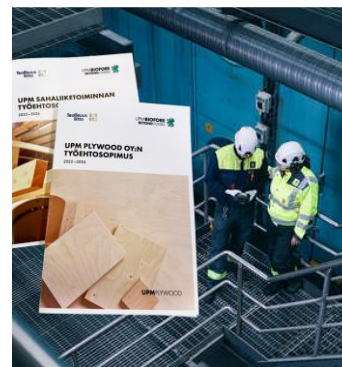




Review by the President and CEO

President and CEO
Jussi Pesonen
12 April 2023

UPM **BIOFORE** - BEYOND FOSSILS



15-year total shareholder return (since March 2008)



Source: Factset

Results 2022

2022: all-time record results and poised to deliver significant growth



2022 vs. 2021:

Sales	▲	+19%
EUR 11,720m		

EBITDA	▲	+39%
EUR 2,536m		

Comparable EBIT	▲	+42%
EUR 2,096m		

Comparable EPS	▲	+39%
EUR 3.09		

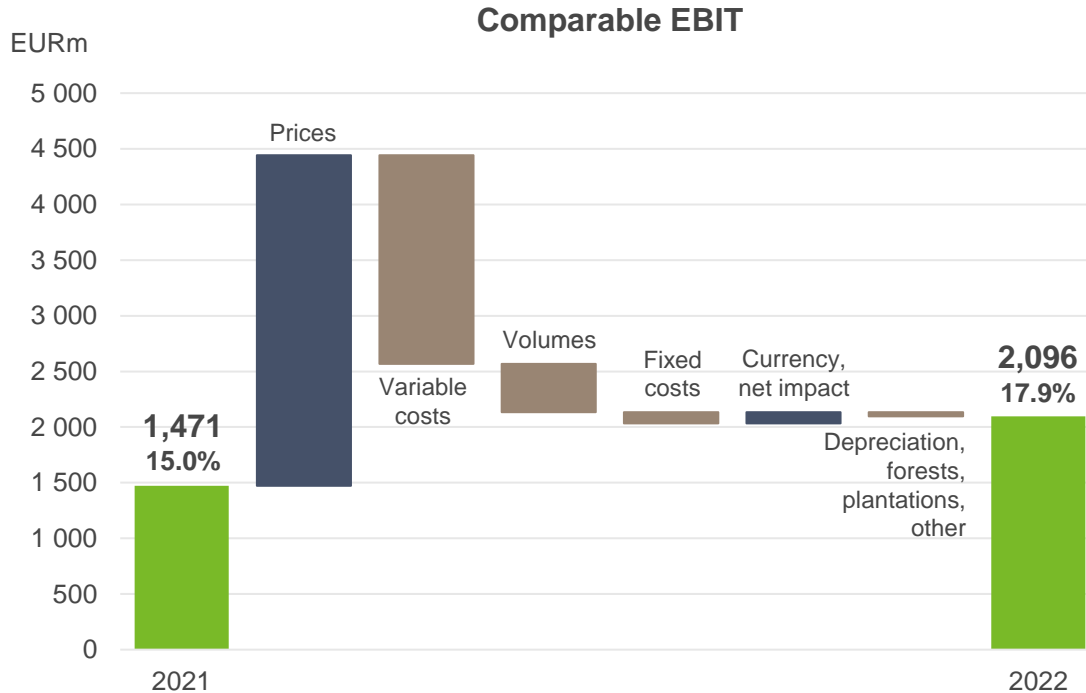
Comparable ROE	▲	+2.3pp
