

Financial statements bulletin 1–12/2021

10 February 2022



Uponor

Strong net sales growth in all divisions

October–December 2021

- Net sales were €329.3 (280.5) million, a growth of 17.4%. Organic growth was 17.9% in constant currency terms.
- Comparable operating profit was €26.7 (27.3) million, a decrease of 2.3%.
- Operating profit was €22.8 (23.8) million, a decrease of 4.2%.
- Earnings per share were €0.23 (0.27).

January–December 2021

- Net sales were €1,313.2 (1,136.0) million, a growth of 15.6%. Organic growth was 16.0% in constant currency terms.
- Comparable operating profit was €160.5 (142.7) million, a growth of 12.5%.
- Operating profit was €154.1 (132.3) million, a growth of 16.5%.
- Earnings per share were €1.33 (1.21).
- Cash flow from business operations was €139.2 (207.5) million.
- Return on investment was 24.7% (21.8) and gearing 4.3% (3.6).

Guidance statement for 2022:

Excluding the impacts of currencies, Uponor expects its net sales and comparable operating profit to increase from 2021.

(Increase indicates a growth of 2.5% or more.)

The Board's dividend proposal:

The Board proposes to the Annual General Meeting that a dividend of €0.67 (0.57) per share be paid, of which €0.33 will be paid in March 2022 and €0.34 is planned to be paid in September 2022.

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

Michael Rauterkus, President and CEO, comments:

"I want to thank all Uponorians for their hard work and contribution to our result in 2021. We achieved a record year in both net sales and operating profit in a very volatile market environment. Throughout the year the raw material prices increased and remained on a significantly higher level than in 2020. We have implemented additional price increases, but the timing of impacts differ from market to market. We expect the margin recovery to continue during the first half of 2022.

In 2021, Building Solutions – Europe continued to improve its performance increasing both net sales and comparable operating profit. The division's strong performance was driven by volume growth in all key markets combined with price increases and savings generated in the operational excellence programme. In October, we also completed the acquisition of the Polish company Capricorn S.A.

Building Solutions – North America had a strong year, posting a record-breaking \$100 million in full-year operating profit for 2021. Demand remained at a good level in the residential segment, and the commercial segment recovered faster than expected from the COVID-19 shock that hit in 2020. This resulted in higher sales volumes, which supported our profitability development together with strong operational performance and price increases.

Uponor Infra's net sales increased, but the operating profit was impacted by higher raw material prices, which could not be fully compensated. On the positive side, Uponor Infra improved the sales volumes and the sales mix. In addition, operational improvements in Finland continued.

We also took important steps forward in our sustainability agenda. In April, we received approval from the Science Based Targets initiative for our new greenhouse gas emission reduction targets as the first building material company, committing to limiting the global temperature rise to 1.5°C. We launched our first product, Ultra Rib 2 Blue, utilising renewable raw materials and with an up to 70% smaller carbon footprint in September. During the first quarter of 2022, we will launch more products utilising renewable raw materials to European markets.

We are starting the year 2022 with stable demand and actions in place to address a very volatile environment: continuing pandemic, supply shortages, high raw material price levels and levels of inflation that have not been seen for decades."

Key figures

M€	10-12/ 2021	10-12/ 2020	Change	1-12/ 2021	1-12/ 2020	Change
Net sales	329.3	280.5	17.4%	1,313.2	1,136.0	15.6%
Building Solutions – Europe	133.9	126.8	5.6%	564.2	499.5	13.0%
Building Solutions – North America	127.5	100.5	26.9%	467.5	389.1	20.2%
Uponor Infra	69.1	54.1	27.6%	286.8	252.0	13.8%
Operating expenses	293.9	243.5	20.7%	1,110.8	952.0	16.7%
Depreciation and impairments	12.6	13.5	-6.5%	49.1	52.7	-6.8%
Other operating income	0.1	0.3	-80.1%	0.9	1.0	-6.7%
Operating profit	22.8	23.8	-4.2%	154.1	132.3	16.5%
Building Solutions – Europe	4.6	8.5	-46.4%	65.9	45.1	46.1%
Building Solutions – North America	20.2	15.6	29.0%	84.5	74.5	13.4%
Uponor Infra	2.5	2.0	24.2%	16.2	19.0	-14.6%
Comparable operating profit	26.7	27.3	-2.3%	160.5	142.7	12.5%
Building Solutions – Europe	8.6	11.9	-27.6%	72.0	55.1	30.6%
Building Solutions – North America	20.3	15.6	29.8%	84.7	74.6	13.5%
Uponor Infra	2.6	2.1	27.7%	16.3	19.0	-14.1%
Financial income and expenses	-1.0	-3.5	-71.5%	-7.9	-6.3	26.9%
Profit before taxes	21.9	19.4	12.6%	139.8	121.8	14.8%
Profit for the period	18.4	20.8	-11.2%	103.4	96.1	7.6%
Earnings per share	0.23	0.27	-14.8%	1.33	1.21	9.9%

	31 Dec 2021	31 Dec 2020	Change
Net working capital, M€	93.3	65.9	41.6%
Net-interest bearing debt, M€	20.9	15.1	38.9%
Solvency, %	50.2	48.7	3.1%
Gearing, %	4.3	3.6	21.2%
Return on investment, %	24.7	21.8	13.3%

Webcast of the results briefing and the presentation

A webcast in English will be broadcast on 10 February at 10:00 EET. It can be viewed via our website at uponorgroup.com or via the Uponor IR mobile app. The recorded webcast can be viewed via the website or the app shortly after the live presentation. All presentation materials will be available at www.uponorgroup.com > Investors > Reports and presentations.

Uponor Corporation's financial reporting in 2022

14 March 2022	Virtual Capital Markets Day in Helsinki, Finland
28 April 2022	Interim report 1–3/2022
27 July 2022	Half-year report 1–6/2022
4 Nov 2022	Interim report 1–9/2022

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Interim results October–December 2021

Markets

Construction markets remained generally favourable in Uponor's largest markets during the fourth quarter. Across key Group countries, both new built and renovation projects in the residential segment continued to benefit from positive tailwinds created by increased household spending and strong labour markets. Non-residential markets remained muted overall, but with significant variation between countries and, within countries, between different building types, such as commercial spaces, hospitals and lodging.

Net sales

Uponor's net sales for the fourth quarter reached €329.3 (280.5) million, a growth of 17.4%. Negative net currency impact was €1.5 million, mainly due to USD, RUB and PLN, bringing the growth without currency impact to 17.9%.

Net sales of Building Solutions – Europe were €133.9 (126.8) million, a growth of 5.6%. The growth was driven by good performance in Eastern Europe and Nordic countries together with the completion of the acquisition of Capricorn S.A.

Building Solutions – North America's net sales were €127.5 (100.5) million, a growth of 26.9% in euro terms or a growth of 21.9% in USD. The increase was driven by volume growth and price increases in both the U.S. and Canada.

Uponor Infra's net sales were €69.1 (54.1) million, a growth of 27.9%. The net sales increase was mainly driven by price increases in all markets.

