2
Discount rate sensitivity adjustment factor, %	+5.7	+10.2	+3.8	+9.2
Sales sensitivity adjustment factor, %	-9.2	-15.6	-4.1	-11.1
Gross profit margin sensitivity factor, %	-5.0	-8.5	-1.8	-4.9

The Group does not have any capitalised development costs.

11. Property, plant and equipment

2022 M€	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	Property, plant and equipment
Acquisition costs 1 Jan	18.5	200.9	469.8	90.1	33.6	812.9
Reclassified as held for sale	-0.1	-3.6	-1.9	-1.3	0.0	-6.9
Translation difference	0.2	2.5	2.8	0.5	0.4	6.4
Increases	0.1	13.7	17.9	5.2	23.9	60.7
Decreases	0.0	-3.8	-3.2	-6.4	0.0	-13.4
Transfers between items	0.6	2.2	9.4	0.7	-12.9	0.0
Acquisition costs 31 Dec	19.2	211.8	494.9	88.8	45.1	859.8
Accumulated depreciations and impairments 1 Jan	3.5	99.1	345.5	69.3	-	517.4
Reclassified as held for sale	-	-0.9	-1.4	-1.2	-	-3.5
Translation difference	0.0	0.3	1.7	0.5	-	2.5
Acc. depreciation on disposals and transfers	0.0	-2.6	-2.6	-5.5	-	-10.7
Depreciation for the financial period	0.2	12.2	28.3	8.2	-	48.9
Impairments	-	0.2	0.1	0.1	-	0.4
Accumulated depreciations and impairments 31 Dec	3.6	108.4	371.6	71.5	-	555.0
Book value 31 December	15.6	103.4	123.3	17.3	45.1	304.7

2021 M€	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	Property, plant and equipment
Acquisition costs 1 Jan	18.0	186.8	423.6	83.5	21.8	733.8
Business combinations	0.4	4.3	15.3	0.5	1.5	21.9
Translation difference	0.4	5.5	10.0	1.8	0.4	18.0
Increases	0.6	15.9	13.2	6.8	24.1	60.4
Decreases	-0.7	-13.1	-2.5	-4.7	0.0	-21.0
Transfers between items	-0.2	1.6	10.2	2.2	-14.2	-0.3
Acquisition costs 31 Dec	18.5	200.9	469.8	90.1	33.6	812.8
Accumulated depreciations and impairments 1 Jan	3.4	96.8	306.8	62.1	-	469.0
Business combinations	0.1	0.9	8.8	0.4	-	10.1
Translation difference	0.0	1.7	7.1	1.6	-	10.4
Acc. depreciation on disposals and transfers	0.0	-11.9	-2.2	-4.4	-	-18.5
Depreciation for the financial period	0.2	11.5	25.8	8.9	-	46.3
Transfers between items	-0.1	0.1	-0.8	0.8	-	0.0
Accumulated depreciations and impairments 31 Dec	3.5	99.1	345.5	69.3	-	517.3
Book value 31 December	15.0	101.8	124.3	20.7	33.6	295.5

In 2022 investments in property, plant and equipment were mainly related to capacity expansions mainly in the U.S. as well as efficiency improvements and maintenance in the manufacturing facilities globally, same as in 2021

In 2022 the Russian operations were reclassified as assets held for sale. In 2021, business combinations include acquisition of Capricorn S.A.

Property, plant and equipment include right-of-use assets, as follows:

2022 M€	Land and water areas	Buildings and structures	Others	Right-of-use assets total
Acquisition costs 1 Jan	2.6	44.2	30.2	77.0
Reclassified as held for sale	-	-0.2	-0.6	-0.8
Translation difference	-	-0.1	-0.3	-0.4
Increases	0.1	9.7	4.8	14.6
Decreases	-	-3.7	-5.3	-9.0
Transfers between items	-	-	0.0	0.0
Acquisition costs 31 Dec	2.7	49.8	28.9	81.4
Accumulated depreciations and impairments 1 Jan	0.3	18.0	14.8	33.2
Reclassified as held for sale	0.0	-0.1	-0.5	-0.7
Translation difference	-	-0.1	-0.2	-0.3
Acc. depreciation on disposals and transfers	0.0	-2.6	-4.7	-7.2
Depreciation for the financial period	0.1	7.1	6.5	13.7
Transfers between items	-	0.0	-	0.0
Impairments	-	0.2	-	0.2
Accumulated depreciations and impairments 31 Dec	0.4	22.5	16.0	39.0
Book value 31 December	2.2	27.3	12.9	42.4

2021 M€	Land and water areas	Buildings and structures	Others	Right-of-use assets total
Acquisition costs 1 Jan	3.2	44.6	18.4	66.2
Business combinations	-	-	9.6	9.6
Translation difference	-	1.1	0.2	1.3
Increases	0.1	11.4	5.8	17.3
Decreases	-0.7	-13.0	-3.8	-17.5
Transfers between items	0.0	0.1	0.0	0.1
Acquisition costs 31 Dec	2.6	44.2	30.2	77.0
Accumulated depreciations and impairments 1 Jan	0.2	22.4	8.2	30.8
Business combinations	0.0	0.0	4.3	4.3
Translation difference	-	0.4	0.1	0.5
Acc. depreciation on disposals and transfers	0.0	-11.8	-3.5	-15.3
Depreciation for the financial period	0.1	7.0	5.8	12.8
Transfers between items	-	0.1	0.0	0.1
Impairments	-	0.0	0.0	0.0
Accumulated depreciations and impairments 31 Dec	0.3	18.0	14.8	33.2
Book value 31 December	2.3	26.2	15.3	43.8

12. Financial assets and liabilities by measurement category

M€	Note	IFRS7 Fair value hierarchy level	2022	2021
Non-current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	27	1	1.6	0.6
Amortised cost				
Other non-current receivables	14		0.8	4.3
Other shares and holdings	14		1.6	1.5
Current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	27	1	6.3	2.2
Fair value through profit or loss				
Other derivative contracts	27	2	5.9	1.3
Amortised cost				
Accounts receivable and other receivables	16		219.5	252.7
Cash and cash equivalents	17		65.5	98.1
Financial assets total			301.2	360.7
Non-current financial liabilities				
Amortised cost				
Interest-bearing liabilities	22, 23		103.2	106.7
Current financial liabilities				
Fair value through other comprehensive income				
Other derivative contracts	27	2	-	0.5
Fair value through profit or loss				
Other derivative contracts	27	2	2.2	1.5
Amortised cost				
Interest-bearing liabilities	22, 23		10.8	12.3
Accounts payable and other liabilities	24		147.3	177.6
Financial liabilities total			263.4	298.6

The carrying value of financial assets and liabilities is considered to correspond to their fair value. Group's financial instruments are classified according to IFRS 7 fair value hierarchies.

Uponor applies hierarchy as follows:

The fair value of electricity derivatives are measured based on stock exchange prices (Hierarchy 1).

The fair value of foreign exchange derivatives and interest rate derivatives are measured based on price information from common markets and commonly used valuation methods (Hierarchy 2).

13. Investment in joint ventures and associated companies

M€	2022	2021
Acquisition costs 1 Jan	0.4	9.4
Share of result in associated companies	0.4	-6.4
Decreases	0.0	-2.5
Dividends received	-0.4	-0.4
Translation difference	-	0.3
Book value 31 Dec	0.5	0.4

In 2021, Uponor announced that the company and Belkin International, Inc. have signed a share purchase agreement for the sale of Uponor's shares in Phyn, a water sensing and conservation technology company, to Belkin. Phyn was founded in 2016 as a joint venture between Uponor and Belkin, with both owning 50% of the company. As a joint-venture company, Phyn was consolidated into Uponor's financial accounts using the equity method until the sale.

Summarised financial information in respect of the joint ventures

M€	2022	2021
Phyn		
Net sales	-	1.0
Profit for the period	-	-5.4
Total comprehensive income for the period	-	-5.4

The Group has three associated companies: Punitec GmbH, Punitec Verwaltungs GmbH and Wuppi A/S. From its 2022 result, Punitec GmbH paid a dividend of €0.4 (0.4) million to Uponor.

