

Uponor

Moving > Water

Transformation on track with strong margin

Q1

**Uponor Corporation
Interim Report
January–March 2023**



Transformation on track with strong margin

January–March 2023 in brief

Net sales were €329.4 (349.5) million, a decrease of -5.8% or -5.7% in constant currency terms.

Operating profit was €49.5 (46.8) million or 15.0% (13.4) of net sales.

Comparable operating profit was €45.5 (47.2) million or 13.8% (13.5) of net sales.

Earnings per share were €0.43 (0.45).

Guidance statement for 2023 (unchanged)

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%.

Short-term market outlook

Uponor expects that demand in its markets will continue to be soft overall, especially in the new housing segment, in the second quarter of the year. While some key indicators, such as inflation, consumer confidence and builder confidence have shown tentative signs of stabilisation, the construction market continues to experience headwinds. Elevated construction material prices and interest rates, combined with high levels of uncertainty amongst consumers and businesses, are expected to continue to constrain the initiation of new construction projects.

Michael Rauterkus, President and CEO, comments:

"Uponor's performance continued to be solid in the first quarter despite softer overall market demand. In this environment, we prioritized strengthening our focus on margin management and I am very pleased with the progress we have made. As a result, while Uponor Group's first quarter net sales decreased by 5.8%, our comparable operating profit margin remained strong and improved to 13.8% (13.5).

Margin resilience was visible in all divisions' performance during the quarter. In Building Solutions – Europe, the comparable operating margin was stable while net sales decreased due to lower underlying demand and the absence of sales from the Russian operation which was sold on 1 March. Building Solutions – North America's net sales were stable supported by a strong order book at the end of 2022 and the operating profit margin remained strong. In a seasonally slow quarter for Uponor Infra, profitability was supported by favourable product mix and execution of the ongoing Group-wide transformation programme.

Our vision is to be the leader in sustainable water solutions, and we continued to accelerate our sustainability work toward reaching our targets. Uponor's sustainability work has a legacy of industry firsts, including introducing the first PEX pipe based on renewable raw materials and the first circular PEX pipe produced from own PEX production waste. After the reporting period Uponor received, also as the first in its industry, approval for its net-zero target by the Science Based Targets initiative. Validation from the Science Based Targets initiative shows that we are on the right track.



We continued to systematically execute on our growth strategy while improving the resiliency of the company. After launching the transformation programme in February 2023, we have kept the pace and made good progress on our journey to transform our company to become leaner and more resilient. The actions implemented so far within the programme are already expected to generate annualized savings of €14.4 million of the total targeted €30 million cost savings by the end of 2024.

In line with our strategy of maximizing the core, we continued to pursue growth with a systematic 4C approach in our key markets during the quarter. We are focusing on our profitable core in each division. In accordance with this, Uponor Infra divested its district energy operation as it had limited synergies with the core Uponor Infra business.

When it comes to our People First agenda, I was pleased to see that the steps we have taken to transform the safety culture at Uponor started to bear fruit. Our safety performance improved clearly with a lost time injury frequency rate, LTIF, of 4.6 (7.5).

There are strong megatrends driving mid-and long-term demand for sustainable and energy-efficient heating and cooling systems as well as systems for safe and clean water in our markets. However, in the near term, we are prepared for high market volatility and a soft demand picture in the construction sector impacted by the effects of the war in Ukraine, the rise in interest rates and high inflation.

Our solid performance in the first quarter emphasizes the agility of our team and the strength of our strategy also under tough market conditions. Backed by our robust strategic plan and healthy balance sheet, we are well equipped to achieve our strategic targets. For us, the main priority is to stay the course, focus on our profitable core and execute our profitable growth strategy. We have a strong brand and unique capabilities that enable us to fulfil our customers' needs and lead the change in sustainable water solutions.

Finally, I would like to thank our customers and stakeholders for their continued trust in us as well as all Uponorians for their dedication and hard work."

Key figures

| M€ | 1-3/2023 | 1-3/2022 | Change | 1-12/2022 |
|--------------------------------|----------|----------|--------|-----------|
| Net sales | 329.4 | 349.5 | -5.8% | 1,386.2 |
| Operating expenses | 278.5 | 289.8 | -3.9% | 1,197.8 |
| Depreciation and impairments | 13.0 | 12.9 | +0.2% | 54.5 |
| Operating profit | 49.5 | 46.8 | +5.7% | 135.5 |
| Operating profit, % | 15.0 | 13.4 | +12.2% | 9.8 |
| Comparable operating profit | 45.5 | 47.2 | -3.7% | 153.7 |
| Comparable operating profit, % | 13.8 | 13.5 | +2.1% | 11.1 |
| Financial income and expenses | -1.9 | -1.0 | +99.2% | -1.0 |
| Profit before taxes | 47.6 | 45.9 | +3.6% | 134.9 |
| Profit for the period | 34.1 | 33.3 | +2.5% | 97.5 |
| Earnings per share | 0.43 | 0.45 | -5.4% | 1.21 |

| | 31 Mar 2023 | 31 Mar 2022 | Change | 31 Dec 2022 |
|-------------------------------|----------------|----------------|--------|----------------|
| Net working capital, M€ | 139.3 | 141.5 | -1.6% | 164.5 |
| Net-interest bearing debt, M€ | 35.9 | 85.9 | -58.2% | 48.5 |
| Solvency, % | 52.2 | 48.4 | +7.9 % | 55.2 |
| Gearing, % | 7.0 | 18.4 | -62.0% | 9.1 |
| Return on investment, % | 30.7 | 31.8 | -3.5% | 22.2 |

Results briefing and live webcast

A live webcast for analysts, institutional investors and the media will be broadcast on Wednesday, 26 April at 14:30 EEST. The briefing is in English. Uponor's President and CEO Michael Rauterkus, CFO Markus Melkko and Board member Hans Sohlström chairing the board ad hoc committee will be present at the webcast. The webcast and its recording can be viewed via our website at uponorgroup.com > Investors > Reports and presentations or via the Uponor IR mobile app along with all presentation materials.

Uponor Corporation's financial calendar for 2023

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

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UPONOR CORPORATION INTERIM REPORT JANUARY–MARCH 2023

Market development

The first quarter of the year was characterised by sustained softening in Uponor's core markets, with activity in the new residential segment particularly weak. Elevated construction material prices and interest rates, combined with high levels of uncertainty amongst consumers and businesses, continued to constrain the initiation of new projects. As the quarter closed, some improvement was visible in some key leading indicators such as inflation and builder confidence.

In North America, construction in Uponor's largest market, the USA, continued to be hampered by inflation-related headwinds, most notably the marked increase in fixed-rate loans that began in 2022. Builders decreased the number of new projects, with housing starts slowing meaningfully compared to a year ago. More positively, having reached a multi-year low in December, home builder confidence rose throughout the quarter as the supply of new homes fell and pent-up demand continued to rise. Construction spending improved in key non-residential segments, such as lodging, offices and commercial space, sustained in part by projects that were started in the second half of last year. In Canada, housing starts remained relatively solid despite weakening fundamentals in some urban markets.