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

M€	10–12/2021	10–12/2020	Change
Building Solutions – Europe*	133.9	126.8	5.6%
Building Solutions – North America	127.5	100.5	26.9%
(Building Solutions – North America (M\$))	146.4	120.2	21.9%
Uponor Infra	69.1	54.1	27.6%
Eliminations	-1.1	-0.9	
Total	329.3	280.5	17.4%

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

Results and profitability

Uponor's gross profit in the fourth quarter was €117.7 (106.0) million. The gross profit margin was 35.8% (37.8).

The comparable operating profit was €26.7 (27.3) million. The total net effect of items affecting comparability was €3.9 (3.5) million and they were related to Uponor's operational excellence programme and M&A activities. During the comparison period, they were related to the operational excellence programme. Comparable operating profit margin was 8.1% (9.7). Operating profit in the fourth quarter of 2021 was €22.8 (23.8) million. The decrease was due to non-recurring consultancy costs. Operating profit margin was 6.9% (8.5).

Building Solutions – Europe's operating profit was €4.6 (8.5) million, a decrease of 46.4%. The division's comparable operating profit was €8.6 (11.9) million. The decrease was mainly due to higher input costs,

decreased sales volumes, phasing of maintenance work as well as investments in marketing activation. Savings from the operational excellence programme and price increases could only partly offset these factors.

Building Solutions – North America's operating profit was €20.2 (15.6) million, a growth of 29.0% in euro terms and 21.6% in USD. The result was driven by strong operational performance as well as volume growth and price increases.

Uponor Infra's operating profit was €2.5 (2.0) million, growth of 24.2%. The division's comparable operating profit was €2.6 (2.1) million. The items affecting comparability were related to the operational excellence programme. The good progress was driven by productivity improvements in Poland and Sweden, in particular.

Uponor's profit before taxes for October–December was €21.9 (19.4) million. The tax expense was €3.4 million, while in the comparison period taxes had a positive effect of €1.3 million due to non-recurring tax cost reductions.

Profit for the period in the fourth quarter was €18.4 (20.8) million.

Operating profit by division (October–December):

M€	10–12/2021	10–12/2020	Change
Building Solutions – Europe*	4.6	8.5	-46.4%
Building Solutions – North America	20.2	15.6	29.0%
(Building Solutions – North America (M\$))	23.0	18.9	21.6%
Uponor Infra	2.5	2.0	24.2%
Others	-3.4	-1.1	
Eliminations	-1.0	-1.3	
Total	22.8	23.8	-4.2%

Comparable operating profit by division (October–December):

M€	10–12/2021	10–12/2020	Change
Building Solutions – Europe*	8.6	11.9	-27.6%
Building Solutions – North America	20.3	15.6	29.8%
(Building Solutions – North America (M\$))	23.2	18.9	22.4%
Uponor Infra	2.6	2.1	27.7%
Others	-3.8	-1.0	
Eliminations	-1.0	-1.3	
Total	26.7	27.3	-2.3%

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

Events during the period

On 7 October, Uponor received a notification from Nordea Funds Ltd., in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the notification, Nordea Funds Ltd.'s holdings exceeded 5.0% of the voting rights in Uponor, on 6 October 2021.

On 29 October, Uponor announced that the company had completed the acquisition of all outstanding shares in Capricorn S.A. from its owners.

On 4 November, Uponor announced that Uponor's CFO and a member of Uponor's Executive Committee, Minna Yrjönmäki, will leave her position as of 31 December 2021. Markus Melkko was appointed CFO and a member of Uponor's Executive Committee as of 1 January 2022.

On 9 December, Uponor received a notification from Nordea Funds Ltd., in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the notification, Nordea Funds Ltd.'s holdings exceeded 5.0% of the shares and voting rights in Uponor, on 8 December 2021.

Financial statements January–December 2021

Markets

Early 2021, construction markets across the Group benefited from continued monetary and fiscal policies adopted by governments to combat the impacts of the pandemic. Increased disposable incomes and favourable borrowing rates led many consumers to seek out new housing or to invest in their existing properties, lifting real estate prices dramatically and spurring the initiation of new residential developments. The significant increase in residential demand, however, worsened an already challenging labour market for skilled construction workers, led to disruptions in the availability of materials, and drove up material costs. As the year came to a close, residential demand remained solid, but supply-side challenges appeared to limit the rate of growth. Meanwhile, non-residential building activity varied significantly by country and building segment, with some segments showing signs of improvement and others continuing to slow.

In North America, construction activity in the U.S. was solid overall. The residential segment exhibited especially strong growth, with spending on both new homes and home renovation growing at a double-digit pace. Although homebuilders remained very upbeat throughout the year, progressively increasing challenges in material and labour availability led to significant inflation in construction costs and many builders reported project delays as the year progressed. Nonetheless, housing starts for the year were still at their highest level in 15 years. In the more diverse non-residential segment, improvements in some areas, such as commercial property developments, were offset by continued weakness in other areas, such as lodging. In Canada, the housing market was also very strong, logging the highest number of housing starts seen in the last 45 years.

In Uponor's largest Central European market, Germany, building activity in the residential segment, both new build and renovation, continued at a relatively high level. While builders reported strengthening confidence throughout most of the year, building activity was dampened by project delays caused by a continued lack of skilled labour and, as the year progressed, increasingly challenging material availability issues. Meanwhile, spending on non-residential projects contracted further, with notable slowing in, for example, commercial and industrial buildings. In the Netherlands, construction activity in both the residential and non-residential segments grew from the previous year.

In the Nordic region, all countries witnessed a significant increase in new residential construction, with low double-digit growth rates, as well as improved residential renovation activity. Clear differences were visible, however, in the non-residential and civil engineering markets. Non-residential construction expanded meaningfully in Sweden, despite continued slowing in commercial projects, while spending in other building types was largely flat. In civil engineering, Norwegian and Swedish municipalities increased investments in transport, telecommunications and water works, while the situation in Finland and Denmark was more stable.

Construction markets in Southwest Europe improved significantly from the weak performance in 2020, with residential markets making up a large portion of the losses from the previous year, but non-residential spending considerably weaker.

Net sales

Uponor's net sales were €1,313.2 (1,136.0) million, a growth of 15.6% year-over-year, making the year 2021 the strongest in Uponor's history. Negative currency impact totalled €5.0 million, mainly due to USD, RUB and PLN, bringing the 2021 full-year organic growth to 16.0% in constant currency terms.

Building Solutions – Europe's net sales were €564.2 (499.5) million, a growth of 13.0% year-over-year. Net sales and volumes increased in all markets, driven by growth in Germany, the Netherlands and Sweden. Net sales also grew in all product categories.

Building Solutions – North America's net sales were €467.5 (389.1) million, a growth of 20.2%. In U.S. dollar terms, the growth was 23.8%. The good progress was driven by volume growth and price increases in both the U.S. and Canada.

Uponor Infra's net sales were €286.8 (252.0) million, a growth of 13.8%. Net sales increased in Finland, Norway and Sweden, in particular. Net sales increased also in designed solutions sales.

