Review by the President and CEO

Jussi Pesonen
President and CEO
30 March 2021
Our shareholders

118,000 shareholders in 30 countries, growth +16%

41% ESG investors(*)

33% growth investors(*)

*) of institutional investors, source Nasdaq Q4 2020
Biofore strategy drives our transformation as the frontrunner of bioeconomy.

A FUTURE BEYOND FOSSILS

GROWTH
- We respond to megatrends and meet customers’ changing needs
  - Creating new markets and enabling sustainable choices

PERFORMANCE
- Continuous improvement
- Agile operating model

INNOVATION
- Creating new business and competitive advantage
- Replacing fossils with biomaterials

RESPONSIBILITY
- Renewable & sustainable solutions
- Responsible operations and value chain

PORTFOLIO
- Investing in businesses with strong long-term fundamentals for growth and high barriers to entry
  - Effective capital allocation
Performance
Our focus areas during the exceptional year 2020

ENSURING PERFORMANCE

TRANSFORMATIVE GROWTH PROJECTS
COVID-19-related impacts

• We have implemented extensive precautions to protect the health and safety of our employees.
• We have ensured the continuity of our operations and implementation of our strategic growth projects.
• Mixed demand impacts:
  • Graphic papers demand in Europe decreased by 18%
  • UPM Raflatac and UPM Specialty Papers benefited from strong demand for daily consumer goods and growth in e-commerce
  • Pulp demand held up well, supported by good demand for tissue and many packaging and specialty paper products.
Comparable EBIT in 2020 vs. 2019

<table>
<thead>
<tr>
<th>Component</th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>Prices</td>
<td>1,404</td>
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<tr>
<td>Variable costs</td>
<td>13.7%</td>
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<td>Fixed costs</td>
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<td>11.1%</td>
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<td>Deliveries</td>
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<td>Currency, net impact</td>
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<td>Depr., forests, plantations,</td>
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<td>other</td>
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<tr>
<td><strong>Comparable EBIT</strong></td>
<td><strong>948</strong></td>
<td><strong>11.1%</strong></td>
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(Note: The values and percentages are illustrative and may not correspond to actual numbers.)
Taking action to ensure performance – expected annual cost savings of approx. EUR 130 million

- UPM Jyväskylä (plywood) closed in Q3 2020
- UPM Chapelle (newsprint) -240kt, closed in Q3 2020
- UPM Kaipola (newsprint, LWC) -720kt, closed in Q1 2021
- UPM Shotton (newsprint) -250kt, planned sale
- Streamlining and cost efficiency actions in UPM Biorefining, UPM Specialty Papers, UPM Raflatac and global functions
- Growth investment: UPM Nordland PM2 (fine) -200kt, conversion to release liner in Q1 2020
UPM business model delivers performance also in exceptional circumstances

Comparable EBIT by business area

<table>
<thead>
<tr>
<th>EURm</th>
<th>UPM Biorefining</th>
<th>% of sales</th>
<th>EURm</th>
<th>UPM Communication Papers</th>
<th>% of sales</th>
<th>EURm</th>
<th>UPM Specialty Papers</th>
<th>% of sales</th>
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<th>EURm</th>
<th>UPM Plywood</th>
<th>% of sales</th>
<th>EURm</th>
<th>UPM Energy</th>
<th>% of sales</th>
<th>EURm</th>
<th>UPM Raflatac</th>
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Comparable EBIT by business area
Strong financial position

Cash flow

Free cash flow

Operating cash flow

Net debt and leverage

Net debt
EURm
4 500
3 750
3 000
2 250
1 500
750
0
Policy: ≤ 2x

Net debt/EBITDA (x)
3,0
2,5
2,0
1,5
1,0
0,5
0,0
-0,5
Dividend proposal: unchanged at EUR 1.30 per share

Long term dividend policy
• UPM aims to pay an attractive dividend, 30–40% of operating cash flow per share

Dividend proposal for 2020
• EUR 1.30 (1.30) per share, totalling EUR 693m
• 69% of 2020 operating cash flow
Innovation – significant new business
Significant new businesses, answering the sustainability challenges

Biofuels     Biochemicals     Biomedicals     Biocomposites     Specialty packaging materials

Responsibility and circular economy     Enabling innovation culture     Strong patent portfolio     New technologies
VIDEO: UPM Biochemicals – UPM Biofuels
Responsibility – we deliver positive impact
We deliver positive impact to mitigate climate change and to create long-term value

WE ACT THROUGH FORESTS
We are committed to climate-positive forestry and enhancing biodiversity.