In Europe, building activity in Uponor's largest market, Germany, saw a significant slowing in new housing and more moderate softening in non-residential projects. With house prices and demand falling, builder confidence reached a 7-year low, even lower than earliest days of the pandemic. In the Netherlands, as well, the housing market cooled further. In the Nordics, the start of new housing projects was scaled back significantly from a year ago, as demand from both consumers and investors weakened. Meanwhile, the non-residential and infrastructure segments were flat overall, with weakness in Finland mostly offset by strength in Sweden. In Southwest Europe, markets remained relatively steady.

Net sales

Uponor Group's net sales for the first quarter reached €329.4 (349.5) million, a decrease of -5.8%. Lower overall market activity impacted net sales negatively. Negative net currency impact was €0.3 million, bringing the growth without currency impact to -5.7%. Biggest currency impact came from USD and SEK. Net sales remained close to last year's level in Building Solutions – North America but decreased in Building Solutions – Europe and Uponor Infra.

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

| M€ | 1–3/2023 | 1–3/2022 | Change |
|--------------------------------------------|----------|----------|--------|
| Building Solutions – Europe | 149.8 | 162.4 | -7.8% |
| Building Solutions – North America | 124.7 | 123.4 | 1.0% |
| (Building Solutions – North America (M\$)) | 134.3 | 137.6 | -2.4% |
| Uponor Infra | 56.1 | 65.4 | -14.2% |
| Eliminations | -1.3 | -1.8 | |
| Total | 329.4 | 349.5 | -5.8% |

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. 33.0% (30.6), Germany 11.9% (11.7), Sweden 8.9% (9.1), Finland 7.9% (8.2), the Netherlands 5.1% (4.4), Canada 4.9% (4.9), Spain 3.5% (3.1), Denmark 3.1% (4.5), Poland 3.0% (4.1) and Austria 2.4% (2.2).

Results and profitability

Uponor's gross profit in the first quarter was €130.2 (133.7) million. The gross profit margin was 39.5% (38.3).

The operating profit in the first quarter of 2023 was €49.5 (46.8) million with an operating profit margin of 15.0% (13.4). The comparable operating profit was €45.5 (47.2) million. The total positive net effect of items affecting comparability was €4.0 (-0.4) million of which €11.5 million is related to the divestment of Uponor Infra's district energy business, €-3.7 million related to the sale of the Russian operation and €-3.3 million related to Uponor's ongoing transformation programme. The comparable operating profit margin improved to 13.8% (13.5). Pricing discipline and effective cost management as well as a favourable product mix contributed positively to the profitability development.

Operating profit by division (January–March):

| M€ | 1–3/2023 | 1–3/2022 | Change |
|--------------------------------------------|----------|----------|---------|
| Building Solutions – Europe | 13.7 | 20.3 | -32.6% |
| Building Solutions – North America | 22.4 | 24.3 | -7.6% |
| (Building Solutions – North America (M\$)) | 24.2 | 27.1 | -10.7% |
| Uponor Infra | 12.1 | 1.6 | +655.8% |
| Others | -1.5 | -1.7 | |
| Eliminations | 2.7 | 2.4 | |
| Total | 49.5 | 46.8 | +5.7% |

Comparable operating profit by division (January–March):

| M€ | 1–3/2023 | 1–3/2022 | Change |
|--------------------------------------------|----------|----------|--------|
| Building Solutions – Europe | 19.0 | 20.6 | -8.0% |
| Building Solutions – North America | 23.0 | 24.3 | -5.4% |
| (Building Solutions – North America (M\$)) | 24.8 | 27.1 | -8.6% |
| Uponor Infra | 1.1 | 1.6 | -31.1% |
| Others | -1.3 | -1.7 | |
| Eliminations | 3.7 | 2.4 | |
| Total | 45.5 | 47.2 | -3.7% |

Uponor's net financial expenses were €1.9 (1.0) million. In the first quarter of 2023, net currency exchange differences totalled €-1.1 (0.0) million.

The share of the result in associated companies was €0.0 (0.1) million.

Uponor's profit before taxes for January–March was €47.6 (45.9) million. The tax expense was €13.5 (12.6) million.

Profit for the period in the first quarter of 2023 was €34.1 (33.3) million.

Return on equity was 26.1% (28.0). Return on investment was 30.7% (31.8). Return on investment, adjusted for items affecting comparability, was 28.6% (32.1).

Earnings per share were €0.43 (0.45). Equity per share was €5.99 (5.51). For other share-specific information, please see the Tables section.

Cash flow

Cash flow from operations increased from previous year and was €23.0 (-27.2) million. Cash flow increase was mainly driven by change in net working capital. The increase of net working capital in comparison period was due to increased raw material prices impacting inventory levels. Cash flow before financing was €42.1 (-36.9) million.

Cash flow from financing and thus cash flow for the period in the first quarter of 2023 included the first of the two instalments of the dividend payment, €0.34 per share, totalling €24.8 million. The second of the two instalments of the dividend payment, €0.35 per share, is planned to be paid in the third quarter. The total dividend payment for 2023 will amount to €50.2 (48.7) million.

Capital expenditure

Gross investment in fixed assets totalled €5.2 (10.2) million. Depreciation and impairments were €13.0 (12.9) million. Net investments totalled €4.9 (9.8) million. Uponor's investments in the first quarter of 2023 were related to maintenance and efficiency improvements.

Innovations, research and development

In January–March 2023, total research and development expenses were €7.0 (5.5) million, representing 2.1% (1.6) of the Group's net sales.

During the quarter, Uponor produced the world's first circular Uponor PEX pipe based on 100% chemically recycled raw material derived from the company's own PEX pipe production waste, using an ISCC PLUS certified mass-balancing approach. This groundbreaking solution was enabled by a cooperation between Uponor, Wastewise, Neste and Borealis that have successfully managed to chemically recycle PEX pipe manufacturing waste on an industrial scale back to plastic raw material. The collaboration has given Uponor a head start on the transition to circular materials and in pursuing its long-term goal to use 100% of its PEX waste as raw material through closed loop recycling.

Financial position

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 €34.8 million, none of which was in use on the balance sheet date. At the end of March 2023, Uponor had €79.3 (31.0) million in cash and cash equivalents.

Net interest-bearing liabilities were €35.9 (85.9) million. The solvency ratio was 52.2% (48.4) and gearing was 7.0% (18.4), with a four-quarter rolling gearing of 10.3% (4.0), below the range of 40–80% set in the company's financial targets.

Strategy execution

Uponor Group's profitable growth strategy centres 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 while at the same time improving the resiliency of the company.