Within the product categories, the share of plumbing solutions represented 55% (55), indoor climate solutions 23% (23) and infrastructure solutions 22% (22) of Group net sales.

Measured in terms of reported net sales, and their respective share of Group net sales, the 10 largest countries were as follows: the U.S. 30.9% (30.4), Germany 11.0% (11.9), Finland 10.0% (11.1), Sweden 9.5% (9.0), Canada 4.8% (4.0), Denmark 4.5% (4.5), the Netherlands 4.3% (4.4), Poland 3.1% (3.4), Spain 2.9% (3.2) and Norway 2.2% (2.8).

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

M€	1–12/2021	1–12/2020	Change
Building Solutions – Europe*	564.2	499.5	13.0%
Building Solutions – North America	467.5	389.1	20.2%
(Building Solutions – North America (M\$))	552.4	446.3	23.8%
Uponor Infra	286.8	252.0	13.8%
Eliminations	-5.3	-4.5	
Total	1,313.2	1,136.0	15.6%

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

Results and profitability

Uponor's full-year gross profit was €484.7 (429.4) million, a growth of €55.3 million. The gross profit margin decreased slightly and was 36.9% (37.8). Comparable gross profit was €484.8 (430.2) million, with a margin of 36.9% (37.9). The items affecting comparability were related to the operational excellence programme.

Comparable operating profit, i.e., excluding any items affecting comparability, was €160.5 (142.7) million, a growth of 12.5%. The total net amount of items affecting comparability was €6.4 (10.4) million and they were related to Uponor's operational excellence programme and M&A activities. During the comparison period, items affecting comparability were related to the operational excellence programme. Comparable operating profit margin was 12.2% (12.6).

Operating profit was €154.1 (132.3) million. The operating profit margin was 11.7% (11.6).

Building Solutions – Europe's operating profit was €65.9 (45.1) million. Comparable operating profit was €72.0 (55.1) million. The items affecting comparability were mainly related to the operational excellence programme. The improvements in operating profit were driven by higher volumes, price increases and savings generated by the operational excellence programme. Additionally, the favourable sales mix improved profitability.

Building Solutions – North America's operating profit was €84.5 (74.5) million. Strong operational performance, higher volumes and price increases all contributed to the increase in operating profit, despite the growth in input and freight costs.

Uponor Infra's operating profit was €16.2 (19.0) million. Comparable operating profit was €16.3 (19.0.) The items affecting comparability were related to the operational excellence programme. The profitability decrease was due to higher input costs, which were not fully compensated by price increases.

Operating profit by division (January–December):

M€	1–12/2021	1–12/2020	Change
Building Solutions – Europe*	65.9	45.1	46.1%
Building Solutions – North America	84.5	74.5	13.4%
(Building Solutions – North America (M\$))	99.8	85.5	16.8%
Uponor Infra	16.2	19.0	-14.6%
Others	-9.5	-4.7	
Eliminations	-3.0	-1.6	
Total	154.1	132.3	16.5%

Comparable operating profit by division (January–December):

M€	1–12/2021	1–12/2020	Change
Building Solutions – Europe*	72.0	55.1	30.6%
Building Solutions – North America	84.7	74.6	13.5%
(Building Solutions – North America (M\$))	100.0	85.6	16.9%
Uponor Infra	16.3	19.0	-14.1%
Others	-9.5	-4.4	
Eliminations	-3.0	-1.6	
Total	160.5	142.7	12.5%

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

Uponor's net financial expenses were €7.9 (6.3) million. In 2021, net currency exchange differences totalled €-3.2 (-2.7) million.

The share of the result in associated companies and joint ventures, €-6.4 (-4.2) million, is mainly related to Uponor's 50% share in the joint venture company, Phyn. Uponor announced on 13 August that the company had sold its share in Phyn to Belkin International, Inc.

Profit before taxes was €139.8 (121.8) million. The effective tax rate was 26.0% (21.1%). In 2020, the effective tax rate was decreased due to the utilisation of unrecognised tax losses and a transfer pricing agreement reached between tax authorities. Income taxes totalled €36.4 (25.7) million.

Profit for the period totalled €103.4 (96.1) million. Return on equity was 22.9% (24.3).

Return on investment was 24.7% (21.8). Return on investment, adjusted for items affecting comparability, was 25.3% (23.6).

Earnings per share were €1.33 (1.21). Equity per share was €5.72 (4.89). For other share-specific information, please see the Tables section.

Cash flow from operations increased and was €139.2 (207.5) million. Cash flow declined from the previous year mainly driven by increased net working capital. Cash flow before financing was €75.0 (170.7) million.

Investment, research and development, and financing

Gross investment in fixed assets totalled €45.5 (30.2) million. Net investments totalled €44.7 (29.5) million. Uponor's investments in 2021 were related to capacity expansions mainly in the U.S. as well as efficiency improvements and maintenance at manufacturing facilities globally.

Research and development costs were €20.7 (22.5) million, or 1.6% (2.0) of net sales. The main research and development activities were related to the completion and launch of new tools for cold expansion fittings done with our partner, various prefabricated solutions, as well as completion of the development project for a new material for engineered polymer fittings. In addition, the development of new pipe extrusion technologies and processes continued.

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, of which €50 million is maturing in 2022 and the rest in 2023–2026; none of these were used during the reporting period.

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 million, none of which were in use on the balance sheet date. At the end of the year, Uponor had €98.1 (138.0) million in cash and cash equivalents.

Net interest-bearing liabilities were €20.9 (15.1) million. The solvency ratio was 50.2% (48.7) and gearing was 4.3% (3.6), with a four-quarter rolling gearing of 1.7% (28.6), below the range of 40–80% set in the company's financial targets.

Events during the period

On 30 April, Uponor received an approval from the Science Based Targets initiative for its new greenhouse gas emission reduction targets, which are based on the Paris Climate Agreement and aim to limit the global temperature rise to 1.5°C.

On 13 August, 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. The parties have agreed not to disclose the purchase price.

On 23 August, Uponor announced that the company and the owners of Capricorn S.A. have signed a share purchase agreement for all outstanding shares in Capricorn S.A., a Polish manufacturer of components for heating and sanitary installations. The closing of the acquisition was announced on 29 October.

On 7 September, Uponor announced its collaboration with Borealis, one of the world's leading providers of advanced and circular polyolefin solutions. The parties have been working together to launch Uponor Infra's first product, the Ultra Rib 2 Blue sewer pipe, utilising renewable raw materials and with up to 70% lower carbon footprint.

Operational excellence programme

Uponor updated the savings target and schedule of its operational excellence programme on 5 May 2021. The updated annual savings target of the programme is €25 million by the end of the first half of 2022. The estimated one-time costs of the whole programme are around €22 million.

During 2021, the programme generated savings of approximately €13 million, which brings the total generated savings under the programme up to approximately €21 million by the year end. The programme is expected to

reduce approximately 200 FTEs. By the end of year 2021, the reduction was around 160 FTEs since the beginning of the programme.

Since the launch of the programme, a total of €17.2 million in one-time costs have been recorded as items affecting comparability. Of that amount, €5.4 million was recorded in 2021.