14.0%		

Operating cash flow	▼	-742m
EUR 508m		

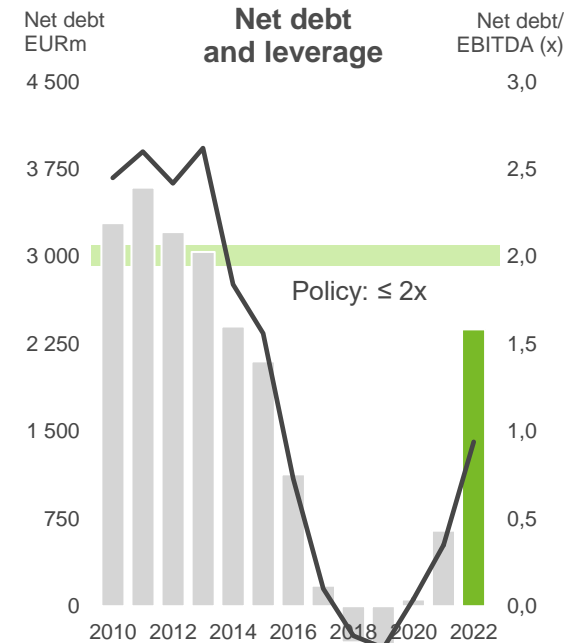
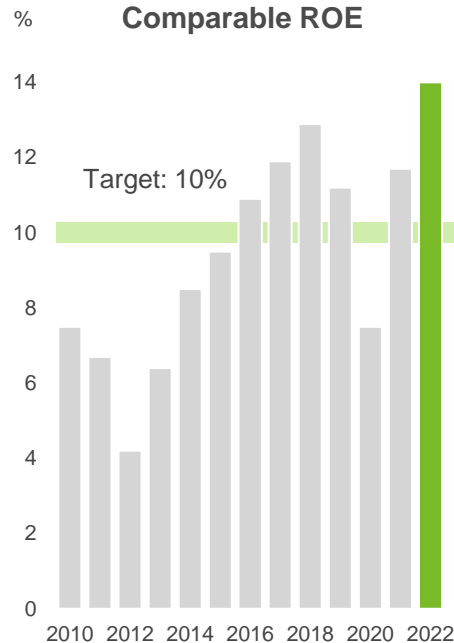
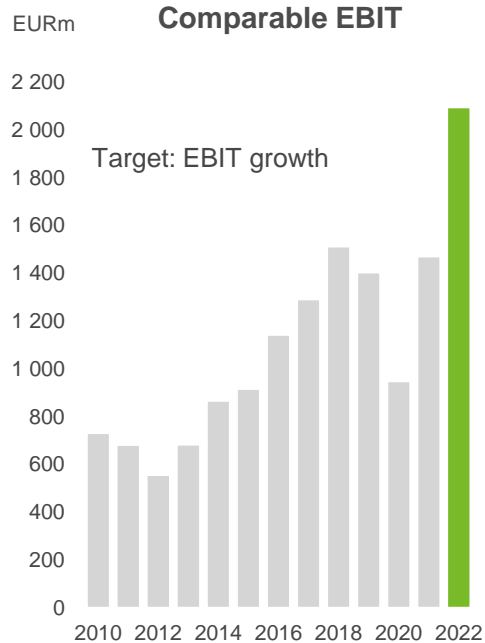
Net debt	▲	+1,727m
EUR 2,374m		

Net debt / EBITDA	▲	+0.59x
0.94x		

Comparable EBIT in 2022 vs. 2021

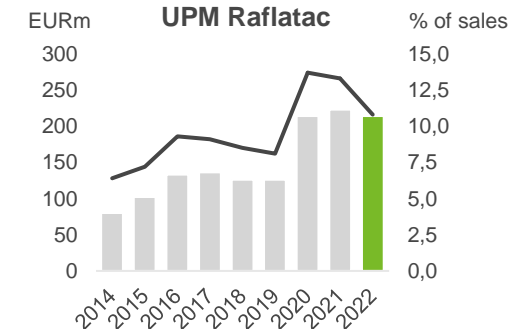
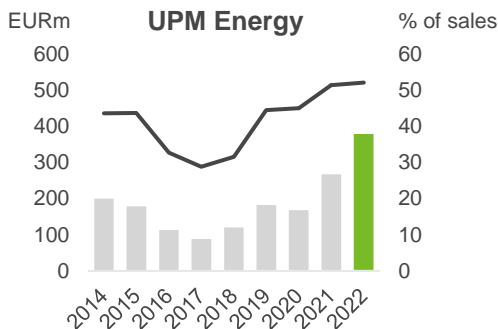
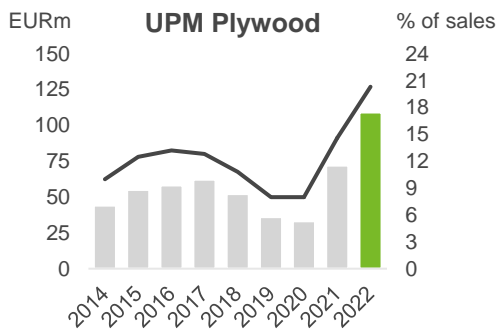
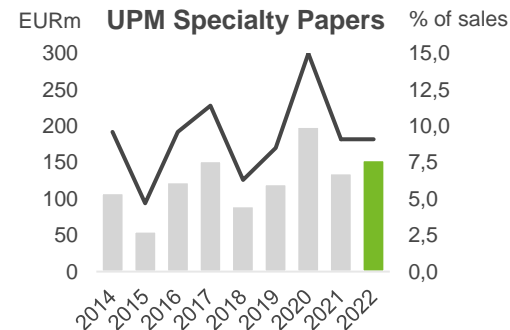
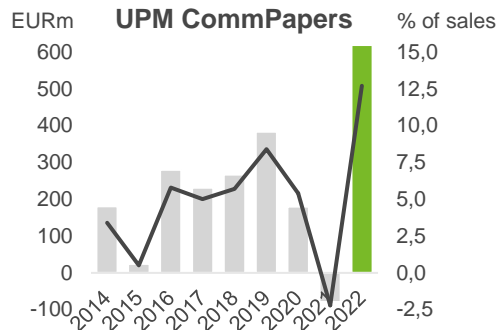
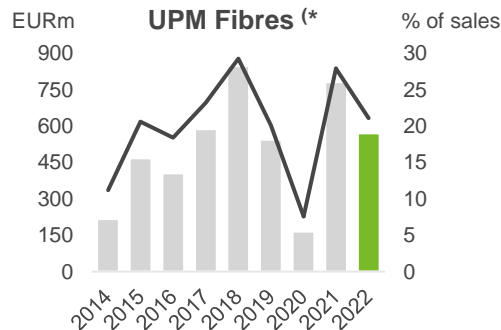