In line with the strategy of maximizing the core, Uponor continued to pursue growth with a systematic 4C approach (Categories, Countries, Channels, Customers) in all divisions. Focus lies on growing the profitable core in each division. In accordance with this, Uponor Infra divested its district energy operation as it had limited synergies with the core Uponor Infra Business.

In the quarter, Uponor launched a strategic transformation programme over the years 2023–2024 to strengthen resilience, the execution of growth strategy and the capability to adjust to changing market conditions.

Transformation programme 2023–2024

The transformation programme aims at creating a new Uponor operating model that will result in a leaner, more efficient and resilient organization, while also producing expected annual cost savings of around €30 million with an estimated net reduction of up to 400 jobs globally. The total items affecting comparability associated with the transformation programme are estimated to be around €25 million. The programme includes investing into future growth through innovation and R&D, simplifying organizational structures, rationalizing product portfolios, enhancing factory utilization, enhancing procurement partnerships, and driving globally harmonized processes and systems.

In the quarter, Uponor's execution of the transformation programme advanced well. Many actions were taken to optimize capacity and protect margins. As part of improving its operations and manufacturing footprint, Building Solutions – Europe closed its assembly factory in Ehingen, Germany, and moved the assembly operation to its facility in Poland. The closure affected 30 employees. Building Solutions – North America also executed on the transformation programme to achieve higher operational efficiency and right-size the operation to adjust to changing market conditions. Including the closure of Uponor Infra's Danish pressure pipe factory in Q4 2022, the actions implemented by the end of the first quarter are expected to generate annualized savings of €14.4 million with the realized headcount reduction of 161.

Personnel and occupational safety

Uponor's accident frequency (LTIF, accidents per million working hours) for the first quarter was 4.6 (2022: 7.5, according to harmonised LTIF calculation method across all divisions). Uponor's target is zero accidents.

At the end of March, the Uponor Group had 3,864 (4,255) employees, in full-time-equivalent (FTE) terms. The decrease in the number of employees is related to the ongoing Uponor-wide transformation programme and the sale of Uponor Infra's district energy business. The average number of employees (FTE) for January–March was 3,904 (4,249).

Review by business division

Building Solutions – Europe

The 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. The division has production in Finland, Sweden, Germany and Poland.

| M€ | 1–3/2023 | 1–3/2022 | Change | 1–12/2022 |
|---------------------------------------|----------|----------|--------|-----------|
| Net sales | 149.8 | 162.4 | -7.8% | 599.2 |
| Operating profit | 13.7 | 20.3 | -32.6% | 44.0 |
| Operating profit margin, % | 9.1 | 12.5 | | 7.3 |
| Comparable operating profit | 19.0 | 20.6 | -8.0% | 58.3 |
| Comparable operating profit margin, % | 12.6 | 12.7 | | 9.7 |
| Personnel, average | 2,082 | 2,210 | -128 | 2,192 |

Building Solutions – Europe's net sales were €149.8 (162.4) million, a decrease of -7.8%. The decrease in net sales was due to overall lower market activity. The comparison period included net sales from the Russian operation (€4 million), which was divested to local management during the quarter. At the time of the divestment, the business employed 51 persons in Russia. Uponor's total assets in Russia accounted for 1.3% of total Group assets.

Building Solutions – Europe's operating profit was €13.7 (20.3) million. Strong pricing discipline and cost management contributed positively to the operating profit. The divestment of the Russian operation had a negative impact of €3.7 million on the operating profit. Comparable operating profit was €19.0 (20.6) million. Despite softer net sales development, the comparable operating margin was stable at previous year's level. Execution of the ongoing Group-wide transformation programme had first positive impacts on comparable operating profit. As part of the transformation programme, the assembly factory in Ehingen, Germany was closed, and the assembly operation was moved to Poland. The closure affected 30 employees.

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€ | 1-3/2023 | 1-3/2022 | Change | 1-12/2022 |
|---------------------------------------|----------|----------|--------|-----------|
| Net sales | 124.7 | 123.4 | +1.0% | 479.8 |
| Operating profit | 22.4 | 24.3 | -7.6% | 77.5 |
| Operating profit margin, % | 18.0 | 19.7 | | 16.2 |
| Comparable operating profit | 23.0 | 24.3 | -5.4% | 77.9 |
| Comparable operating profit margin, % | 18.4 | 19.7 | | 16.2 |
| Personnel, average | 905 | 1,064 | -159 | 1,036 |

Building Solutions – North America's net sales were €124.7 (123.4) million, a growth of 1.0% in euro terms or a decrease of -2.4% in USD. Net sales benefitted from a strong order book at the end of 2022.

Building Solutions – North America's operating profit was €22.4 (24.3) million, a decline of -7.6% in euro terms and -10.7% in USD. In the comparison period, the operating profit was exceptionally high driven by high production volumes in the plant to build up inventory to meet increased demand. Strong pricing discipline and factory efficiencies were not enough to offset the negative impact of lower production volumes on the operating profit. Building Solutions – North America also executed on the Group-wide transformation programme to achieve higher operational efficiency and right-size the operation.

Uponor Infra

Uponor Infra serves the Baltic Sea area with sewer and storm, pressure pipe systems, design solutions and project services for municipalities, utilities and industry. The division has production in Finland, Sweden, and Poland.

| M€ | 1-3/2023 | 1-3/2022 | Change | 1-12/2022 |
|---------------------------------------|----------|----------|---------|-----------|
| Net sales | 56.1 | 65.4 | -14.2% | 312.8 |
| Operating profit | 12.1 | 1.6 | +655.8% | 23.1 |
| Operating profit margin, % | 21.6 | 2.5 | | 7.4 |
| Comparable operating profit | 1.1 | 1.6 | -31.1% | 23.4 |
| Comparable operating profit margin, % | 2.0 | 2.5 | | 7.5 |
| Personnel, average | 789 | 840 | -51 | 850 |

The first quarter of the year is typically a seasonally slow quarter for Uponor Infra. Uponor Infra's net sales were €56.1 (65.4) million, a decrease of -14.2%. Lower overall market demand and the timing of projects impacted negatively on net sales.

At the end of the quarter, Uponor Infra sold its district energy business to the ISOPLUS Group. The divestment is in line with the maximizing the core strategy as the district energy operation had limited synergies with the core Uponor Infra business. The divestment included Uponor's district energy businesses in Finland, Sweden, Estonia, and Norway as well as the district energy production located in Vaasa, Finland. The district energy business had net sales of approximately €40 million in 2022 and employed 62 persons.

Uponor Infra's operating profit was €12.1 (1.6) million. The divestment of district energy business had a positive impact on the operating profit. The operating profit was also supported by a favourable sales mix. The closure of the pressure pipe factory in Middelfart, Denmark at the end of 2022, as part of Uponor's ongoing Group-wide transformation programme, supported profitability.