14. Other securities and non-current receivables

M€	2022	2021
Other shares and holdings	1.6	1.5
Non-current interest bearing receivables	0.4	0.4
Derivative contracts	1.6	0.6
Other non-current receivables	0.4	3.9
Total	4.0	6.5

In 2021, other non-current receivables included €3.5 million in funds recorded as receivables related to the court approved class action settlements in the USA in 2015. In 2022 the funds were classified as current receivables.

15. Inventories

M€	2022	2021
Raw materials and consumables	44.1	37.1
Semifinished products	34.5	27.2
Finished products / goods	141.7	110.2
Total	220.3	174.4

Based on the FIFO principle, inventories are valued at the lower of cost or net realisable value. During the year, inventories were scrapped or written down by €15.1 (14.1) million.

16. Current receivables

M€	2022	2021
Accounts receivable	176.7	206.8
Contract assets	1.2	2.2
Current income tax receivables	11.3	5.7
Prepayments and accrued income	1.5	1.5
Derivative contracts	12.2	3.5
Other receivable	41.5	43.6
Total	244.5	263.3

According to the Group's assessment, the carrying value of non-interest-bearing current receivables, except for commodity contracts receivable, is considered to correspond with their fair value.

Accounts receivable are non-interest-bearing and the payment terms vary based on market areas and conditions.

Contract assets are recognised for revenue earned from rendering of services including project business.

Aging of accounts receivable is presented in note 26 Financial risk management.

17. Cash and cash equivalents

M€	2022	2021
Cash and bank deposits	62.5	89.1
Other short-term investments (1-3 months)	3.0	9.0
Total	65.5	98.1

18. Shareholders' equity

During 2022, Uponor Corporation's share capital remained unchanged at 146,446,888 euros and the number of shares totalled 73,206,944. Each share entitles its holder to one vote at the shareholders' meeting. The share does not have any nominal value. Additionally, it does not have any minimum or maximum share capital other than stipulated by Finnish Limited Liability Companies Act. All shares issued have been paid in full.

(1,000)	2022	2021
Number of shares outstanding, 1 Jan	72,573	73,022
Share based incentive plan	93	46
Board remuneration	10	5
Acquisition of own shares	-	-500
Number of shares outstanding, 31 Dec	72,676	72,573

At the beginning of 2022 the company held of 634,206 treasury shares with a value of €12.0 million. During the period, 93,054 of the company's own shares were transferred to the management as part of the long-term incentive scheme for the years 2019-2021 and 10,202 treasury shares were used for board remuneration. At the end of 2022, company held a total of 530,950 treasury shares with a value of €11.0 million. The treasury shares have been reacquired during the periods 26 Oct. - 2 Nov. 2018 and 1 - 24 Nov 2021. The justification for the buy-back was the use of shares as consideration in connection with the share-based incentive schemes. Treasury shares are presented as a reduction in retained earnings and do not have any asset value in the financial statements.

Reserve for invested unrestricted equity includes investments complying with the Limited Liability Companies Act. Hedge reserve is used for recording the changes in fair value of derivative contracts under hedge accounting.

At present, other reserves include statutory legal reserves.

19. Deferred taxes

M€	2022	2021
Deferred tax assets		
Internal profit in inventory	0.6	0.4
Provisions	8.5	6.3
Unused tax losses	0.6	0.7
Intangible assets	7.3	8.3
Employee benefits	1.2	2.4
Derivative contracts at fair value	0.3	0.2
Other temporary differences	13.3	10.1
Total deferred tax assets	31.9	28.2
Offset against deferred tax liabilities	-14.2	-12.4
Net deferred tax assets	17.8	15.9
Deferred tax liabilities		
Accumulated depreciation difference and untaxed reserve	15.8	15.5
Derivative contracts at fair value	2.1	0.7
Other temporary differences	3.7	4.7
Total deferred tax liabilities	21.6	20.9
Offset against deferred tax assets	-14.2	-12.4
Net deferred tax liabilities	7.4	8.5
Deferred tax assets		
1 Jan	15.9	16.2
Recognised on income statement	2.7	-1.1
Recognised in comprehensive income	-0.8	-0.1
Recorded in equity	0.1	-0.2
Translation difference	0.0	0.1
Bought / sold business operations	-0.1	0.9
31 Dec	17.8	15.9

M€	2022	2021
Deferred tax liabilities		
1 Jan	8.5	9.7
Recognised on income statement	-2.4	-4.0
Recognised in comprehensive income	1.0	0.5
Recorded in equity	0.3	-0.2
Translation difference	-0.1	0.2
Bought / sold business operations	0.0	2.2
31 Dec	7.4	8.5

The Group has recognised a deferred tax asset for its net operating loss carry-forwards, which can probably be utilised against future profits in the relevant tax jurisdictions. On 31 December 2022, the Group carried forward losses of €1.7 (2.5) million, for which the Group has a recognised deferred tax asset. In 2022, there is a €22.8 (17.3) million of loss carry-forwards for which no deferred tax asset has been recognised due to the uncertainty of the utilisation of these loss carry-forwards. No significant losses expire in 2023, the unused tax losses to expire over the upcoming five years total €0.0 million.

The Group recognises deferred taxes on the undistributed earnings of non-Finnish subsidiaries, in case repatriation would cause tax expenses. The Group recognises the deferred tax only to the extent that such earnings are not intended to be permanently reinvested in those operations.

20. Employee benefit obligations

The Group has a number of pension plans covering its operations, complying with each country's local rules and regulations. Moreover, the Group applies defined contribution and defined benefit pension plans. Pensions are based on actuarial calculations or actual payments to insurance companies. Independent authorised actuaries have prepared the actuarial calculations. The discount rate for actuarial calculations is determined by the reference to market yields of high-quality corporate bonds or government bonds. Used discount rates are country specific. Pension benefits are normally based on the number of working years and salary. Most defined benefit plans are located in Germany and Sweden, constituting around 98% of the defined benefit pension liability in the Group's balance sheet. Defined benefit plans in Germany and Sweden are unfunded and relate to pensions. These plans are closed for new entrants. Currently pensions are accrued according to defined contribution plans.

M€	2022	2021
Post-employment benefit obligations:		
- Defined benefit plans	13.5	18.1
Other long-term employee benefit liability	1.3	1.5
Total	14.8	19.6

Defined benefit obligations

M€	2022	2021
Reconciliation of assets and liabilities recognised in the balance sheet		
Defined benefit obligation	13.5	18.1
Net liability in the balance sheet	13.5	18.1
Expenses recognised in the income statement		
Current service costs	0.0	0.1
Net interest costs	0.2	0.2
Total	0.2	0.2
Expenses recognised in the income statement by function		
Cost of goods sold	0.1	0.1
Dispatching and warehousing	0.0	0.0
Sales and marketing	0.1	0.1
Administration	0.0	0.0
Total	0.2	0.2

M€	2022	2021
Movements in obligation		
Obligation at 1 Jan	18.1	19.5
Service cost	0.0	0.1
Interest expense	0.1	0.1
Remeasurements	-3.2	-0.5
Conversion difference	-0.5	-0.2
Benefit payments	-1.0	-0.9
Obligation at 31 Dec	13.5	18.1

M€	2022	2021
Movements in fair value of plan assets		
Fair value of plan assets at 1 Jan	-	-
Contributions by employer	1.0	0.9
Benefit payments	-1.0	-0.9
Fair value of plan assets at 31 Dec	-	-

Defined benefit obligation and fair value of plan assets by countries

M€	Germany		Sweden		Other countries	
	2022	2021	2022	2021	2022	2021
Defined benefit obligation	8.5	11.0	4.8	6.8	0.2	0.3
Net liability (asset)	8.5	11.0	4.8	6.8	0.2	0.3

Principal actuarial assumptions

	Germany		Sweden		Other countries	
	2022	2021	2022	2021	2022	2021
Discount rate, %	4.0	1.0	4.0	1.6	4.0	1.0
Expected rate of salary increase, %	3.5	3.0	n/a	n/a	n/a	n/a
Expected rate of pension increase, %	2.0	1.7	2.0	1.8	n/a	n/a

Sensitivity analysis of discount rate	Effect on amount of liability
Increase of 0.5%	Decrease of 6% on average
Decrease of 0.5%	Increase of 7% on average

The Group expects to contribute €1.0 million to its defined benefit pension plans in 2023.