Uponor first announced the operational excellence programme in October 2019 with an annual savings target of €20 million by the end of 2021 and around €20 million in one-time costs.

The impacts of COVID-19

The outlook for 2022 continues with uncertainties around the next phases of the COVID-19 pandemic even though good progress has been made in vaccination coverage in Uponor's operating area. The prevailing situation poses short-term challenges to Uponor's supply chain and own production, which may cause supply shortages and delays in deliveries. Continued uncertainty among businesses may negatively affect the initiation of new construction and renovation projects, though the relative impact and timing of this effect is uncertain.

Supported by its strong balance sheet and cash position, Uponor is in a solid financial position to face the possible next phases of the pandemic and their implications. The pandemic has not had an impact on the valuation of Uponor's assets.

Resolutions of the Annual General Meeting 2021

Uponor's Annual General Meeting was held in Helsinki, Finland, on 18 March 2021. The AGM adopted the financial statements and the consolidated financial statements for 2020 and released the Board members and the President and CEO from liability. The AGM approved the proposed dividend of €0.57 per share for 2020, and its payment in two instalments. The first instalment of €0.28 per share was paid on 22 March 2021. The second instalment of €0.29 per share was paid on 23 September 2021.

Existing Board members Annika Paasikivi (chair), Pia Aaltonen-Forsell, Johan Falk, Markus Lengauer, Casimir Lindholm and Michael G. Marchi were re-elected. The AGM elected Annika Paasikivi as Chair of the Board.

KPMG Oy Ab, a company of Authorised Public Accountants, was elected as the auditor of the company for 2021.

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% 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% 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.

Further details regarding the Annual General Meeting are available at www.uponorgroup.com/en-en/investors/governance/agm/agm-2021

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.

Uponor complies with the Finnish Corporate Governance Code 2020 issued by the Securities Market Association, with the exception of recommendation 15. According to recommendation 15, the Board of Directors' committees should have at least three members each. The Personnel and Remuneration Committee, however, has two members instead of the three stated in the recommendation. Uponor considers sufficient expertise to have been secured for the Personnel and Remuneration Committee on the basis of two members, and the Committee may also obtain views from outside 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 with by the Board of Directors.

Personnel

At the end of the year, the Uponor Group had 4,234 (3,658) employees, in full-time-equivalent (FTE) terms. This is 576 more than at the end of 2020. The average number of employees (FTE) for the year was 3,871 (3,708). The increase was driven by the acquisition of Capricorn S.A. as well as new hires to support growth in all of Uponor's divisions.

The geographical breakdown of the Group's personnel (FTE) was as follows: the U.S. 24% (23), Germany 19% (23), Finland 15% (17), Poland 15% (7), Sweden 13% (15), Denmark 2% (3), Spain 2% (2), Russia 2% (2), Canada 1% (1), France 1% (1) and other countries 5% (6).

A total of €278.8 (256.7) million was recorded in salaries, other remunerations and employee benefits during the financial period.

Changes in the Executive Committee

On 12 February, Uponor announced that its President and CEO, Jyri Luomakoski, will leave his position on 20 August 2021.

On 5 May, Uponor's Board of Directors appointed Michael Rauterkus as President and CEO of Uponor Group and Chairman of the Executive Committee as of 21 August 2021.

On 4 November, Uponor announced that Uponor's CFO and a member of Uponor's Executive Committee, Minna Yrjönmäki, will leave her position as of 31 December 2021. Markus Melkko was appointed CFO and a member of Uponor's Executive Committee as of 1 January 2022.

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 Report 2021 (which will be published latest during the week 9/2022).

Uponor's business model and value creation

Operating in an industry with a strong influence on sustainable living, Uponor's vision is to become a recognised leader in sustainable building and infrastructure solutions.

Uponor's materiality analysis together with four selected UN Sustainable Development Goals; clean water and sanitation (6), decent work and economic growth (8), responsible production and consumption (12) and climate action (13), form the framework for Uponor's sustainability agenda. The selected focus areas are those that have the greatest impact potential on the business, including major opportunities, and are aligned with Uponor's business scope. The KPIs are reported at the end of this section.

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,

sustainability, IT and R&D topics are managed at Group level in order to benefit from global presence and maximise the return from long-term R&D projects.

Operating principles and due diligence processes

Uponor complies with local laws and regulations, and the company's Code of Conduct and other Group policies form the foundation for its operating principles. Uponor is also a signatory of the UN Global Compact and has committed to the Science Based Targets initiative.

Environment

Uponor considers the environmental aspects of its product offering and continuously aims to reduce the overall impact of its business operations. Uponor has 17 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 standard ISO 14001 and an energy-management system compliant with the standard ISO 50001 in order to reach its environmental and energy targets systematically. In 2021, 15 manufacturing facilities were ISO 14001 certified and 10 ISO 50001 certified. Uponor's environmental topics are covered by its Quality Environmental Management Policy. Internal and external audits are conducted on a yearly basis to ensure enforcement of the Quality Environmental Management Policy.

In addition, Uponor is developing innovations related to recyclable packaging systems and alternative resins, among others, to reduce its environmental impacts. In 2021, the company launched its first 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 zero accidents by 2025. Employee health and safety topics are covered by the Quality Environmental Management Policy.

Uponor's people strategy is based on three main themes: leadership, talent and culture. With the people 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.

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

Human rights

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.

Uponor has a Supplier Policy that aims to ensure that its suppliers also meet Uponor's ethical, social, environmental and quality standards, as well as comply with all local laws and regulations. In 2022, Uponor will launch a new Supplier Code of Conduct that will cover these topics.

Through Uponor's whistle-blower channel, its employees and external stakeholders have the opportunity to report non-compliant behaviour, even anonymously if they wish.

Anti-corruption and bribery

Uponor has zero tolerance for corruption and bribery. Uponor's Fraud Prevention Policy sets out the company's attitude towards fraud and its intention to prevent it, as well as the responsibilities of all Uponor employees 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. Its first Environmental Product Declarations, which provide full transparency on the environmental footprint of the product, were published in 2021 and this work continues in 2022.

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 2021, Uponor's scope 1 and 2 GHG emissions in total decreased. The decrease was driven by change to green electricity in Estonia and Poland. In addition, the share of purchased green electricity in the U.S. increased. The total amount of waste and water consumption increased mainly due to increased production volumes.

Social and employee related matters

Safety is Uponor's top priority, and the COVID-19 pandemic emphasised its importance even further. 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 2021.

Uponor's lost time injury frequency improved to 4.8 (7.5), driven by good progress at Uponor Infra, in particular. Uponor continues to develop its internal trainings, ways of working and enhanced processes and safety equipment. In 2022, Uponor will launch its global safety forum to share best practices and implement global safety guidelines for all manufacturing sites.

In 2021, Uponor provided a selection of different virtual trainings and e-learning courses to its employees varying from developing leadership skills to maintaining well-being. Uponor also started to build a global approach for how to enhance diversity, equity and inclusion in its company culture.