Share capital and shares

In January-March 2023, Uponor's share turnover on Nasdaq Helsinki was 5.5 (6.3) million shares, totalling €95.0 (123.7) million. The share quotation at the end of March was €17.03 (18.35), and the market capitalisation of the shares was €1,247 (1,343) million.

At the end March, there were a total of 21,345 (20,952) shareholders. Foreign shareholding in Uponor accounted for 29.8 (28.1) per cent of all shareholdings in the company at the end of the reporting period.

Treasury shares

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.

At the end of March, Uponor held 406,934 (541,152) of its own shares, representing approximately 0.6 (0.7) per cent of the company's shares and voting rights.

Resolutions of the Annual General Meeting 2023

Uponor Corporation's Annual General Meeting was held in Helsinki on 17 March 2023. The general meeting approved the financial statements, considered the remuneration report, and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2022.

The general meeting approved the Board of Directors proposal of €0.69 per share for the financial year 2022. The dividend shall be paid in two instalments. The first instalment of €0.34 per share shall be paid to each 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 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 each shareholder registered as a shareholder in the shareholder register maintained by Euroclear Finland Ltd on the dividend 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.

The general meeting approved the authorisation for the Board of Directors to resolve on the repurchase of a maximum of 7,200,000 of the company's own shares amounting in total to approximately 9.8 per cent of the total number of shares in the company at the date of the general meeting. These shares will be bought back using funds 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 general meeting approved the authorisation for the Board of Directors 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 shares in the company. The Board of Directors is authorised to resolve on all terms 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 general meeting decided to elect seven members to the Board of Directors. Re-elected as Members of the Board were Annika Paasikivi, Johan Falk, Markus Lengauer, Michael G. Marchi and Susanne Skippari. Hans Sohlström and Katja Keitaanniemi were elected as new members. Annika Paasikivi was elected as the Chair of the Board of Directors.

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 general meeting confirmed the annual 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 granting 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 such remuneration to acquire Uponor Corporation's shares in public trading. The yearly Board remuneration shall be paid within two weeks after the publication of the company's half-year report for January–June 2023. In case the full remuneration is paid in cash, a Board member shall make the purchase of shares within two weeks after the publication of the company's interim report for January–September 2023.

Travel expenses related to Board meetings shall be paid according to the travel policy of the company.

Additionally, a remuneration per each actual board and committee meeting (excluding decisions without a meeting) shall remain the same and remuneration 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 shall be paid to the members of the Board of Directors. The remuneration paid for telephone meetings shall be the remuneration for meetings held at the country of residence of the member.

Further details about the Annual General Meeting are available at <https://www.uponorgroup.com/en-en/investors/governance/agm-2023>.

Uponor Board's organising meeting

The Annual General Meeting 2023 elected Annika Paasikivi as the Chair of the Board. In its organising meeting, the Board of Directors elected Markus Lengauer as Deputy Chair of the Board. Katja Keitaanniemi was elected as Chair and Michael G. Marchi and Hans Sohlström were elected as members of the Audit Committee. Katja Keitaanniemi, Michael G. Marchi and Hans Sohlström are independent of both the company and of significant shareholders. Annika Paasikivi was elected as Chair and Susanne Skippari as member of the Personnel and Remuneration Committee. Annika Paasikivi is independent of the company and Susanne Skippari is independent of both the company and of significant shareholders.

Significant events during the period

On 15 February 2023, Uponor launched a Group-wide transformation programme over the years 2023–2024. With the successful implementation of this transformation, 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. Initial estimates are that the planned measures could result in the net reduction of up to 400 jobs globally. The cost savings are expected to be realised gradually from Q1 2023 and fully by the end of 2024.

On 15 February 2023, Uponor announced its new tagline, Moving Water. The new tagline is a reflection of Uponor's commitment to sustainability and its role as a force for change in the water industry. At Uponor, we are dedicated to the idea that by moving water, we can reshape and accelerate the construction and performance of buildings and infrastructure, leading to more sustainable homes, communities, and ultimately a healthier planet. Uponor's pipes deliver the fundamentals of life, including water, indoor climate, and infrastructure.

On 28 February 2023, Uponor announced its decision to close down its assembly factory in Ehingen, Germany, and move the assembly operation to its facility in Poland. The closure took place at the end of March 2023 and affected 30 employees. The closure is in line with Uponor's global transformation programme aiming at strengthening the company's resilience and long-term competitiveness. An important part of the programme is to identify efficiency improvement opportunities in the operations and manufacturing footprint.

On 1 March 2023, Uponor announced that it had completed its exit from the Russian market in accordance with local government authority requirements. Uponor divested its business in Russia to local management to provide a sustainable solution for employees and customers. At the time of the divestment, the business employed 51 persons in Russia.

On 30 March 2023, Uponor announced that its subsidiary, Uponor Infra Oy had entered into an agreement to sell its district energy business to ISOPLUS Suomi Oy, part of ISOPLUS Group, a leading manufacturer of district heating pipes in Europe. The divestment included Uponor's district energy businesses in Finland, Sweden, Estonia, and Norway as well as the district energy production located in Vaasa, Finland. The district energy business had net sales of approximately €40 million in 2022 and employed 62 persons. The transaction was completed on 31 March 2023.

Significant events after the period

On 17 April 2023, Uponor noted the announcement by Aliaxis S.A. regarding a non-binding intention to make a potential offer to acquire all shares in Uponor at an indicative price of €25.00 per share, corresponding to a premium of approximately 44.6% to the closing price of the Uponor share on Nasdaq Helsinki on 14 April 2023. Aliaxis' announcement regarding the potential offer had not been co-ordinated with the Board of Directors of Uponor. The Board, together with its advisors, started the assessment of the non-binding intention to make a potential offer and whether it is in the best interest of the shareholders of Uponor.

On 20 April 2023, Uponor received, as the first company in its industry, approval for its net-zero target by the Science Based Targets initiative (SBTi). Uponor aims for net-zero by 2040. Uponor's new, highly ambitious near-term emissions reduction targets were also validated by the SBTi. The approval means that SBTi's independent experts have reviewed and validated the targets to be in line with the Paris agreement and latest climate science.

On 26 April 2023, Uponor announced that the Board has unanimously decided to reject the non-binding intention and not to engage with the offeror. In the Board's opinion, the indicated offer price of €25.00 in cash per share does not reflect the company's value and long-term prospects, and it is therefore not in the best interest of its shareholders. The Board remains focused on pursuing the company's strategy. It believes that Uponor enjoys strong performance under its new management, and, with its recently renewed strategy, has a strong position for future profitable growth. The Board of Directors will evaluate any further proposals made by Aliaxis or any proposal made by any other party based on the best interest of shareholders.

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.

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: water and 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 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 14 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.