21. Provisions

M€ 2022	Guarantee and warranty obligations	Environmental obligations	Restructuring	Other provisions	Total
Provisions at 1 Jan	29.3	2.0	1.8	10.1	43.2
Translation difference	1.2	-	-	0.0	1.3
Additional provisions	21.7	-	0.6	5.9	28.3
Utilised provisions	-15.7	-	-1.8	-1.5	-18.9
Unused amounts reversed	0.0	-	0.0	-2.0	-2.0
Provisions at 31 Dec	36.6	2.0	0.6	12.6	51.9
Current provisions	8.1	0.2	0.6	12.1	21.0
Non-current provisions	28.5	1.9	-	0.5	30.9
Total	36.6	2.0	0.6	12.6	51.9

Warranty provisions amounted to €36.6 (29.3) million at the end of the period. Warranty provisions are based on the previous years' experience of defective goods. The aim is to be prepared for future warranty expenses. Warranty periods vary from country to country, depending on local legislation and commercial practices.

In autumn 2021, certain product-related lawsuits with class allegations were filed against Uponor in two states in North America. 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 if the classes will be certified and what impact, if any, the lawsuits will have on Uponor. Uponor mitigates its product liability-related risks through local and centralised insurance programmes at Group level.

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 (€8.5 million) and Uponor Suomi Oy (€5.0 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.

At period end, the environmental provision relating to the divested Finnish real estate business in 2004 was €2.0 (2.0) million.

22. Interest-bearing liabilities

M€	2022	2021
Non-current interest-bearing liabilities		
Loans from financial institutions	70.9	74.8
Lease liabilities	32.3	32.0
Total	103.2	106.7
Current interest-bearing liabilities		
Loans from financial institutions	0.1	0.2
Lease liabilities	10.7	12.1
Total	10.8	12.3

A reconciliation between the opening and closing balances of liabilities arising from financing activities

M€	2022	2021
Interest-bearing liabilities at 1 Jan	119.0	153.0
Increases in lease liabilities	14.6	17.3
Decreases in lease liabilities	-1.8	-2.2
Cash flows	-17.3	-60.3
Acquisitions / divestments	-0.4	10.3
Translation difference	-0.2	0.9
Interest-bearing liabilities at 31 Dec	114.0	119.0

Maturity of non-current interest-bearing liabilities

M€	2024	2025	2026	2027	2028–
Loans from financial institutions	0.4	0.0	70.0	0.0	0.4
Lease agreements	7.7	4.6	3.3	2.8	14.0
Total	8.0	4.6	73.4	2.8	14.4

The weighted average interest rates of interest-bearing liabilities, % p.a.

M€	2022	2021
Loans from financial institutions	1.57	0.98

At the end of 2022 Uponor had two bilateral long-term loans of €40.0 million and €30.0 million, both of which will mature in January 2026.

At the end of the year, the Group had no issued outstanding commercial papers.

23. Lease liabilities

The carrying amounts of lease liabilities, movements during the period, as well as maturity analysis of lease liabilities are presented in note 22 Interest-bearing liabilities. The contractual maturity is presented in note 26 Financial risk management. The right-of-use assets are included in the balance sheet under property, plant and equipment. The carrying amounts of right-of-use assets recognised and the movements during the period are presented in note 11 Property, plant and equipment.

Relating to the lease contracts, the following are the amounts recognised in profit or loss:

M€	2022	2021
Depreciation expenses	13.7	12.8
Interest expenses	1.4	1.1
Expenses relating to short-term leases	0.3	0.2
Expenses relating to low-value assets	0.3	0.5
Expenses relating to other components of lease expenses not included in the measurement of the lease liability	2.2	1.9

The majority of the expenditure related to lease payments is presented in the cash flow from financing activities. In 2022, Uponor had total cash outflows for leases of €14.6 (€14.4) million, which included €1.4 (1.1) million in interest expenses. The future cash flows relating to lease contracts signed, but with starting date on 1 January 2023 or later and are thus not included in the lease liabilities and the right-of-use assets as of 31 December 2022, amount to €7.5 million.

24. Current liabilities

M€	2022	2021
Accounts payable	93.7	117.7
Current income tax liability	14.5	15.1
Accrued liabilities	80.6	94.6
Advances received	0.0	0.3
Contract liabilities	0.9	3.8
Derivative contracts	2.2	2.0
Other current liabilities	53.9	60.0
Total	245.9	293.5

Contract liabilities are recognised for revenue earned from rendering of services including project business, all projects are realised within one year.

M€	2022	2021
Accrued liabilities		
Personnel expenses	29.8	38.1
Bonuses	30.3	37.8
Interest	0.5	0.3
Others	20.1	18.4
Total	80.6	94.6

25. Commitments, contingent assets and liabilities

M€	2022	2021
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
Total	13.8	21.4

Contingent liabilities are presented in accordance with the best estimate of the amount of liability.

Uponor is involved in several judicial proceedings, in various countries. At the moment, The Group believes that the outcome of these disputes will not have a material effect on the Group's result or financial position.

26. Financial risk management

Financial risk management aims to ensure Uponor Group's sufficient liquidity in a cost-efficient manner and to minimise any adverse effects on the Group's financial performance caused by uncertainties in the financial markets. The general operating principles of financial risk management are defined in the Group Treasury Finance policy, approved by the Board.

At practical level Group's Treasury activities are governed by Treasury Committee. Treasury Committee is chaired by the Group CFO, and its other members are the Group's President and CEO and Vice President, Treasury. The Treasury Committee is responsible for steering and supervising practical financial risk management. For the purposes of risk management, Uponor uses only such financial instruments whose market value and risk profile can be monitored reliably and continuously, and which are tradable. Hedging transactions related to, for instance instrument, foreign currency, interest rate, liquidity and counterparty risks, are carried out in accordance with the Group Hedging Policy.

The management of financial risk is centralised into parent company and Group Treasury, which also operates as the Group's internal bank. Group Treasury's financial risk management duties include identifying, assessing and covering the Group's financial risks. The Treasury is also responsible for external market transactions related to financial assets and risk management. Providing Group companies with consultation and services within financing belongs to the scope of Group Treasury as well.

Currency risk

Due to its international operations, the Group is exposed to currency risks arising from, for instance, currency-denominated accounts receivable and payable, intra-Group transactions, currency-denominated financing, deposits and bank account balances. According to the Group hedging policy, subsidiaries hedge all relevant transaction risks with the Group Treasury, using internal forward transactions. Group Treasury is responsible for assessing net positions and hedging them in external currency markets. Currency forward agreements and options are main instruments used in external hedging. Typically, the maximum duration of used foreign exchange contracts is one year.

Subsidiaries forecast their foreign currency cash flows monthly for the following 12 month period. In accordance with the Group hedging policy, they hedge the relevant portion of their net foreign currency cash flows. In addition to the euro, other main invoicing currencies are US dollar (USD), Swedish krona (SEK), Canadian dollar (CAD) and Danish krone (DKK). On 31 December 2022, these currencies accounted for 64.1 (70.1) per cent of the Group's external accounts receivable. Costs arising from the Group's own production in the United States and Sweden are used as natural hedges against sales in the mentioned currencies.

Group's currency risk position at 31 Dec 2022

M€	EUR/PLN	EUR/USD	USD/CAD	EUR/SEK	EUR/DKK	Total
Gross exposure	24.1	87.9	-3.2	4.2	10.9	123.9
Hedged	-32.4	-96.3	17.6	-76.7	0.0	-187.8
Net exposure	-8.3	-8.4	14.4	-72.5	10.9	-63.9

Sensitivity analysis (+/- 10%)	EUR/PLN	EUR/USD	USD/CAD	EUR/SEK	EUR/DKK	Total
Income statement	0.8	0.8	1.4	7.2	1.1	11.3

Group's currency risk position at 31 Dec 2021

M€	EUR/PLN	EUR/USD	USD/CAD	EUR/NOK	EUR/DKK	Total
Gross exposure	7.7	123.7	-8.9	-0.2	13.8	136.1
Hedged	-18.3	-129.4	15.0	-6.4	3.1	-136.0
Net exposure	-10.6	-5.7	6.1	-6.6	16.9	0.1

Sensitivity analysis (+/- 10%)	EUR/PLN	EUR/USD	USD/CAD	EUR/NOK	EUR/DKK	Total
Income statement	1.1	0.6	0.6	0.7	1.7	4.7

The exposure presented includes only financial instruments as defined by IFRS 7. An exposure is a net of all the financial assets and liabilities nominated in foreign currencies outstanding on the balance sheet date. The exposure does not include any forecasted sales and purchases that are not yet on the balance sheet. The presented foreign exchange risk sensitivity analysis illustrates the impact of a 10 per cent change in exchange rates on the income statement in euro.