Uponor conducted a Group-wide employee engagement survey during autumn 2021. The response rate was 84% (85), and the Employee Net Promoter Score (eNPS) was 41. According to employees, Uponor's strengths as an employer are the physical work environment, remote work practices and possibilities to pursue personal development.

Human rights, anti-corruption and bribery

Uponor started a project to further improve the transparency of its supply chain and created a Supplier Code of Conduct in 2021. The new policy will be implemented throughout the supply chain during 2022. Uponor is currently building a sustainability audit programme and aims to roll it out by the end of 2022.

Uponor updated its Code of Conduct in 2021. New e-learning material concerning the policy is being created and the company aims to launch the e-learning courses to its employees during the first quarter of 2022.

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

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 company. 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. Uponor will implement its new Supplier Code of Conduct to its direct suppliers during 2022. In addition, an anonymous whistle-blower channel is in use. 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, as well as training and auditing partners. In addition, the company has an internal anonymous whistle-blower channel in use for all stakeholders.

Key non-financial performance indicators

Measure	Unit	2021	2020
Total energy consumption	1,000 MWh	227.0	206.6
Raw materials	1,000 tonnes	163.1	157.1
Water consumption	1,000 m3	146.9	139.0
Total GHG emissions (Scope 1)	1,000 tonnes CO2e	6.3	6.4
Total GHG emissions (Scope 2)	1,000 tonnes CO2e	4.8	14.5
Total waste	1,000 tonnes	18.0	15.9
Incident rate (LTIF)	per million work hours	4.8	7.5
Share of white-collar employees participating in Code of Conduct e-learning	%	93.2	95.2

Some figures for previous years have changed due to improved accuracy in data collection and reporting. 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. For reference, location-based scope 2 emissions were 67.2 (1,000 tonnes CO2e) in

2021. Biogenic emissions were 0.06 (1,000 tonnes CO₂e) in 2021. Uponor will update its GHG emissions reporting principles and methodology during 2022. The environmental indicators include all Uponor's manufacturing facilities with the exception of Capricorn S.A., which was acquired in October 2021. The social indicators include all Uponor operations. The total working hours are calculated based on the combined FTE of all active employees and the average yearly working hours in Uponor's biggest operating countries.

Alignment with the EU taxonomy

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.

	Total amount, M€	Eligible activities	Non-eligible activities
Net sales	1,313.2	25%	75%
Operational expenses	1,159.9	19%	81%
Capital expenditure	45.5	18%	82%

Short-term risks and uncertainties

Changes in the global economy and financial markets may have a negative impact on Uponor's operations, performance, financial position and sources of capital.

Risks related to the COVID-19 pandemic can be found in a separate section: The impacts of COVID-19.

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.

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. In autumn 2021, certain product-related lawsuits with class allegations were filed against Uponor in two states in North America. The cases are still in their early stages, and it is 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.

Uponor's ongoing operational excellence programme aims to achieve annual savings of €25 million by the end of the first half of 2022. The company is exposed to a risk of capturing the savings within the planned timeline.

Digitalisation, emerging technologies and capabilities related to those areas are needed to build new business opportunities for Uponor. In addition, digitalisation and smart solutions expose the company to cyber risks.

Uponor's ability to attract and retain talent to drive change are key to the company's future success. Uponor manages this risk by building its employer brand and helping its current employees to develop, for example, their leadership skills.

In most of the countries where Uponor operates, there are local regulations and industry standards with which Uponor must be in compliance for many of the products in its portfolio of offerings. The company has rigid processes in place whereby it closely monitors regulations and standards which pertain to both its products and raw materials. Changes in this regulatory environment can result in additional expenses to Uponor to ensure its products remain in compliance with the updated regulations and standards.

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. In recent years, Uponor has been able to pass most of the effects of such fluctuations onto its selling prices with a reasonable delay.

Uponor has 17 manufacturing facilities in Europe and North America, which exposes the company to possible environmental risks. Uponor operates under an ISO 9001 quality management system and an ISO 14001 environmental management system, which enhance quality, production safety, environmental law compliance and productivity while reducing the environmental impact and risks related to Uponor's operations.

Several factors, including disturbances in the supply chain and IT systems as well as natural disasters, can pose a business continuity risk to Uponor. Uponor mitigates the risk with comprehensive business continuity planning and management.

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.

A more detailed risk analysis can be found from www.uponorgroup.com > Investors > Uponor as an investment.

Share capital and shares

In 2021, Uponor's share turnover on Nasdaq Helsinki was 20.9 (28.8) million shares, totalling €459.2 (361.2) million. The share quotation at the end of 2021 was €20.94 (18.16), and the market capitalisation of the shares was €1,533.0 (1,329.4) million.

At the end of the year, there were a total of 19,071 (17,834) shareholders. Foreign shareholding in Uponor accounted for 29.4% (28.7) of all shareholdings in the company at the end of the reporting period. More detailed information is available in the financial statements.

In 2021, Uponor Corporation's share capital totalled €146,446,888 and the number of shares stood at 73,206,944; there were no changes during the year.

Treasury shares

At the end of the year, Uponor held 634,206 of its own shares, representing approximately 0.87% of the company's shares and voting rights.

Management shareholding

At the end of the year, 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 89,323 Uponor shares (117,922 shares). These shares accounted for 0.12% 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 www.uponorgroup.com > Investors > Remuneration.

In December 2021, 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 2022–2024 plan will be paid in 2025, partly in company shares and partly in cash.

Notices under the Securities Market Act 9:5

On 22 June, Uponor received a notification from Nordea Funds Ltd., in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the notification, Nordea Funds Ltd.'s holdings had changed to below 5.0% of the share capital and to 5.06% of the voting rights in Uponor, on 21 June 2021.

On 23 September, Uponor received a notification from Nordea Funds Ltd., in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the notification, Nordea Funds Ltd.'s holdings decreased below 5.0% of the voting rights in Uponor, on 22 September 2021.

On 7 October, Uponor received a notification from Nordea Funds Ltd., in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the notification, Nordea Funds Ltd.'s holdings exceeded 5.0% of the voting rights in Uponor, on 6 October 2021.

On 9 December, Uponor received a notification from Nordea Funds Ltd., in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the notification, Nordea Funds Ltd.'s holdings exceeded 5.0% of the shares and voting rights in Uponor, on 8 December 2021.

Events after the reporting period

On 10 January 2022, Uponor announced that Bill Gray, President, Building Solutions – North America and a member of Uponor's Executive Committee will leave his position on the Executive Committee and the President as of 10 January 2022. John Reutter, Vice President, Finance, Building Solutions – North America was appointed interim President, Building Solutions – North America and an interim member of Uponor's Executive Committee as of the same day.

Short-term market outlook

Uponor expects that the trends witnessed in the last quarter of 2021 will continue, with residential markets remaining upbeat, despite their prolonged period of growth and increased borrowing costs in some markets, and non-residential markets stabilising further. Nonetheless, visibility remains limited and uncertainty around forecasts remains significant as supply chain and labour challenges persist.

Guidance for 2022

Excluding the impacts of currencies, Uponor expects its net sales and comparable operating profit to increase from 2021.

(Increase indicates a growth of 2.5% or more.)