Vantaa, 26 April 2023

Uponor Corporation
Board of Directors

Table part

This interim report has been compiled in accordance with the IAS 34 reporting standard and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2022. 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€ | 1-3/2023 | 1-3/2022 | 1-12/2022 |
|---------------------------------------------------------------------------|-------------|-------------|--------------|
| Net sales | 329.4 | 349.5 | 1,386.2 |
| Cost of goods sold | 199.1 | 215.8 | 882.3 |
| Gross profit | 130.2 | 133.7 | 503.9 |
| Other operating income | 11.6 | 0.1 | 1.5 |
| Dispatching and warehousing expenses | 9.7 | 8.9 | 38.3 |
| Sales and marketing expenses | 54.9 | 53.7 | 213.2 |
| Administration expenses | 16.9 | 18.9 | 83.3 |
| Other operating expenses | 10.9 | 5.5 | 35.2 |
| Operating profit | 49.5 | 46.8 | 135.5 |
| Financial expenses, net | 1.9 | 1.0 | 1.0 |
| Share of results in associated companies and joint ventures | 0.0 | 0.1 | 0.4 |
| Profit before taxes | 47.6 | 45.9 | 134.9 |
| Income taxes | 13.5 | 12.6 | 37.4 |
| Profit for period | 34.1 | 33.3 | 97.5 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurements on defined benefit pensions, net of taxes | - | - | 2.4 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Translation differences | 0.0 | 0.6 | -1.7 |
| Cash flow hedges, net of taxes | -4.0 | 2.2 | 4.3 |
| Other comprehensive income for the period, net of taxes | -4.0 | 2.8 | 5.0 |
| Total comprehensive income for the period | 30.1 | 36.1 | 102.5 |
| Profit/loss for the period attributable to | | | |
| - Equity holders of parent company | 31.0 | 32.7 | 88.0 |
| - Non-controlling interest | 3.1 | 0.6 | 9.5 |
| Total comprehensive income for the period attributable for | | | |
| - Equity holders of parent company | 27.3 | 35.6 | 94.6 |
| - Non-controlling interest | 2.8 | 0.6 | 7.9 |
| Earnings per share, € | 0.43 | 0.45 | 1.21 |
| Diluted earnings per share, € | 0.43 | 0.45 | 1.21 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| M€ | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---------------------------------------------------------|--------------|--------------|--------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 295.3 | 295.6 | 304.7 |
| Intangible assets | 109.8 | 113.0 | 111.1 |
| Investments in associates and joint ventures | 0.5 | 0.5 | 0.5 |
| Other securities and non-current receivables | 3.2 | 7.4 | 4.0 |
| Deferred tax assets | 19.8 | 16.1 | 17.8 |
| Total non-current assets | 428.6 | 432.6 | 438.1 |
| Current assets | | | |
| Inventories | 213.0 | 210.4 | 220.3 |
| Accounts receivable | 235.5 | 260.8 | 176.7 |
| Other receivables | 34.0 | 32.4 | 67.8 |
| Cash and cash equivalents | 79.3 | 31.0 | 65.5 |
| Total current assets | 561.7 | 534.7 | 530.3 |
| Assets held for sale | - | - | 1.5 |
| Total assets | 990.3 | 967.2 | 969.8 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity attributable to the owners of the parent company | 436.4 | 400.2 | 460.7 |
| Non-controlling interest | 76.7 | 66.6 | 73.9 |
| Total equity | 513.2 | 466.8 | 534.7 |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 102.5 | 101.7 | 103.2 |
| Deferred tax liability | 6.0 | 9.3 | 7.4 |
| Provisions | 30.4 | 27.0 | 30.9 |
| Employee benefits and other liabilities | 14.7 | 19.5 | 14.8 |
| Total non-current liabilities | 153.7 | 157.6 | 156.3 |
| Current liabilities | | | |
| Interest-bearing liabilities | 10.4 | 15.2 | 10.8 |
| Provisions | 22.1 | 18.5 | 21.0 |
| Accounts payable | 96.5 | 117.7 | 93.7 |
| Other liabilities | 194.5 | 191.5 | 152.2 |
| Total current liabilities | 323.4 | 342.9 | 277.7 |
| Liabilities related to assets held for sale | - | - | 1.1 |
| Total equity and liabilities | 990.3 | 967.2 | 969.8 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| M€ | 1-3/2023 | 1-3/2022 | 1-12/2022 |
|------------------------------------------------------|--------------|--------------|--------------|
| Cash flow from operations | | | |
| Net cash from operations | 53.1 | 56.4 | 193.1 |
| Change in net working capital | -22.4 | -80.8 | -54.5 |
| Income taxes paid | -7.1 | -2.0 | -48.7 |
| Interest paid | -1.1 | -0.9 | -2.8 |
| Interest received | 0.4 | 0.1 | 1.2 |
| Cash flow from operations | 23.0 | -27.2 | 88.4 |
| Cash flow from investments | | | |
| Disposals of subsidiaries and businesses | 24.0 | - | - |
| Purchase of fixed assets | -5.2 | -10.2 | -50.5 |
| Proceeds from sale of fixed assets | 0.3 | 0.4 | 0.9 |
| Loans granted and repaid | - | - | 0.1 |
| Dividends received | - | 0.1 | 0.5 |
| Cash flow from investments | 19.1 | -9.7 | -49.1 |
| Cash flow from financing | | | |
| Borrowings of debt | - | 0.4 | 0.3 |
| Repayment of debt | 0.0 | -4.2 | -4.3 |
| Change in other short-term loan | - | 3.2 | 0.0 |
| Dividends paid | -24.8 | -26.7 | -51.4 |
| Payment of lease liabilities | -3.4 | -3.4 | -13.2 |
| Cash flow from financing | -28.2 | -30.7 | -68.6 |
| Conversion differences for cash and cash equivalents | -0.1 | 0.4 | 0.1 |
| Change in cash and cash equivalents | 13.8 | -67.1 | -29.2 |
| Cash and cash equivalents at 1 January | 65.5 | 98.1 | 98.1 |
| Cash classified as assets held for sale | - | - | -3.4 |
| Cash and cash equivalents at end of period | 79.3 | 31.0 | 65.5 |
| Changes according to balance sheet | 13.8 | -67.1 | -29.2 |