Translation risks arise when the currency denominated assets and liabilities of subsidiaries located outside the euro area are exposed to currency fluctuations and these assets, and liabilities are translated into the parent company's reporting currency, the euro. The most important balance sheet items in foreign currency are in the US dollar (USD). Translation risk affects the reported profit and key ratios through changes in the balance sheet, but not the cash flow. According to the Group hedging policy, such non-euro denominated balance sheet items are not hedged, except for non-euro denominated internal loans, which are hedged in full.

Interest rate risk

Interest rate risk arises when changes in market interest rates influence financing costs, returns on financial investments and valuation of interest-bearing balance sheet items. Group Treasury is responsible for managing interest rate risks within the framework specified by Group Treasury policy, with the aim of balancing the interest rate position and optimising interest rate risks.

In order to manage interest rate risks, Uponor Group's funding is executed by using both fixed and floating interest rate loans and financial instruments. Currently all the external loans are based on floating interest rates. The duration of the interest rate position is managed by choosing loans with different interest rate periods. Different derivative instruments, such as interest rate swaps, forward rate agreements and interest rate options can also be used. Group Treasury is also responsible for matching external financial items and the duration of balance sheet items funded by such items. Short-term money market investments expose the Group to cash flow interest rate risks, but the overall impact of such investments is insignificant.

Financial instruments' sensitivity to fluctuations in market interest rates, as stated in the standard IFRS 7, is as follows: the impact of an interest rate increase or decrease of one percentage point is +/- €0.1 (0.5) million to the income statement and +/- €0.0 (0.3) million to shareholders' equity. The impact is calculated before taxes. The interest position impacting income statement consists of floating rate interest-bearing financial liabilities and assets, interest rate options and interest rate swaps where hedge accounting is not applied. The impact on shareholders' equity results from the fair value change of the interest rate swap under cash flow hedge accounting.

Liquidity and refinancing risk

Liquidity and refinancing risk arises when a company is not able to arrange funding at reasonable terms and conditions, or at all. Uponor seeks to ensure availability and flexibility of financing through a balanced distribution of loan maturities, utilisation of various types of funding, multiple sources and by maintaining adequate credit limit reserves. The Group's liquidity is managed through efficient cash management and by investing solely in low-risk instruments, that can be liquidated rapidly and at a clear market price.

Group Treasury is responsible for the co-ordination of Group funding through the parent company. In exceptional cases, mainly for practical or legal reasons, Group Treasury can establish local working capital credit lines or loan structures in the name of a subsidiary, guaranteed by the parent company.

The most significant existing funding programmes on 31 December 2022 included:

- Bilateral term loan of €40 million maturing in 2026
- Bilateral term loan of €30 million maturing in 2026
- Four committed bilateral revolving credit facilities totalling €200 million of which €50 million maturing in 2023, €50 million maturing in 2025, €50 million maturing in 2026 and €50 million maturing in 2027

None of the committed bilateral revolving credit facilities were used during the reporting period.

In addition, the Group has a domestic commercial paper programme totalling €150 million and €35.0 million of cash pool limits. At the end of the reporting period, the Group did not have any issued outstanding commercial papers. No cash-pool limits were used.

At the end of the reporting period, the Group had a total of €65.5 (98.1) million in cash and cash equivalents.

Contractual maturity of financial liabilities at 31 Dec 2022

M€	2023	2024	2025	2026	2027-
Loans from financial institutions	2.0	3.6	3.1	71.5	0.5
Lease liabilities	12.0	8.6	5.4	4.0	3.3
Accounts payable	93.7				

Derivative contracts

Foreign currency derivatives					
- cash outflow	346.7				
- cash inflow	347.5				
Interest derivatives*)	-				
Electricity derivatives*)	-				

Contractual maturity of financial liabilities at 31 Dec 2021

M€	2022	2023	2024	2025	2026-
Loans from financial institutions	3.1	0.7	1.1	0.7	70.8
Lease liabilities	13.2	8.7	7.0	4.7	15.1
Accounts payable	117.7				

Derivative contracts

Foreign currency derivatives					
- cash outflow	212.7				
- cash inflow	212.3				
Interest derivatives*)	0.5				
Electricity derivatives*)	-				

*) under hedge accounting

Counterparty and credit risk

The counterparty risk related to financial instruments has been defined as the risk of the counterparty being unable or unwilling to fulfil its contractual obligations.

In order to minimise counterparty risks, the Group invests its cash reserves and makes derivative contracts using only counterparties who meet the Group's criteria for creditworthiness. The Group did not suffer any significant credit losses in its normal business operations during the financial year. The maximum counterparty risk is the book value of financial assets on 31 December 2022.

Potential concentrations of credit risk with respect to trade and other receivables are limited due to the large number and geographic dispersion of companies that comprise the Group's customer base. Customer credit limits are established and constantly monitored, and the evaluation of customers' financial conditions is performed on an ongoing basis. Most of Uponor's accounts receivable are secured by credit insurance. Group's expected credit loss is evaluated based on trade receivables of the lifetime expected credit losses according to IFRS 9. Group has analysed individually receivables, which are under juridical proceedings and has decided not to combine these credit loss provisions into expected credit loss model. Group's total credit loss provision is combination of individual cases provisions and evaluated expected credit loss, which is calculated separately for insured and uninsured receivables. The probability of a credit loss is calculated by the percentage determined for each age group by the specified percentages based on historically realised payments and recorded historical credit loss, in addition to which the Group has anticipated the increase in credit losses and has taken into account changes in the probability of credit losses. The simplified approach is used for evaluation.

The aging of accounts receivable

M€	2022		2021	
	Trade receivables	Expected uncollectible	Trade receivables	Expected uncollectible
Not yet due	141.5	0.0	181.7	0.0
Overdue 1-30 days	19.5	0.0	18.9	0.0
Overdue 31-60 days	5.7	0.0	2.2	0.0
Overdue 61-90 days	2.4	0.0	1.1	0.0
Overdue over 90 days	7.6	0.3	3.0	0.1
Total	176.7	0.4	206.8	0.2
Provision for impairment based on individual analyses		1.1		0.9
Total		1.5		1.1

Commodity price risk

In its business operations, the Group is exposed to raw material price risks including materials like plastics, aluminium, copper, zinc as well as electricity price risks. Such price risks are managed through long-term fixed-price supply contracts, whenever financially feasible.

Group Treasury is responsible for managing electricity price risks at the Nordic level within the framework defined in the Group hedging policy. Hedging targets are achieved mainly by using financial electricity derivative contracts. The Group applies hedge accounting to the electricity derivatives. Sourcing in responsible for the electricity price hedging with fixed price supply contracts in Germany.

The table below presents the sensitivity of open electricity derivatives to fluctuations in electricity prices should the market price of electricity increase or decrease by 10 per cent, while other factors are expected to remain unchanged. These figures are calculated before taxes. Electricity derivatives recorded at fair value affect the profit and loss statement. Any changes in the value of electricity derivatives that meet the criteria for hedge accounting as set forth in IFRS 9 have an impact on shareholders' equity.