Vantaa, 10 February 2022

Uponor Corporation
Board of Directors

Table part

This interim report has been compiled in accordance with the IAS 34 reporting standard and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2020. All figures presented have been rounded and consequently, the sum of individual figures might differ from the presented total figure. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim report

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-12/2021	1-12/2020	10-12/2021	10-12/2020
Net sales	1,313.2	1,136.0	329.3	280.5
Cost of goods sold	828.5	706.6	211.6	174.5
Gross profit	484.7	429.4	117.7	106.0
Other operating income	0.9	1.0	0.1	0.3
Dispatching and warehousing expenses	31.9	31.7	8.6	7.7
Sales and marketing expenses	201.0	180.6	55.5	48.8
Administration expenses	77.3	61.9	24.0	18.1
Other operating expenses	21.2	23.9	6.8	7.8
Operating profit	154.1	132.3	22.8	23.8
Financial expenses, net	7.9	6.3	1.0	3.5
Share of results in associated companies and joint ventures	-6.4	-4.2	0.0	-0.9
Profit before taxes	139.8	121.8	21.9	19.4
Income taxes	36.4	25.7	3.4	-1.3
Profit for period	103.4	96.1	18.4	20.8
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Re-measurements on defined benefit pensions, net of taxes	0.4	0.1	0.4	0.1
Items that may be reclassified subsequently to profit or loss				
Translation differences	7.1	-6.3	2.3	1.3
Cash flow hedges, net of taxes	2.6	-0.3	0.7	0.4
Other comprehensive income for the period, net of taxes	10.1	-6.5	3.3	1.8
Total comprehensive income for the period	113.6	89.6	21.8	22.5
Profit/loss for the period attributable to				
- Equity holders of parent company	96.9	88.6	16.8	19.9
- Non-controlling interest	6.5	7.5	1.7	0.9
Total comprehensive income for the period attributable for				
- Equity holders of parent company	107.2	82.0	20.1	21.1
- Non-controlling interest	6.4	7.6	1.6	1.5
Earnings per share, €	1.33	1.21	0.23	0.27
Diluted earnings per share, €	1.33	1.21	0.23	0.27

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	31.12.2021	31.12.2020
Assets		
Non-current assets		
Property, plant and equipment	295.5	264.7
Intangible assets	113.2	95.9
Investments in associates and joint ventures	0.4	9.4
Other securities and non-current receivables	6.5	4.8
Deferred tax assets	15.9	16.2
Total non-current assets	431.4	391.0
Current assets		
Inventories	174.4	128.7
Accounts receivable	206.8	163.6
Other receivables	56.4	47.1
Cash and cash equivalents	98.1	138.0
Total current assets	535.8	477.4
Total assets	967.2	868.4
Equity and liabilities		
Equity		
Equity attributable to the owners of the parent company	414.6	356.8
Non-controlling interest	68.7	65.1
Total equity	483.4	421.9
Non-current liabilities		
Interest-bearing liabilities	106.7	124.1
Deferred tax liability	8.5	9.7
Provisions	25.5	15.8
Employee benefits and other liabilities	19.6	21.1
Total non-current liabilities	160.4	170.7
Current liabilities		
Interest-bearing liabilities	12.3	29.0
Provisions	17.7	21.3
Accounts payable	117.7	83.9
Other liabilities	175.8	141.7
Total current liabilities	323.5	275.8
Total equity and liabilities	967.2	868.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-12/2021	1-12/2020
Cash flow from operations		
Net cash from operations	197.4	191.1
Change in net working capital	-23.4	40.2
Income taxes paid	-32.5	-21.1
Interest paid	-2.7	-3.3
Interest received	0.4	0.5
Cash flow from operations	139.2	207.5
Cash flow from investments		
Acquisition of subsidiaries and businesses	-20.5	-4.0
Investments in joint ventures	-	-3.9
Purchase of other shares	-0.8	-
Purchase of fixed assets	-45.5	-30.2
Proceeds from sale of other shares	2.5	-
Proceeds from sale of fixed assets	0.8	0.9
Loans granted	-1.2	0.0
Dividends received	0.5	0.4
Cash flow from investments	-64.2	-36.8
Cash flow from financing		
Borrowings of debt	71.0	-
Repayment of debt	-103.0	-70.3
Change in other short-term loan	-15.0	15.0
Dividends paid	-44.4	-40.0
Purchase of own shares	-10.7	-
Payment of lease liabilities	-13.4	-12.7
Cash flow from financing	-115.4	-108.0
Conversion differences for cash and cash equivalents	0.6	-0.7
Change in cash and cash equivalents	-39.8	61.9
Cash and cash equivalents at 1 January	138.0	76.1
Cash and cash equivalents at end of period	98.1	138.0
Changes according to balance sheet	-39.8	61.9

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2021	146.4	50.2	0.9	-13.9	-1.7	174.9	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
Acquisition of own shares					-10.7		-10.7		-10.7
Dividend (€0.57 per share)						-41.7	-41.7		-41.7
Dividend paid to non-controlling interest								-2.7	-2.7
Share-based incentive plan					0.4	2.6	3.0		3.0
Balance at 31 Dec 2021	146.4	50.2	3.5	-6.6	-12.0	233.2	414.6	68.7	483.4
Balance at 1 Jan 2020	146.4	50.2	1.5	-7.6	-2.0	123.1	311.6	58.8	370.4
Profit for the period						88.6	88.6	7.5	96.1
Other comprehensive income for the period			-0.3	-6.4		0.1	-6.7	0.1	-6.5
Dividend (€0.53 per share)						-38.7	-38.7		-38.7
Dividend paid to non-controlling interest								-1.3	-1.3
Share-based incentive plan					0.3	1.7	2.0		2.0
Transfer between reserves			-0.3			0.3	-		-
Balance at 31 Dec 2020	146.4	50.2	0.9	-13.9	-1.7	174.9	356.8	65.1	421.9

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

A – Share capital

B – Share premium

C – Other reserves

D* – Translation reserve

E – Treasury shares

F – Retained earnings

G – Equity attributable to owners of the parent company

H – Non-controlling interest

I – Total equity

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The interim report has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and IAS 34 Interim Financial Reporting. In its interim reports, Uponor Group follows the same principles as in the annual financial statements for 2021.

BUSINESS ACQUISITIONS AND DISPOSALS

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. The acquisition calculation is preliminary; the fair value of acquired net assets is provisional pending on the receipt of final valuations for identifiable intangible assets and property, plant and equipment.