STATEMENT OF CHANGES IN EQUITY

| M€ | A | B | C | D | E | F | G | H | I |
|-------------------------------------------|-------|------|------|------|-------|-------|-------|------|-------|
| Balance at | | | | | | | | | |
| 1 Jan 2023 | 146.4 | 50.2 | 7.8 | -6.7 | -11.0 | 274.0 | 460.7 | 73.9 | 534.7 |
| Profit for the period | | | | | | 31.0 | 31.0 | 3.1 | 34.1 |
| Other comprehensive income for the period | | | -4.0 | 0.4 | | | -3.6 | -0.3 | -4.0 |
| Dividend (€0.69 per share) | | | | | | -50.2 | -50.2 | | -50.2 |
| Dividend paid to non-controlling interest | | | | | | | | - | - |
| Share-based incentive plan | | | | | 2.2 | -3.6 | -1.4 | | -1.4 |
| Balance at | 146.4 | 50.2 | 3.8 | -6.3 | -8.8 | 251.1 | 436.4 | 76.7 | 513.2 |
| 31 Mar 2023 | | | | | | | | | |
| Balance at | | | | | | | | | |
| 1 Jan 2022 | 146.4 | 50.2 | 3.5 | -6.6 | -12.0 | 233.2 | 414.6 | 68.7 | 483.4 |
| Profit for the period | | | | | | 32.7 | 32.7 | 0.6 | 33.3 |
| Other comprehensive income for the period | | | 2.2 | 0.7 | | | 2.9 | 0.0 | 2.8 |
| Dividend (€0.67 per share) | | | | | | -48.7 | -48.7 | | -48.7 |
| Dividend paid to non-controlling interest | | | | | | | | -2.7 | -2.7 |
| Share-based incentive plan | | | | | 0.9 | -2.2 | -1.3 | | -1.3 |
| Balance at | 146.4 | 50.2 | 5.7 | -6.0 | -11.1 | 214.9 | 400.2 | 66.6 | 466.8 |
| 31 Mar 2022 | | | | | | | | | |

*) 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 2022.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

| M€ | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|-------------------------------------|-------------|-------------|-------------|
| Gross investment | 5.2 | 10.2 | 50.5 |
| - % of net sales | 1.6 | 2.9 | 3.6 |
| Book value of disposed fixed assets | 0.2 | 0.4 | 1.0 |
| Depreciation and impairments | 13.0 | 12.9 | 54.5 |

PERSONNEL

| | 1-3/2023 | 1-3/2022 | 1-12/2022 |
|----------------------------------|----------|----------|-----------|
| Converted to full time employees | | | |
| Average | 3,904 | 4,249 | 4,214 |
| At the end of the period | 3,864 | 4,255 | 4,055 |

OWN SHARES

| | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|-----------------------------------------------------------|-------------|-------------|-------------|
| Own shares held by the company, pcs | 406,934 | 541,152 | 530,950 |
| - of share capital, % | 0.6 | 0.7 | 0.7 |
| - of voting rights, % | 0.6 | 0.7 | 0.7 |
| Accounted par value of own shares held by the company, M€ | 0.8 | 1.1 | 1.1 |

DIVISION INFORMATION

| M€ | 1-3/2023 | | | 1-3/2022 | | |
|------------------------------------|--------------|----------|--------------|--------------|----------|--------------|
| | External | Internal | Total | External | Internal | Total |
| Net sales by division | | | | | | |
| Building Solutions – Europe | 149.2 | 0.6 | 149.8 | 161.4 | 1.1 | 162.4 |
| Building Solutions – North America | 124.7 | - | 124.7 | 123.4 | - | 123.4 |
| Uponor Infra | 55.4 | 0.8 | 56.1 | 64.7 | 0.7 | 65.4 |
| Eliminations | - | -1.3 | -1.3 | - | -1.8 | -1.8 |
| Total | 329.3 | - | 329.4 | 349.5 | - | 349.5 |

1-12/2022

| M€ | External | Internal | Total |
|------------------------------------|----------------|----------|----------------|
| Net sales by division | | | |
| Building Solutions – Europe | 596.2 | 3.0 | 599.2 |
| Building Solutions – North America | 479.8 | - | 479.8 |
| Uponor Infra | 310.2 | 2.6 | 312.8 |
| Eliminations | - | -5.6 | -5.6 |
| Total | 1,386.2 | - | 1,386.2 |

M€

| | 1-3/2023 | 1-3/2022 | 1-12/2022 |
|-------------------------------------|-------------|-------------|--------------|
| Operating profit by division | | | |
| Building Solutions – Europe | 13.7 | 20.3 | 44.0 |
| Building Solutions – North America | 22.4 | 24.3 | 77.5 |
| Uponor Infra | 12.1 | 1.6 | 23.1 |
| Others | -1.5 | -1.7 | -8.2 |
| Eliminations | 2.7 | 2.4 | -0.9 |
| Total | 49.5 | 46.8 | 135.5 |

| M€ | 1-3/2023 | 1-3/2022 | 1-12/2022 |
|-------------------------------------------------------------|------------------|------------------|-------------------|
| Division depreciation and impairments | | | |
| Building Solutions – Europe | 5.2 | 5.4 | 22.7 |
| Building Solutions – North America | 5.0 | 4.5 | 19.5 |
| Uponor Infra | 2.4 | 2.6 | 10.7 |
| Others | 0.4 | 0.4 | 1.6 |
| Eliminations | - | - | - |
| Total | 13.0 | 12.9 | 54.5 |
| Division investments | | | |
| Building Solutions – Europe | 1.4 | 3.0 | 13.4 |
| Building Solutions – North America | 1.8 | 4.8 | 25.7 |
| Uponor Infra | 1.3 | 1.5 | 8.3 |
| Others | 0.7 | 0.8 | 3.1 |
| Eliminations | - | - | - |
| Total | 5.2 | 10.2 | 50.5 |
| Division assets | | | |
| M€ | 31.3.2023 | 31.3.2022 | 31.12.2022 |
| Building Solutions – Europe | 541.5 | 522.5 | 514.5 |
| Building Solutions – North America | 372.8 | 337.1 | 355.0 |
| Uponor Infra | 233.6 | 228.6 | 205.1 |
| Others | 423.7 | 362.9 | 390.2 |
| Eliminations | -581.4 | -483.8 | -494.9 |
| Total | 990.3 | 967.2 | 969.8 |
| Division liabilities | | | |
| Building Solutions – Europe | 400.5 | 396.2 | 384.3 |
| Building Solutions – North America | 234.4 | 236.2 | 234.0 |
| Uponor Infra | 73.2 | 91.7 | 54.1 |
| Others | 365.6 | 279.8 | 279.6 |
| Eliminations | -596.6 | -503.4 | -517.9 |
| Total | 477.1 | 500.5 | 434.0 |
| Division personnel, average | | | |
| | 1-3/2023 | 1-3/2022 | 1-12/2022 |
| Building Solutions – Europe | 2,082 | 2,210 | 2,192 |
| Building Solutions – North America | 905 | 1,064 | 1,036 |
| Uponor Infra | 789 | 840 | 850 |
| Others | 129 | 135 | 136 |
| Total | 3,904 | 4,249 | 4,214 |
| Reconciliation | | | |
| M€ | 1-3/2023 | 1-3/2022 | 1-12/2022 |
| Operating profit by division | | | |
| Total result for reportable divisions | 48.2 | 46.2 | 144.6 |
| Others | -1.5 | -1.7 | -8.2 |
| Eliminations | 2.7 | 2.4 | -0.9 |
| Operating profit | 49.5 | 46.8 | 135.5 |
| Financial expenses, net | 1.9 | 1.0 | 1.0 |
| Share of results in associated companies and joint ventures | 0.0 | 0.1 | 0.4 |
| Profit before taxes | 47.6 | 45.9 | 134.9 |