M€	2022	2021
Change in shareholders' equity	+/- 1.1	+/- 0.7

27. Derivative contracts and hedge accounting

Nominal value

M€	2022	2021
Interest rate derivatives:		
Interest rate swaps		
- under hedge accounting	-	50.0
Interest rate options		
- not under hedge accounting	20.0	20.0
Foreign currency derivatives:		
Forward agreements		
- not under hedge accounting	357.8	276.4
Currency options, bought	37.4	25.2
Currency options, sold	37.4	25.2
Commodity derivatives:		
Electricity derivatives		
- under hedge accounting	3.0	4.4
Energy, MWh	105,216	148,968

Fair value

M€	2022			2021		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Interest rate derivatives:						
Interest rate swaps						
- under hedge accounting	-	-	-	-	-0.5	-0.5
Interest rate options						
- not under hedge accounting	1.9	-	1.9	0.3	-	0.3
Foreign currency derivatives:						
Forward agreements						
- not under hedge accounting	2.6	-1.8	0.8	0.9	-1.3	-0.4
Currency options, bought	1.4	-	1.4	0.2	-	0.2
Currency options, sold	-	-0.2	-0.2	-	-0.2	-0.2
Commodity derivatives:						
Electricity derivatives						
- under hedge accounting	8.1	-	8.1	2.8	-	2.8

Changes in the fair values of electricity and interest rate derivatives designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedge is effective.

From electricity derivatives a gain of €4.1 (€2.1) million was booked to other comprehensive income during the financial period.

From interest rate derivatives a gain of €0.2 (€0.5) million was entered into other comprehensive income during the financial period.

The tax impact has been taken into account in the amounts. No ineffectiveness has been booked.

28. Capital management

The purpose of the Group's capital management is to create an efficient capital structure in order to ensure normal operational preconditions and growth opportunities and, thereby, to increase long-term shareholder return.

In addition to investment decisions, dividend distribution is a key factor affecting the capital structure. As one of its long-term financial targets, the company strives for a growing annual dividend payout.

The Group's capital structure developments are monitored by means of gearing. Gearing is calculated by dividing net interest-bearing liabilities by total equity. Net interest-bearing liabilities include interest-bearing liabilities less cash and cash equivalents. The Group's target is to keep its average gearing between 40 and 80 per cent across quarters. In 2022, gearing average across quarters was 13.1 (1.7) per cent.

M€	2022	2021
Interest-bearing liabilities	114.0	119.0
Cash and cash equivalent	65.5	98.1
Net interest-bearing liabilities	48.5	20.9
Total equity	534.7	483.4
Gearing, %	9.1	4.3
Gearing across quarters, %	13.1	1.7

Group's financial agreements include typical covenant clauses regarding the gearing and interest cover ratio. The realised ratio levels have clearly fulfilled the covenant clauses.

29. Management incentive schemes and share-based payments

During the financial year 2022 Uponor's share-based plans had the earning periods 2019–2021, 2020–2022, 2021–2023 and 2022–2024 in operation. Under the LTI programme, and subject to the decision of the Board of Directors, a new LTI plan commences annually. In December, the Board decided on a new share-based plan for the performance period 2023–2025 but no costs were recognised in 2022. In the plans Uponor shares can be earned on the basis of performance criteria set for the performance period. The purpose of the plans is to retain key management, as well as to motivate and reward the management for good performance that supports the Group's profitability and the implementation of the Group's strategy. The targets for the earning periods until 2021–2023 are mainly based on consolidated three-year cumulative Net Sales and three-year EBITDA or EBITDA-based intrinsic value. The targets for the plan launched in 2022–2024 are mainly based on consolidated three-year EBITDA or EBITDA-based intrinsic value and CO2 emissions. Key characteristics and terms of Uponor share-based plans are listed in the table below. The amounts include the cash portion intended for taxes arising from the reward to the participant.

Performance Share Plan

	2020–2022	2021–2023	2022–2024
Maximum amount, pcs	600,000	600,000	450,000
Launch date	16.12.2019	15.12.2020	15.12.2021
Start of the earning period	1.1.2020	1.1.2021	1.1.2022
Vesting date	30.4.2023	30.4.2024	30.4.2025
Maximum contractual life, yrs	3.3	3.3	3.3
Remaining contractual life, yrs	0.3	1.3	2.3
Number of persons at the end of the reporting year	32	36	43
Payment method	Shares and cash	Shares and cash	Shares and cash
Maximum amount outstanding at the end of the period	348,080	316,544	322,793

The fair value of share-based incentives have been determined at grant date and is expensed until vesting. The pricing of the share-based incentives granted during the period was determined by the following inputs and share-based incentives had the following effect:

Valuation parameters for instruments granted during period

Share price at grant, €	16.81
Expected dividends per year, €	1.68
Fair value per share, €	15.13

Effect of Share-based Incentives on the result and financial position during the period

M€	2022	2021
Expenses for the financial year, share-based payments, equity-settled	2.0	4.0
Liabilities arising from share-based payments 31 December	0.2	0.3
Estimated amount of taxes to be paid in the plans 31 December	5.6	9.4

30. Interests in subsidiaries and non-controlling interests

Subsidiaries are listed in the note 31 Related party transactions.

Uponor Corporation's subsidiary Uponor Infra Oy has material non-controlling interest as a result of its ownership structure. Uponor Corporation has control in Uponor Infra Oy through the 55.3 per cent direct ownership and the voting ownership by holding the Chair position in the board of directors of Uponor Infra Oy. KWH Group Ltd has 44.7 per cent ownership in Uponor Infra Oy. Uponor Infra Oy is a parent company of a subgroup and its consolidated financials are presented below. The structure of this subgroup is presented in the list of subsidiaries.

Financial information on subsidiaries, which has significant non-controlling interest

	Location	Non-controlling interest, proportion of ownership		Profit for the period attributable to interest, M€		Equity attributable to non-controlling interest, M€	
		2022	2021	2022	2021	2022	2021
Uponor Infra Oy	Finland, Helsinki	44.7%	44.7%	9.5	6.5	73.9	68.7

Financial information on Uponor Infra Oy's consolidated financial statements:

M€	2022	2021
Net sales	312.8	286.8
Profit for the period	21.2	14.6
Total comprehensive income for the period	17.6	14.2
Profit for the period	21.2	14.6
- Equity holders of parent company	11.7	8.1
- Non-controlling interest	9.5	6.5
Total comprehensive income for the period	17.6	14.2
- Equity holders of parent company	9.7	7.9
- Non-controlling interest	7.9	6.4
Non-current assets	67.5	68.8
Current assets	144.2	152.8
Shareholders equity	155.9	144.2
Non-current liabilities	5.7	5.5
Current liabilities	50.2	71.9
Cash flow from operations	20.8	13.2
Cash flow from investments	-8.2	-8.7
Cash flow from financing	-13.8	-4.7
Total cash flow	-1.2	-0.2

In 2022, Uponor Infra Oy paid €6.0 (6.0) million dividend to its owners.

31. Related party transactions

Uponor Group's related parties include subsidiaries and associates as well as Board members, the President and CEO, and Executive Committee members.

The related party transactions disclosed consist of transactions carried out with related parties that are not eliminated in the consolidated financial statements.

Transactions with associated companies

M€	2022	2021
Continuing operations		
Sales	-	0.1
Purchases	2.0	2.2
Balances at the end of period		
Accounts payable and other liabilities	0.0	0.1

Executive Committee and Board remuneration

Executive Committee remuneration, T€	2022	2021
Remuneration	2,863.2	3,063.8
Termination benefits	2,271.7	1,602.3
Post-employment benefits		
- defined contribution plans	373.6	485.2
Share based benefits	957.0	234.1
Total	6,465.6	5,385.3

Executive Committee remuneration includes salaries, fringe benefits and short-term incentives.

Post-employment benefits include expenses accrued in accordance with local legal pension arrangements for the members of the Executive Committee and expenses related to defined contribution pension insurances taken in addition to the President and CEO. The Group does not have any other commitments related to post-employment benefits.

Share-based benefits include payments relating to management long-term incentive schemes (further details in the note 29).

Remuneration of the President and CEO is also included in the table presented above.

	2022	2021
Executive Committee remuneration: the President and CEO, T€		
Rauterkus Michael, President and CEO as of 21 August 2021	793.6	208.7
Luomakoski Jyri, President and CEO until 20 August 2021	-	770.1
Termination benefits, Luomakoski Jyri, President and CEO until 20 August 2021	-	1,602.3
Shares received by the executive committee (number)		
Rauterkus Michael, President and CEO as of 21 August 2021	-	-
Other members of Executive Committee	24,035	15,444
Total	24,035	15,444

The retirement age of the President and CEO will be determined in accordance with the Employees' Pensions Act (TyEL), however the Group and the President and CEO may agree for the President and CEO to retire at the age of 63 years. The Group has also paid defined contribution supplementary pension for the President and CEO €115,000 in 2022.