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

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

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	31.12.2021	31.12.2020
Gross investment	45.5	30.2
- % of net sales	3.5	2.7
Book value of disposed fixed assets	0.6	0.7
Depreciation and impairments	49.1	52.7

PERSONNEL

	1-12/2021	1-12/2020
Converted to full time employees		
Average	3,871	3,708
At the end of the period	4,234	3,658

OWN SHARES

	31.12.2021	31.12.2020
Own shares held by the company, pcs	634,206	184,966
- of share capital, %	0.9	0.3
- of voting rights, %	0.9	0.3
Accounted par value of own shares held by the company, M€	1.3	0.4

Division information	1-12/2021			1-12/2020		
M€	External	Internal	Total	External	Internal	Total
Net sales by division						
Building Solutions - Europe	562.7	1.5	564.2	497.9	1.5	499.5
Building Solutions - North America	467.5	-	467.5	389.1	0.0	389.1
Uponor Infra	283.0	3.8	286.8	249.0	3.0	252.0
Eliminations	-	-5.3	-5.3	-	-4.5	-4.5
Total	1,313.2	-	1,313.2	1,136.0	-	1,136.0

	10-12/2021			10-12/2020		
M€	External	Internal	Total	External	Internal	Total
Net sales by division						
Building Solutions - Europe	133.6	0.3	133.9	126.6	0.1	126.8
Building Solutions - North America	127.5	0.0	127.5	100.5	0.0	100.5
Uponor Infra	68.2	0.9	69.1	53.4	0.7	54.1
Eliminations	-	-1.1	-1.1	-	-0.9	-0.9
Total	329.3	-	329.3	280.5	-	280.5

M€	1-12/2021	1-12/2020	10-12/2021	10-12/2020
Operating profit by division				
Building Solutions - Europe	65.9	45.1	4.6	8.5

Building Solutions - North America	84.5	74.5	20.2	15.6
Uponor Infra	16.2	19.0	2.5	2.0
Others	-9.5	-4.7	-3.4	-1.1
Eliminations	-3.0	-1.6	-1.0	-1.3
Total	154.1	132.3	22.8	23.8

M€	1-12/2021	1-12/2020
Division depreciation and impairments		
Building Solutions - Europe	19.1	20.6
Building Solutions - North America	18.1	20.6
Uponor Infra	10.5	10.2
Others	1.4	1.4
Eliminations	-	-
Total	49.1	52.7

Division investments		
Building Solutions - Europe	16.1	9.9
Building Solutions - North America	18.6	10.2
Uponor Infra	8.9	9.3
Others	2.4	0.7
Eliminations	-0.5	-
Total	45.5	30.2

M€	31.12.2021	31.12.2020
Division assets		
Building Solutions - Europe	490.8	374.6
Building Solutions - North America	321.4	293.2
Uponor Infra	219.5	193.0
Others	384.6	422.9
Eliminations	-449.1	-415.4
Total	967.2	868.4

Division liabilities		
Building Solutions - Europe	379.6	313.0
Building Solutions - North America	242.2	231.7
Uponor Infra	76.9	56.9
Others	258.6	297.8
Eliminations	-473.5	-452.9
Total	483.9	446.5

Division personnel, average		
	1-12/2021	1-12/2020
Building Solutions - Europe	1,900	1,876
Building Solutions - North America	999	886
Uponor Infra	845	835
Others	126	111
Total	3,871	3,708

Reconciliation		
M€	1-12/2021	1-12/2020
Operating profit by division		
Total result for reportable divisions	166.6	138.6
Others	-9.5	-4.7

Eliminations	-3.0	-1.6
Operating profit	154.1	132.3
Financial expenses, net	7.9	6.3
Share of results in associated companies and joint ventures	-6.4	-4.2
Profit before taxes	139.8	121.8

REVENUE FROM CONTRACT WITH CUSTOMERS

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

M€	1-12/2021			1-12/2020		
	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division						
Building Solutions - Europe	556.8	5.9	562.7	491.3	6.7	497.9
Building Solutions - North America	467.5	-	467.5	389.1	0.0	389.1
Uponor Infra	265.5	17.5	283.0	233.1	15.9	249.0
External customer, total	1,289.8	23.4	1,313.2	1,113.4	22.6	1,136.0
Internal	5.3		5.3	4.5		4.5
Total	1,295.1	23.4	1,318.5	1,117.9	22.6	1,140.5
Eliminations	-5.3		-5.3	-4.5		-4.5
Total revenue from contracts with customer	1,289.8	23.4	1,313.2	1,113.4	22.6	1,136.0

M€	10-12/2021			10-12/2020		
	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division						
Building Solutions - Europe	132.0	1.6	133.6	125.2	1.5	126.6
Building Solutions - North America	127.5	-	127.5	100.5	-	100.5
Uponor Infra	57.6	10.6	68.2	48.8	4.6	53.4
External customer, total	317.1	12.2	329.3	274.4	6.1	280.5
Internal	1.1		1.1	0.9		0.9
Total	318.2	12.2	330.4	275.3	6.1	281.4
Eliminations	-1.1		-1.1	-0.9		-0.9
Total revenue from contracts with customer	317.1	12.2	329.3	274.4	6.1	280.5

COMMITMENTS

M€	31.12.2021	31.12.2020	31.12.2020
Commitments of purchase PPE (Property, plant, equipment)	13.1	2.6	2.6
- on own behalf			
Pledges at book value	0.0	0.0	0.0
Mortgages issued	4.4	1.1	1.1
Guarantees issued	0.3	0.4	0.4
- on behalf of a subsidiary			
Guarantees issued	16.7	12.9	12.9
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Mortgages issued	4.4	1.1	1.1
Guarantees issued	17.0	13.3	13.3
Total	21.4	14.4	14.4

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

M€	IFRS 7 Fair value hierarchy level	31.12.2021	31.12.2020
Non-current financial assets			
Fair value through other comprehensive income			
Electricity derivatives	1	0.6	0.1
Amortised cost			
Other non-current receivables		4.3	4.1
Other shares and holdings		1.5	0.6
Current financial assets			
Fair value through other comprehensive income			
Electricity derivatives	1	2.2	0.4
Fair value through profit or loss			
Other derivative contracts	2	1.3	3.8
Amortised cost			
Accounts receivable and other receivables		252.7	196.3
Cash and cash equivalents		98.1	138.0
Financial assets total		360.7	343.2
Non-current financial liabilities			
Fair value through other comprehensive income			
Electricity derivatives	1	-	0.1
Amortised cost			
Interest bearing liabilities		106.7	124.1
Current financial liabilities			
Fair value through other comprehensive income			
Electricity derivatives	1	-	0.2
Other derivative contracts	2	0.5	1.0
Fair value through the profit or loss			
Other derivative contracts	2	1.5	0.9
Amortised cost			
Interest bearing liabilities		12.3	29.0
Accounts payable and other liabilities		177.6	134.5
Financial liabilities total		298.6	289.7

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

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

KEY FIGURES

	1-12/2021	1-12/2020
Earnings per share, €	1.33	1.21
Operating profit, %	11.7	11.6
Return on equity, % (p.a.)	22.9	24.3
Return on investment, % (p.a.)	24.7	21.8
Solvency ratio, %	50.2	48.7
Gearing, %	4.3	3.6
Gearing, % rolling 4 quarters	1.7	28.6
Net interest-bearing liabilities	20.9	15.1
Equity per share, €	5.71	4.89
- diluted	5.71	4.89
Dividend per share, €	0.67	0.57
Dividend per earnings, %	50.4	47.1
Effective share yield, %	3.2	3.1
P/E ratio	14.2	15.0
Market value of share capital	1,533.0	1,329.4
Trading price of shares		
- low, €	16.86	6.73
- high, €	28.88	18.60
- average, €	21.89	12.55
Shares traded		
- 1,000 pcs	20,980.9	28,794.9
- M€	459.2	361.2