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€ | 1-3/2023 | | | 1-3/2022 | | |
|---------------------------------------------------------|---------------|-----------------------|--------------|---------------|-----------------------|--------------|
| | Sale of goods | Rendering of services | Total | Sale of goods | Rendering of services | Total |
| Revenue from contract with customers by division | | | | | | |
| Building Solutions – Europe | 147.7 | 1.5 | 149.2 | 159.7 | 1.7 | 161.4 |
| Building Solutions – North America | 124.7 | - | 124.7 | 123.4 | - | 123.4 |
| Uponor Infra | 53.6 | 1.9 | 55.5 | 61.6 | 3.1 | 64.7 |
| External customer, total | 326.0 | 3.4 | 329.4 | 344.7 | 4.8 | 349.5 |
| Internal | 1.4 | | 1.4 | 1.8 | | 1.8 |
| Total | 325.9 | 3.4 | 329.3 | 346.5 | 4.8 | 351.2 |
| Eliminations | -1.3 | | -1.3 | -1.8 | | -1.8 |
| Total revenue from contracts with customer | 326.1 | 3.4 | 329.4 | 344.7 | 4.8 | 349.5 |

| M€ | 1-12/2022 | | |
|---------------------------------------------------------|----------------|-----------------------|----------------|
| | Sale of goods | Rendering of services | Total |
| Revenue from contract with customers by division | | | |
| Building Solutions – Europe | 588.8 | 7.4 | 596.2 |
| Building Solutions – North America | 479.8 | - | 479.8 |
| Uponor Infra | 289.3 | 20.9 | 310.2 |
| External customer, total | 1,357.8 | 28.3 | 1,386.2 |
| Internal | 5.6 | | 5.6 |
| Total | 1,363.5 | 28.3 | 1,391.8 |
| Eliminations | -5.6 | | -5.6 |
| Total revenue from contracts with customer | 1,357.8 | 28.3 | 1,386.2 |

COMMITMENTS

| M€ | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|----------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Commitments of purchase PPE (Property, plant, equipment) | 8.7 | 12.1 | 4.0 |
| - on own behalf | | | |
| Mortgages issued | 0.9 | 1.0 | 0.9 |
| Guarantees issued | 0.2 | 0.3 | 0.2 |
| - on behalf of a subsidiary | | | |
| Guarantees issued | 14.3 | 18.3 | 12.7 |
| Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures | | | |
| Mortgages issued | 0.9 | 1.0 | 0.9 |
| Guarantees issued | 14.5 | 18.6 | 12.8 |
| Total | 15.4 | 19.5 | 13.8 |

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

| M€ | IFRS 7 Fair value hierarchy level | 31.3.2023 | 31.3.2022 | 31.12.2022 |
|------------------------------------------------------|-----------------------------------|--------------|--------------|--------------|
| Non-current financial assets | | | | |
| Fair value through other comprehensive income | | | | |
| Electricity derivatives | 1 | 0.9 | 1.3 | 1.6 |
| Amortised cost | | | | |
| Other non-current receivables | | 0.8 | 4.5 | 0.8 |
| Other shares and holdings | | 1.6 | 1.6 | 1.6 |
| Current financial assets | | | | |
| Fair value through other comprehensive income | | | | |
| Electricity derivatives | 1 | 2.1 | 3.5 | 6.3 |
| Fair value through profit or loss | | | | |
| Other derivative contracts | 2 | 5.0 | 2.5 | 5.9 |
| Amortised cost | | | | |
| Accounts receivable and other receivables | | 250.3 | 281.5 | 219.5 |
| Cash and cash equivalents | | 79.3 | 31.0 | 65.5 |
| Financial assets total | | 339.9 | 325.8 | 301.1 |
| Non-current financial liabilities | | | | |
| Fair value through other comprehensive income | | | | |
| Electricity derivatives | 1 | 0.0 | - | - |
| Amortised cost | | | | |
| Interest bearing liabilities | | 102.5 | 101.7 | 103.2 |
| Current financial liabilities | | | | |
| Fair value through other comprehensive income | | | | |
| Electricity derivatives | 1 | 0.0 | - | - |
| Other derivative contracts | 2 | - | 0.3 | 0.0 |
| Fair value through the profit or loss | | | | |
| Other derivative contracts | 2 | 1.6 | 3.0 | 2.2 |
| Amortised cost | | | | |
| Interest bearing liabilities | | 10.4 | 15.2 | 10.8 |
| Accounts payable and other liabilities | | 176.2 | 198.1 | 147.3 |
| Financial liabilities total | | 290.7 | 318.2 | 263.4 |

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

| | 1-3/2023 | 1-3/2022 | 1-12/2022 |
|----------------------------------|----------|----------|-----------|
| Earnings per share, € | 0.43 | 0.45 | 1.21 |
| Operating profit, % | 15.0 | 13.4 | 9.8 |
| Return on equity, % (p.a.) | 26.1 | 28.0 | 19.1 |
| Return on investment, % (p.a.) | 30.7 | 31.8 | 22.2 |
| Solvency ratio, % | 52.2 | 48.4 | 55.2 |
| Gearing, % | 7.0 | 18.4 | 9.1 |
| Gearing, % rolling 4 quarters | 10.3 | 4.0 | 13.1 |
| Net interest-bearing liabilities | 35.9 | 85.9 | 48.5 |
| Equity per share, € | 5.99 | 5.51 | 6.34 |
| - diluted | 5.99 | 5.51 | 6.34 |
| Trading price of shares | | | |
| - low, € | 15.85 | 16.10 | 12.29 |
| - high, € | 19.00 | 21.74 | 21.74 |
| - average, € | 17.25 | 19.51 | 16.25 |
| Shares traded | | | |
| - 1,000 pcs | 5,508 | 6,345 | 20,549 |
| - M€ | 95.0 | 123.7 | 333.2 |