Board remuneration

	2022		2021	
	Gross annual fee (T€)	Shares received (number)	Gross annual fee (T€)	Shares received (number)
Paasikivi Annika, Chair	136.1	2,834	112.8	1,392
Aaltonen-Forsell Pia, Chair of the Audit Committee	100.4	1,644	63.6	788
Falk Johan	73.3	1,360	55.0	711
Lengauer Markus	104.8	1,644	62.4	788
Lindholm Casimir, until 15.3.2022	3.6	-	57.4	711
Marchi Michael	81.1	1,360	59.8	711
Skippari Susanne, as of 15.3.2022	70.1	1,360	-	-
Total	569.4	10,202	411.0	5,101

Other related party disclosures

The Group had not issued any loans to the persons classified as related party on 31 December 2022 or 31 December 2021.

Persons classified as related party to the company have carried out minor transactions with companies belonging to the Group.

The shareholdings of the management and Board members are presented in Corporate Governance Statement.

Shares and holdings

Subsidiaries

Name	Country and domicile
Uponor Beteiligungs GmbH	Germany, Hassfurt
Uponor GmbH	Germany, Hassfurt
Uponor S.A.R.L.	France, Saint-Priest
Uponor S.r.l.	Italy, Vimercate
Uponor Kamo GmbH	Germany, Celle
Uponor Hispania, S.A.U.	Spain, Getafe
Uponor A/S	Denmark, Brøndby
Uponor Eesti Oü	Estonia, Tallinn
Uponor Suomi Oy	Finland, Lahti
Uponor Kft. (Uponor Épületgépészeti Korlátolt Felelősségű Társaság)	Hungary, Budapest
SIA Uponor Latvia	Latvia, Riga
UAB Uponor	Lithuania, Vilnius
Uponor, s.r.o.	Czech Rep., Prague
Uponor d.o.o	Croatia, Zagreb
Uponor AS	Norway, Moss
Uponor Vertriebs GmbH	Austria, Wiener Neudorf
Uponor Sp. z o.o.	Poland, Warsaw
Uponor Capricorn Sp. z o.o.	Poland, Świebodzice
Uponor Portugal - Sistemas para Fluídos, Lda. (99.97 % Uponor Corporation, 0.03 % Uponor Hispania, S.A.U)	Portugal, V.N. Gaia
JSC "Ussystem's"	Russia, Moscow
Uponor Innovation AB	Sweden, Borås
Uponor AB	Sweden, Virsbo

Name	Country and domicile
Uponor Limited	England, Watford
UPONOR, s.r.o.	Slovakia, Bratislava
Uponor NA Holding, Inc.	USA, Delaware
Uponor NA Asset Leasing, Inc.	USA, Delaware
Uponor NA Investment LLC	USA, Delaware
Uponor North America, Inc.	USA, Delaware
Uponor Ltd.	Canada, Ontario
Uponor, Inc.	USA, Illinois
Uponor Innovations, LLC	USA, Delaware
Uponor Romania S.R.L.	Romania, Bucharest
Uponor Insurance Limited	Guernsey
Uponor Pte. Ltd.	Singapore

Name	Country and domicile
Uponor Infra Oy (55.3% Uponor Corporation, 44.7% KWH Group Ltd)	Finland, Helsinki
Jita Oy	Finland, Virrat
Uponor Infra AB	Sweden, Fristad
Uponor Infra A/S	Denmark, Holbæk
Uponor Infra AS	Norway, Moss
Uponor Infra Sp. z o.o.	Poland, Warsaw
Uponor Infra Oü	Estonia, Tallinn
Uponor Infra Marine Services Oy	Finland, Kotka
KWH PIPE (INDIA) LIMITED (*)	India, Mumbai
KWH Pipe Espana SA (*)	Spain, Madrid

Associated companies

Name	Country and domicile
Punitec GmbH & Co. KG (36%)	Germany, Gochsheim
Punitec Verwaltungs GmbH (36%)	Germany, Gochsheim
Wuppi A/S (20%)	Denmark, Silkeborg

(*) Dormant company

32. Events after the balance sheet date

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.

Parent company financial statements (FAS)

Parent company income statement

M€	Note	2022	2021
Net turnover	2	30.4	27.8
Staff expenses	4	14.5	15.1
Depreciation, amortization and reduction in value	5	0.7	0.6
Other operating expenses	3	25.1	22.1
Operating loss		-9.8	-10.0
Financial income and expenses	6	35.4	79.3
Profit before appropriations and taxes		25.6	69.3
Appropriations	7	0.0	0.2
Income taxes	8	0.3	-0.1
Profit for the period		25.9	69.4

Parent company balance sheet

M€	Note	31 Dec 2022	31 Dec 2021	M€	Note	31 Dec 2022	31 Dec 2021
ASSETS				Total assets			
Non-current assets							
Intangible assets							
Intangible rights		6.5	3.9				
Total intangible assets	9	6.5	3.9				
Tangible assets							
Machinery and equipment		0.1	0.1				
Total tangible assets	9	0.1	0.1				
Non-current investments							
Shares in subsidiaries		276.6	276.5				
Other shares and holdings		0.0	0.0				
Loan receivables		166.0	213.8				
Total non-current investments	10	442.6	490.3				
Total non-current assets		449.1	494.4				
Current assets							
Non-current receivables							
Deferred tax assets		0.3	0.3				
Total non-current receivables	11	0.3	0.3				
Current receivables							
Accounts receivable		6.1	3.7				
Loan receivables		115.4	51.9				
Prepayments and accrued income		2.5	2.9				
Deferred tax assets		0.2	0.0				
Other receivables		36.0	21.7				
Total current receivables	12	160.3	80.2				
Cash and cash equivalents		53.6	82.3				
Total current assets		214.1	162.8				
				LIABILITIES AND SHAREHOLDERS' EQUITY			
				Shareholders' equity			
				Share capital		146.4	146.4
				Share premium		50.2	50.2
				Unrestricted equity		0.1	0.1
				Retained earnings		153.7	131.9
				Profit for the period		25.9	69.4
				Total shareholders' equity	13	376.3	398.1
				Accumulated appropriations			
				Depreciation difference		0.2	0.2
				Total accumulated appropriations		0.2	0.2
				Provisions			
					14	2.4	1.5
				Liabilities			
				Non-current liabilities			
				Loans from financial institutions		70.0	70.0
				Total non-current liabilities	15	70.0	70.0
				Current liabilities			
				Accounts payable		3.8	6.0
				Accruals and deferred income		4.3	5.0
				Other liabilities		206.3	176.4
				Total current liabilities	16	214.4	187.5
				Total liabilities		284.4	257.5
				Total liabilities and shareholders' equity		663.3	657.2

Parent company cash flow statement

M€	2022	2021	M€	2022	2021
Cash flow from operations			Cash flow from financing		
Operating profit / loss	-9.8	-10.0	Borrowings of debt	-	70.0
Depreciation	0.7	0.6	Repayments of debt	-	-100.0
Other non-cash items	0.9	3.2	Change in other short term debt	-	0.0
Income taxes paid	0.1	-0.1	Interests paid	-2.5	-1.4
Net cash from operations	-8.1	-6.3	Dividends paid	-48.7	-41.7
Receivables, increase (-) / decrease (+)	-14.0	-1.2	Change in treasury shares	1.0	0.4
Non-interest-bearing liabilities, increase (+) / decrease (-)	-6.7	-21.7	Purchase of own shares	-	-10.7
Cash pool receivables, increase (-) / decrease (+)	-2.1	17.6	Cash flow from financing	-50.1	-83.5
Cash pool payables, increase (+) / decrease (-)	21.0	-1.1	Change in cash and cash equivalents	-28.8	-40.4
Change in working capital	-1.9	-6.4	Cash and cash equivalents at 1 January	82.3	122.7
Dividends received	32.1	77.0	Cash and cash equivalents at 31 December	53.6	82.3
Cash flow from operations	22.1	64.3	Changes according to balance sheet	-28.8	-40.4
Cash flow from investments					
Purchase of fixed assets	-3.1	-1.9			
Granted loans	-63.2	-87.1			
Loan repayments	54.9	79.4			
Changes in investments in subsidiaries	0.0	-21.0			
Share divestments and result of subsidiary liquidations	-	0.1			
Interests received	10.8	9.2			
Dividends received	0.0	0.0			
Cash flow from investments	-0.7	-21.3			
Cash flow before financing	21.4	43.1			

Notes to the parent company financial statements

1. Accounting Principles

The Parent Company's Financial Statements have been prepared according to Generally Accepted Accounting Principles in Finland. Uponor Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the parent company observes the Group's accounting policies whenever this has been possible. Presented below are the accounting policies in which the practice differs from the Group's accounting policies. In other respects, the Group's accounting policies are applied.