QUARTERLY DATA

	10-12/ 2021	7-9/ 2021	4-6/ 2021	1-3/ 2021	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020
Net sales, M€	329.3	321.4	353.3	309.2	280.5	301.0	277.1	277.4
- Building Solutions – Europe	133.9	141.6	149.0	139.7	126.8	125.3	118.5	128.8
- Building Solutions – North America	127.5	108.3	118.4	113.2	100.5	105.5	90.5	92.7
Building Solutions – North America, \$	146.4	127.4	142.8	135.8	120.2	124.1	100.1	101.9
- Uponor Infra	69.1	72.4	87.8	57.5	54.1	71.1	69.5	57.2
Gross profit, M€	117.7	115.0	126.9	125.0	106.0	116.9	102.3	104.3
- Gross profit, %	35.8	35.8	35.9	40.4	37.8	38.8	36.9	37.6
Operating profit, M€	22.8	37.3	47.0	47.0	23.8	49.6	30.3	28.6
- Building Solutions – Europe	4.6	17.6	20.9	22.8	8.5	17.2	7.5	11.9
- Building Solutions – North America	20.2	17.7	23.0	23.6	15.6	27.1	15.0	16.8
Building Solutions – North America, \$	23.0	20.8	27.7	28.3	18.9	31.4	16.6	18.5
- Uponor Infra	2.5	4.9	6.8	2.0	2.0	7.9	7.3	1.7
- Others	-3.4	-1.6	-2.4	-2.2	-1.1	-1.7	0.1	-2.1
Operating profit, % of net sales	6.9	11.6	13.3	15.2	8.5	16.5	10.9	10.3
- Building Solutions – Europe	3.4	12.4	14.0	16.3	6.7	13.7	6.3	9.3
- Building Solutions – North America	15.7	16.3	19.4	20.8	15.8	25.4	16.6	18.1
- Uponor Infra	3.6	6.7	7.8	3.5	3.7	11.1	10.6	3.0
Profit for the period, M€	18.4	27.4	25.9	31.7	20.8	35.2	17.8	22.3
Balance sheet total, M€	967.2	944.8	1,021.9	963.8	868.4	932.8	906.6	872.8
Earnings per share, €	0.23	0.35	0.32	0.43	0.27	0.43	0.21	0.30
Equity per share, €	5.71	5.54	5.13	4.77	4.89	4.57	4.19	3.96
Market value of share capital, M€	1,533.0	1,572.5	1,789.2	1,385.1	1,329.4	1,093.7	877.0	607.6
Return on investment, % (p.a.)	24.7	28.5	27.6	29.6	21.8	23.2	19.0	21.4
Net interest-bearing liabilities at the end of the period, M€	20.9	-26.6	-5.3	37.9	15.1	73.9	147.0	180.5
Gearing, %	4.3	-5.6	-1.2	9.2	3.6	18.6	40.2	52.2
Gearing, % rolling 4 quarters	1.7	2.5	6.5	17.9	28.6	37.1	45.7	52.3
Gross investment, M€	18.3	8.9	11.8	6.5	14.2	5.1	4.9	6.1
- % of net sales	5.6	2.8	3.3	2.1	5.1	1.7	1.8	2.2

Items affecting comparability and reconciliations to IFRS

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

	10-12/ 2021	7-9/ 2021	4-6/ 2021	1-3/ 2021	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020
Items affecting comparability								
Restructuring charges	-3.9	-0.7	-1.2	-0.6	-3.5	-0.1	-5.9	-0.9
Capital gains and losses on sale of non-current assets	-	-	-	-	-	-	-	-
Total items affecting comparability in operating profit	-3.9	-0.7	-1.2	-0.6	-3.5	-0.1	-5.9	-0.9
Items affecting comparability, total	-3.9	-0.7	-1.2	-0.6	-3.5	-0.1	-5.9	-0.9
Comparable gross profit								
Gross profit	117.7	115.0	126.9	125.0	106.0	116.9	102.3	104.3
Less: Items affecting comparability in gross profit	0.1	-0.1	-0.1	-0.1	0.3	0.0	-1.1	0.0
Comparable gross profit	117.7	115.1	127.0	125.1	105.7	116.9	103.4	104.3
% of sales	35.7	35.8	35.9	40.4	37.7	38.8	37.3	37.6
Comparable operating profit								
Operating profit	22.8	37.3	47.0	47.0	23.8	49.6	30.3	28.6
Less: Items affecting comparability in operating profit	-3.9	-0.7	-1.2	-0.6	-3.5	-0.1	-5.9	-0.9
Comparable operating profit	26.7	38.1	48.2	47.6	27.3	49.7	36.2	29.5
% of sales	8.1	11.8	13.6	15.4	9.7	16.5	13.1	10.6
Comparable operating profit by division								
Building Solutions – Europe								
Operating profit	4.6	17.6	20.9	22.8	8.5	17.2	7.5	11.9
Less: Items affecting comparability in operating profit	-4.0	-0.5	-1.0	-0.5	-3.4	0.0	-5.8	-0.8
Comparable operating profit	8.6	18.1	21.9	23.3	11.9	17.2	13.2	12.8
% of sales	6.4	12.8	14.7	16.7	9.4	13.7	11.2	9.9
Building Solutions – North America								
Operating profit	20.2	17.7	23.0	23.6	15.6	27.1	15.0	16.8
Less: Items affecting comparability in operating profit	-0.1	0.0	0.0	-	-	0.0	-0.1	-
Comparable operating profit	20.3	17.7	23.0	23.6	15.6	27.1	15.1	16.8
% of sales	15.9	16.4	19.4	20.9	15.6	25.7	16.7	18.1
Uponor Infra								
Operating profit	2.5	4.9	6.8	2.0	2.0	7.9	7.3	1.7
Less: Items affecting comparability in operating profit	-0.1	-	-	0.0	0.0	-	-	-
Comparable operating profit	2.7	4.9	6.9	2.1	2.0	8.0	7.4	1.7
% of sales	3.8	6.7	7.8	3.5	3.8	11.1	10.6	3.0
Others								
Operating profit	-3.4	-1.6	-2.4	-2.2	-1.1	-1.7	0.1	-2.1
Less: Items affecting comparability in operating profit	0.4	-0.2	-0.1	-0.1	-0.1	0.0	-0.1	-0.1
Comparable operating profit	-3.8	-1.4	-2.2	-2.1	-1.0	-1.7	0.2	-2.0
% of sales	na	na	na	na	na	na	na	na

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

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

Return on Investment (ROI), %

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

Solvency, %

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

Gearing, %

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

Net interest-bearing liabilities

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

Earnings per share (EPS)

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

Equity per share ratio

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

Average share price

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

Gross profit margin, %

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

Operating profit margin, %

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

Comparable gross profit

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

Comparable gross profit margin

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

Comparable operating profit

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

Comparable operating profit margin

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