QUARTERLY DATA

| | 1-3/ 2023 | 10-12/ 2022 | 7-9/ 2022 | 4-6/ 2022 | 1-3/ 2022 |
|------------------------------------------------------------------|--------------|----------------|--------------|--------------|--------------|
| Net sales, M€ | 329.4 | 276.5 | 364.0 | 396.2 | 349.5 |
| - Building Solutions – Europe | 149.8 | 119.7 | 141.2 | 175.9 | 162.4 |
| - Building Solutions – North America | 124.7 | 90.6 | 140.5 | 125.3 | 123.4 |
| Building Solutions – North America, \$ | 134.3 | 92.7 | 141.2 | 132.2 | 137.6 |
| - Uponor Infra | 56.1 | 67.2 | 83.9 | 96.3 | 65.4 |
| Gross profit, M€ | 130.2 | 92.0 | 132.5 | 145.7 | 133.7 |
| - Gross profit, % | 39.5 | 33.3 | 36.4 | 36.8 | 38.3 |
| Operating profit, M€ | 49.5 | 1.4 | 44.4 | 42.8 | 46.8 |
| - Building Solutions – Europe | 13.7 | -7.0 | 13.7 | 16.9 | 20.3 |
| - Building Solutions – North America | 22.4 | 6.8 | 23.2 | 23.2 | 24.3 |
| Building Solutions – North America, \$ | 24.2 | 6.7 | 23.2 | 24.4 | 27.1 |
| - Uponor Infra | 12.1 | 5.1 | 8.9 | 7.5 | 1.6 |
| - Others | -1.5 | -1.8 | -1.3 | -3.3 | -1.7 |
| Operating profit, % of net sales | 15.0 | 0.5 | 12.2 | 10.8 | 13.4 |
| - Building Solutions – Europe | 9.1 | -5.8 | 9.7 | 9.6 | 12.5 |
| - Building Solutions – North America | 18.0 | 7.2 | 16.4 | 18.5 | 19.7 |
| - Uponor Infra | 21.6 | 7.6 | 10.6 | 7.8 | 2.5 |
| Profit for the period, M€ | 34.1 | 1.5 | 33.1 | 29.6 | 33.3 |
| Balance sheet total, M€ | 990.3 | 969.8 | 1,040.5 | 1,040.8 | 967.2 |
| Earnings per share, € | 0.43 | 0.02 | 0.40 | 0.34 | 0.45 |
| Equity per share, € | 5.99 | 6.34 | 6.60 | 6.05 | 5.51 |
| Market value of share capital, M€ | 1,246.7 | 1,216.0 | 986.8 | 964.1 | 1,343.3 |
| Return on investment, % (p.a.) | 30.7 | 22.2 | 29.1 | 29.8 | 31.8 |
| Net interest-bearing liabilities at the end of the period, M€ | 35.9 | 48.5 | 55.2 | 77.0 | 85.9 |
| Gearing, % | 7.0 | 9.1 | 9.9 | 15.1 | 18.4 |
| Gearing, % rolling 4 quarters | 10.3 | 13.1 | 11.9 | 8.0 | 4.0 |
| Gross investment, M€ | 5.2 | 14.0 | 11.9 | 14.5 | 10.2 |
| - % of net sales | 1.6 | 5.1 | 3.3 | 3.6 | 2.9 |

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.

| | 1-3/ 2023 | 10-12/ 2022 | 7-9/ 2022 | 4-6/ 2022 | 1-3/ 2022 |
|---------------------------------------------------------|--------------|----------------|--------------|--------------|--------------|
| Items affecting comparability | | | | | |
| Restructuring charges | 4.0 | -9.6 | -0.5 | -7.7 | -0.4 |
| Capital gains and losses on sale of non-current assets | - | - | - | - | - |
| Total items affecting comparability in operating profit | 4.0 | -9.6 | -0.5 | -7.7 | -0.4 |
| Items affecting comparability, total | 4.0 | -9.6 | -0.5 | -7.7 | -0.4 |
| Comparable gross profit | | | | | |
| Gross profit | 130.2 | 92.0 | 132.5 | 145.7 | 133.7 |
| Less: Items affecting comparability in gross profit | -1.7 | -1.0 | 0.0 | -0.2 | -0.1 |
| Comparable gross profit | 131.9 | 93.0 | 132.5 | 146.0 | 133.8 |
| % of sales | 40.1 | 33.6 | 36.4 | 36.8 | 38.3 |
| Comparable operating profit | | | | | |
| Operating profit | 49.5 | 1.4 | 44.4 | 42.8 | 46.8 |
| Less: Items affecting comparability in operating profit | 4.0 | -9.6 | -0.5 | -7.7 | -0.4 |
| Comparable operating profit | 45.5 | 11.0 | 44.9 | 50.5 | 47.2 |
| % of sales | 13.8 | 4.0 | 12.3 | 12.7 | 13.5 |
| Comparable operating profit by division | | | | | |
| Building Solutions – Europe | | | | | |
| Operating profit | 13.7 | -7.0 | 13.7 | 16.9 | 20.3 |
| Less: Items affecting comparability in operating profit | -5.3 | -6.3 | -0.5 | -7.2 | -0.3 |
| Comparable operating profit | 19.0 | -0.7 | 14.3 | 24.2 | 20.6 |
| % of sales | 12.6 | -0.6 | 10.1 | 13.7 | 12.7 |
| Building Solutions – North America | | | | | |
| Operating profit | 22.4 | 6.8 | 23.2 | 23.2 | 24.3 |
| Less: Items affecting comparability in operating profit | -0.5 | -0.4 | - | - | - |
| Comparable operating profit | 23.0 | 7.2 | 23.2 | 23.2 | 24.3 |
| % of sales | 18.4 | 8.0 | 16.5 | 18.5 | 19.7 |
| Uponor Infra | | | | | |
| Operating profit | 12.1 | 5.1 | 8.9 | 7.5 | 1.6 |
| Less: Items affecting comparability in operating profit | 11.0 | -0.1 | - | -0.1 | - |
| Comparable operating profit | 1.1 | 5.2 | 8.9 | 7.7 | 1.6 |
| % of sales | 2.0 | 7.8 | 10.6 | 8.0 | 2.5 |
| Others | | | | | |
| Operating profit | -1.5 | -1.8 | -1.3 | -3.3 | -1.7 |
| Less: Items affecting comparability in operating profit | -0.2 | -1.2 | - | -0.3 | -0.1 |
| Comparable operating profit | -1.3 | -0.7 | -1.3 | -3.0 | -1.7 |
| % of sales | na | na | na | na | na |

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

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

Return on Investment (ROI), %

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

Solvency, %

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

Gearing, %

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

Net interest-bearing liabilities

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

Earnings per share (EPS)

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

Equity per share ratio

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

Average share price

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

Gross profit margin, %

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

Operating profit margin, %

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

Comparable gross profit

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

$$\begin{array}{l} \text{Comparable gross profit margin} \\ = \frac{\text{Gross profit – items affecting comparability}}{\text{Net sales}} \quad \times 100 \end{array}$$

$$\begin{array}{l} \text{Comparable operating profit} \\ = \text{Operating profit – items affecting comparability} \end{array}$$

$$\begin{array}{l} \text{Comparable operating profit margin} \\ = \frac{\text{Operating profit – items affecting comparability}}{\text{Net sales}} \quad \times 100 \end{array}$$