Net Sales

Parent Company's business consists of Group functions and turnover of the service charges to the Group companies.

Income taxes

Income taxes presented in the income statement consist of accrued taxes for the financial year and tax adjustments for prior years.

Loan arrangement fee

Loan arrangement fee has been accrued linearly to current assets.

Pension arrangements

The Company's pension liabilities are handled through a pension insurance company. All expenses incurred in pension benefits are recorded as expenses in the period during which the corresponding work was performed.

Financial assets, financial liabilities and derivative contracts

Derivatives are measured at their fair value, which are based on market prices on the closing day in accordance with section 5.2 of the Finnish Accounting Act. Changes in the value of derivatives are recorded as gain or loss through profit and loss as financial income and expenses. Changes in the fair value of different derivative groups are shown in the Note 6. Parent company does not apply hedge accounting. Otherwise the methods of measuring derivative contracts are explained in the section on the Group's accounting standards. The fair values of different derivative groups are shown in the note 18. The use of derivatives is described in the note 26 in Group notes to the consolidated financial statements.

Leases

All leasing payments have been treated as rental expenses.

Shares in group companies

The balance sheet value of shares in group companies consists of historical costs less impairments.

2. Net turnover

M€	2022	2021
Income from services		
- From group companies	30.4	27.8
Total	30.4	27.8

3. Other operating expenses

M€	2022	2021
Travel expenses	0.4	0.1
Purchased services	12.2	12.2
Other	12.5	9.8
Total	25.1	22.1

M€	2022	2021
Auditor's fees		
- Audit fees, KPMG	0.1	0.1

4. Staff expenses

M€	2022	2021
Salaries and bonuses	12.4	12.6
Pension expenses	1.6	2.1
Other personnel expenses	0.4	0.4
Total	14.5	15.1
During financial period company employed:		
Employees, average	145	138
Salaries and emoluments paid to the President and CEO and the board of directors *)		
President and CEO	0.8	2.6
Board of Directors	0.6	0.4
Total	1.4	3.0

*) specification per persons has been reported in the notes of the consolidated financial statements

Loans to company directors

At 31 December 2022, neither the President and CEO of the company nor the members of the Board of directors had loans outstanding from the company or its subsidiaries.

President and CEO's pension obligations

The Group has also paid defined contribution supplementary pension for the President and CEO €115,000 in 2022.

5. Depreciations

M€	2022	2021
Intangible assets	0.6	0.5
Tangible assets	0.1	0.1
Total	0.7	0.6

6. Financial income and expenses

M€	2022	2021
Interest income	2.4	0.1
Intercompany interest income	10.3	9.0
Dividend income	0.0	0.0
Dividend income from subsidiaries	32.1	77.0
Interest expenses	-1.4	-1.8
Intercompany interest expenses	-1.8	0.0
Other financial expenses	-0.1	-0.1
Impairments on non-current investments	-	-3.0
Gains and losses from derivatives		
Realised	-14.8	-8.0
Unrealised	1.5	-3.3
Exchange differences		
Realised	2.0	-1.2
Unrealised	5.2	10.8
Financial income and expenses total	35.4	79.3

7. Appropriations

M€	2022	2021
Change in depreciation difference	0.0	0.2
Total	0.0	0.2

8. Income taxes

M€	2022	2021
For the financial period	0.0	0.0
For previous financial periods	0.1	-0.1
Change in deferred taxes	0.2	0.0
Total	0.3	-0.1

9. Intangible and tangible assets

2022 M€	Intangible rights	Machinery and equipment	Intangible and tangible assets
Acquisition costs 1 Jan	47.4	2.0	49.4
Increases	3.1	-	3.1
Decreases	0.2	-	0.2
Acquisition costs 31 Dec	50.4	2.0	52.4
Accumulated depreciations 1 Jan	43.5	1.9	45.4
Acc. depreciation on disposals and transfers	-0.2	-	-0.2
Depreciation for the financial period	0.6	0.1	0.7
Accumulated depreciations 31 Dec	43.9	1.9	45.8
Book value 31 December	6.5	0.1	6.5

2021 M€	Intangible rights	Machinery and equipment	Intangible and tangible assets
Acquisition costs 1 Jan	45.9	2.0	47.9
Increases	1.9	-	1.9
Decreases	0.4	-	0.4
Acquisition costs 31 Dec	47.4	2.0	49.4
Accumulated depreciations 1 Jan	43.2	1.7	45.0
Acc. depreciation on disposals and transfers	-0.2	-	-0.2
Depreciation for the financial period	0.5	0.1	0.6
Accumulated depreciations 31 Dec	43.5	1.9	45.4
Book value 31 December	3.9	0.1	4.1

10. Non-current investments

M€	2022	2021
Shares in subsidiaries book value 1 Jan	276.5	255.5
Increases	0.0	21.0
Shares in subsidiaries acquisition cost 31 Dec	276.6	276.5
Shares in subsidiaries book value 31 Dec	276.6	276.5
Associated companies 1 Jan	-	3.1
Decreases	-	3.1
Associated companies 31 Dec	-	-
Impairments	-	-3.0
Other shares and holdings 1 Jan	0.0	0.0
Decreases	0.0	-
Other shares and holdings 31 Dec	0.0	0.0
Loans receivables		
- From group companies	165.8	213.5
- Others	0.2	0.2
Loan receivables total	166.0	213.8
Total	442.6	490.3

Impairments in associated company shares in 2021 were related to Phyn Oy.

11. Non-current receivables

M€	2022	2021
Deferred tax assets	0.3	0.3
Total	0.3	0.3

Deferred tax asset is recorded for provisions in the balance sheet.

12. Current receivables

M€	2022	2021
From group companies		
- accounts receivable	6.1	3.7
- loan receivables	115.4	51.9
- deferred tax assets	0.2	0.0
- prepayments and accrued income	0.8	0.6
- cash pool receivables	16.6	14.5
- other receivables	3.6	1.5
Total	142.9	72.3
From external parties		
- accounts receivable	0.0	0.0
- prepayments and accrued income	1.7	2.2
- other receivables	15.7	5.7
Total	17.4	7.9
Total current receivables	160.1	80.2
Prepayments and accrued income		
Interest income	0.9	0.6
Others	1.6	2.2
Total	2.5	2.9

13. Changes in equity

M€	2022	2021
Restricted equity		
Share capital on 1 January	146.4	146.4
Share capital on 31 December	146.4	146.4
Share premium on 1 January	50.2	50.2
Share premium on 31 December	50.2	50.2
Total restricted equity	196.6	196.6
Unrestricted equity		
Unrestricted equity 1.1.	0.1	0.1
Unrestricted equity 31.12.	0.1	0.1
Retained earnings 1 January	201.4	184.0
Dividend payments	-48.7	-41.7
Treasury shares	1.0	-10.3
Retained earnings 31 December	153.7	131.9
Profit for financial period	25.92	69.4
Total unrestricted equity	179.7	201.5
Shareholders' equity 31 December		
Distributable funds		
Unrestricted equity	0.1	0.1
Retained earnings	164.7	144.0
Profit for the period	25.9	69.4
Treasury shares	-11.0	-12.0
Distributable funds 31 December	179.7	201.5

14. Provisions

M€	2022	2021
Other provisions	0.9	-
Environmental provision	1.5	1.5
Total	2.4	1.5

15. Non-current liabilities

M€	2022	2021
Loans from financial institutions	70.0	70.0
Total	70.0	70.0

Maturity of non-current interest bearing liabilities

M€	2023	2024	2025	2026
Loans from financial institutions	-	-	-	70.0
Total	-	-	-	70.0