WE ACT THROUGH EFFICIENCY AND EMISSIONS
Our target is to reduce our CO₂ emissions by 65%.

WE ACT THROUGH PRODUCTS
We innovate novel products to provide ever more sustainable alternatives for fossil-based materials.

BUSINESS AMBITION FOR 1.5°C

OUR ONLY FUTURE
Promoting biodiversity is part of positive change

- UPM has had a biodiversity programme in commercial forests already for more than 20 years
- It enables protection and improvement of biodiversity (Net Positive Impact)
- Positive change is already visible
- In 2020, UPM tied EUR 750 million syndicated revolving credit facility margin to biodiversity
Change in leadership is visible in employee engagement survey
We deliver positive impact on local communities

1. Determined measures to protect the health of UPM employees in all locations.

2. We donated 500,000 face masks to hospitals, health centres, schools and universities in our operating countries.

3. We gave expertise support to National Emergency Supply Agency in Finland to source 30 million face masks.
Our positive impact receives recognition

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA
Growth – our transformation is in growth stage
Portfolio – our criteria for investing

Safe and sustainable solutions with

✓ Strong long-term demand growth outlook
✓ High entry barriers and UPM’s competitive advantage
✓ Strict return requirements
Long-term value creation driven by our spearheads for growth

SPECIALTY PACKAGING MATERIALS
- Label materials
- Specialty papers

HIGH VALUE FIBRE
- Forests
- Pulp

MOLECULAR BIOPRODUCTS
- Biofuels
- Biochemicals

Communication papers

Plywood

Energy
World-class pulp mill investment, significant step in future earnings

USD 3 billion investment in Uruguay

Pulp mill in Paso de los Toros, deep sea port terminal in Montevideo and local community

Pulp is used in tissue, specialty and packaging papers, for example

Total annual capacity of 2.1 million tonnes of eucalyptus pulp

Scheduled to start up in H2 2022
Creating new business in wood-based biochemicals

EUR 550 million investment at Leuna, Germany

Industrial scale biorefinery

Alternatives to fossil materials in various consumer-driven end-uses

Total annual capacity of 220,000 tonnes

Scheduled to start up by the end of 2022
Growth plans in biofuels progress to the next stage

Basic engineering phase of new biorefinery ongoing

Potential next generation biofuels biorefinery

Products would significantly reduce carbon footprint in the road transport and aviation

Capacity would be 500,000t of renewable fuels incl. sustainable jet fuel

Potential location in Kotka, Finland or Rotterdam, the Netherlands.
Transformative growth projects in the most intensive phase in 2021

Capex estimate for 2021

- Total EUR 2,000m
- Includes EUR 1,800m on the transformative growth projects, pulp in Uruguay and biochemicals in Germany
- Operational investment needs consistently low
VIDEO: UPM Paso de los Toros
Spearheads for growth – improving business mix drives earnings, cash flow and shareholder value

<table>
<thead>
<tr>
<th>Operating model</th>
<th>Gross sales 2009</th>
<th>Transformation 1. phase</th>
<th>Gross sales 2020</th>
<th>Transformation 2. phase</th>
<th>Future sales *)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR 9.6bn 60%</td>
<td>EUR 9.4bn 35%</td>
<td>EUR 9.4bn 65%</td>
<td>EUR 9.4bn 16%</td>
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<tr>
<td>Performance</td>
<td>40%</td>
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<tr>
<td>Balance sheet</td>
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<tr>
<td>Focused growth</td>
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<td>Innovation</td>
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</table>

Spearheads for growth*)

- EBIT margin >20%*)
- 6-year average EBIT margin (2015-20)

*) This is an illustration, not a forecast
Transformation is visible in earnings and balance sheet

Comparable EBIT

Target: EBIT growth

Net debt/EBITDA (x)

Comparable ROE

Target: 10%

Net debt and leverage

Target: EBIT growth

Policy: ≤ 2x
Transformation is visible in shareholder value
We create a future beyond fossils