16. Current liabilities

M€	2022	2021
From group companies		
- accounts payable	1.2	0.7
- accruals and deferred income	0.0	0.0
- cash pool payables	179.5	158.5
- other current liabilities	16.2	12.8
Total	197.0	172.1
From external parties		
- accounts payable	2.6	5.3
- accruals and deferred income	4.3	5.0
- other current liabilities	10.6	5.1
Total	17.4	15.4
Total current liabilities	214.4	187.5

M€	2022	2021
Accrued liabilities		
Staff expenses	1.9	1.8
Bonuses	1.3	1.9
Taxes	0.0	0.0
Interest	0.5	0.5
Others	0.7	0.8
Total	4.3	5.0

17. Contingent liabilities

M€	2022	2021
- on behalf of group companies		
Guarantees issued	21.7	26.1
Guarantees issued	21.7	26.1
Operating lease commitments		
Due within next 12 months	0.1	0.2
Due later	0.1	0.2
Total lease commitments	0.2	0.3

The parent company has fixed-term rental agreements for its premises ending on 31 March 2023 and 30 April 2023 and a 5 years fixed-term rental agreement which started 1 October 2019. In addition the parent company has agreed to 10 years fixed-term rental agreement on premises which is estimated to start 1 April 2023.

M€	2022	2021
Rental lease obligations		
Due within next 12 months	0.7	0.7
Due later	5.4	5.9
Total rental lease obligations	6.1	6.6
Total	28.0	33.0

Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures.

18. Derivative contracts

M€	2022	2021
	Nominal value	
Interest derivatives:		
Interest rate swaps	-	50.0
Interest rate options	20.0	20.0
	2022	2021
	Fair value	
Interest derivatives:		
Interest rate swaps	-	-0.5
Interest rate options	1.9	0.3
	2022	2021
	Nominal value	
Foreign currency derivatives:		
Forward agreements	357.8	276.4
Intragroup forward agreements	153.8	115.6
Commodity derivatives:		
Electricity derivatives	3.0	4.4
Energy (MWh)	105,216 MWh	148,968 MWh

	2022	2021
	Fair value	
Foreign currency derivatives:		
Forward agreements	0.8	-0.4
Intragroup forward agreements	-0.7	0.2
Currency options, bought	1.4	0.2
Currency options, sold	-0.2	-0.2
Commodity derivatives:		
Electricity derivatives	8.1	2.8

Maturity of derivatives is presented in group financial statements note 26.

Proposal of the Board of Directors

The distributable funds of the parent company, Uponor Corporation are € 179,691,273.01, of which profit for the period is € 25,924,564.39.

The Board of Directors proposes to the Annual General Meeting that

- a dividend of € 0.69 per share will be paid, total	€ 50,146,435.86
- the remainder be retained in the shareholders' equity	€ 129,544,837.15
	€ 179,691,273.01

The company's financial situation has not changed materially after the closing day. The company's liquidity is good. The Board of Directors' view is that the proposed profit distribution does not risk the company's liquidity.

SIGNATURES ON THE REVIEW BY THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

Vantaa, 15th February 2023

Annika Paasikivi
Chair

Markus Lengauer
Deputy Chair

Pia Aaltonen-Forsell

Johan Falk

Susanne Skippari

Michael G. Marchi

Michael Rauterkus
President and CEO

Auditor's report

*This document is an English translation of the Finnish auditor's report.
Only the Finnish version of the report is legally binding.*

To the Annual General Meeting of Uponor Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Uponor Oyj (business identity code 0148731-6) for the year ended 31 December 2022. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 4 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter

How the matter was addressed in the audit

Valuation of goodwill (refer to accounting principles for the consolidated financial statements and note 10)

- | | |
|---|---|
| <ul style="list-style-type: none"> • At the end of the financial year, the group had EUR 96 million of goodwill. • Goodwill is tested for impairment when indicators of impairment exist, or at least annually. Goodwill impairment testing is conducted by comparing the carrying value with the recoverable amount using a discounted cash flow model. • Determining the key assumptions used in the impairment tests requires management judgement and estimates especially relating to long term growth, profitability and discount rates. • Valuation of goodwill is considered a key audit matter due to the significant carrying values and high level of management judgement involved. | <ul style="list-style-type: none"> • We assessed the impairment tests prepared by the Company. • Our detailed audit work with the involvement of KPMG valuation specialists included testing the integrity of the calculations and the technical model. • We challenged the assumptions used by management in respect of forecasted growth rates and profitability as well as the appropriateness of the discount rates used. We also validated the assumptions used in relation to market and industry information. • We also evaluated the cash flows used by comparing them to the group's budgets, to the strategic plans and the understanding we gained from our audit. |
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Furthermore, we have considered the adequacy of the group's disclosures in respect of the impairment testing.

The key audit matter

How the matter was addressed in the audit

Revenue recognition (refer to accounting principles for the consolidated financial statements and note 2)

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| <ul style="list-style-type: none"> • Group's revenue is generated in multiple markets with different contractual terms. Revenue is composed of sales of manufactured goods and rendering of services including project business and water monitoring services. • The revenue earned from the sale of goods is recognised when the control associated with ownership is transferred to the buyer in accordance with the terms of delivery and customer acceptance. Revenue for rendering of services including project business is recognised over time. • In general, revenue recognition within the group is not complex, but the large volumes of transactions and the fact that the revenue is generated through subsidiaries in different countries and markets makes revenue recognition an area of focus in the audit and is therefore determined as a key audit matter. | <ul style="list-style-type: none"> • We have assessed group's revenue recognition principles in relation to IFRS standards and appraised overall view on revenue recognition and compliance with group revenue recognition principles. • During our audit we have focused on determination of performance obligations, timing of revenue recognition, variable considerations in relation to rebates, returns, and refunds including judgements made by the management. • We have performed testing of internal controls related to revenue recognition as well as performed substantive procedures such as testing of sales agreements and year-end transactions (cut-off and accruals). |
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Responsibilities of the Board of Directors and the President and CEO for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on March 16, 2020, and our appointment represents a total period of uninterrupted engagement of 3 year.

Other information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO should be discharged from liability for the financial period audited by us.

Helsinki, 15 February 2023

KPMG OY AB

ANDERS LUNDIN

Authorised Public Accountant, KHT

Information for shareholders

Annual General Meeting

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, which requires strong identification, or
- by email to 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

Payment of dividends

The Board of Directors proposes to the Annual General Meeting that a dividend of €0.69 per share will be distributed for the financial period 2022. The dividend shall be paid in two instalments. The first instalment of €0.34 per share shall be paid to a shareholder registered as a shareholder in the shareholder register maintained by Euroclear Finland Ltd on the record date of the dividend payment on 21 March 2023. The payment date proposed by the Board for this instalment is 28 March 2023.

The second instalment of €0.35 per share shall be paid in September 2023. The second instalment shall be paid to a shareholder registered as a shareholder in the shareholder register maintained by Euroclear Finland Ltd on the record date, which, together with the payment date, shall be decided by the Board of Directors in its meeting scheduled for 7 September 2023. The dividend record date for the second instalment would be 13 September 2023 and the dividend payment date 20 September 2023.

Important dates in 2023

Financial Statements Bulletin for 2022	15 February	09:00 EET
Annual Review 2022	Week 8	
Annual General Meeting	17 March	13:00 EET
Record date for dividend payment	1st instalment: 21 March*	
	2nd instalment: 13 September*	
Date for dividend payment	1st instalment: 28 March*	
	2nd instalment: 20 September*	
Interim report: January–March	26 April	09:00 EEST
Interim report: January–June	20 July	09:00 EEST
Interim report: January–September	25 October	09:00 EEST

*proposal of the Board of Directors

Analysts covering Uponor

According to the information available to the company, the following analysts made investment analyses of Uponor in 2022. These parties follow Uponor on their own initiative, and the company is not responsible for their statements. Further information on Uponor's analysts is available on [uponorgroup.com](https://www.uponorgroup.com).

Carnegie Tommy Ilmoni	OP Corporate Bank Juho Saarinen	Nordea Markets Svante Krokfors
Danske Markets Mika Karppinen	SEB Enskilda Anssi Raussi	Morgan Stanley Pam Liu



Uponor

Moving > Water

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