New record in annual earnings



UPM business model delivers performance

Comparable EBIT by business area



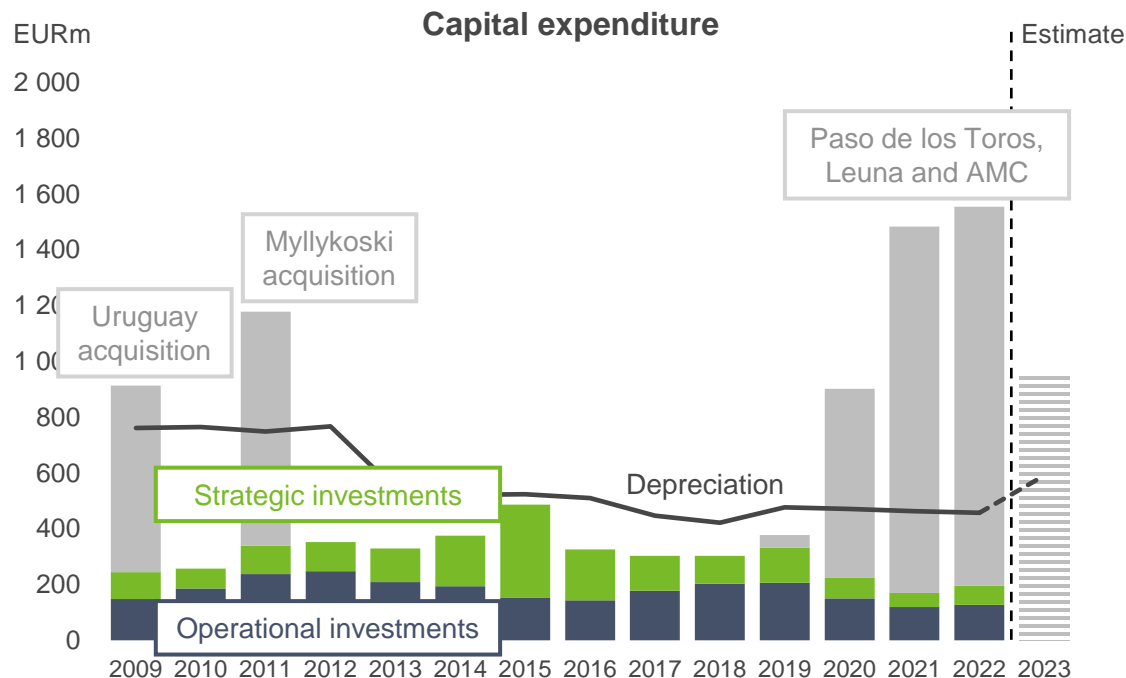
Capital allocation

Dividend policy and capital allocation



- UPM aims to pay attractive dividends, targeting at least half of the comparable earnings per share over time.
- UPM plans to allocate capital to
 - *Invest to grow the company and its earnings.* UPM targets growth in comparable EBIT and comparable return on equity exceeding 10%.
 - *Pay attractive dividend.* The targeted earnings growth drives dividend growth over time.
 - *Maintain a strong balance sheet.* Net debt to EBITDA ratio to be less than 2.
 - *Share buybacks.* They are a complementing tool that may be used relative to investment opportunities and company valuation.

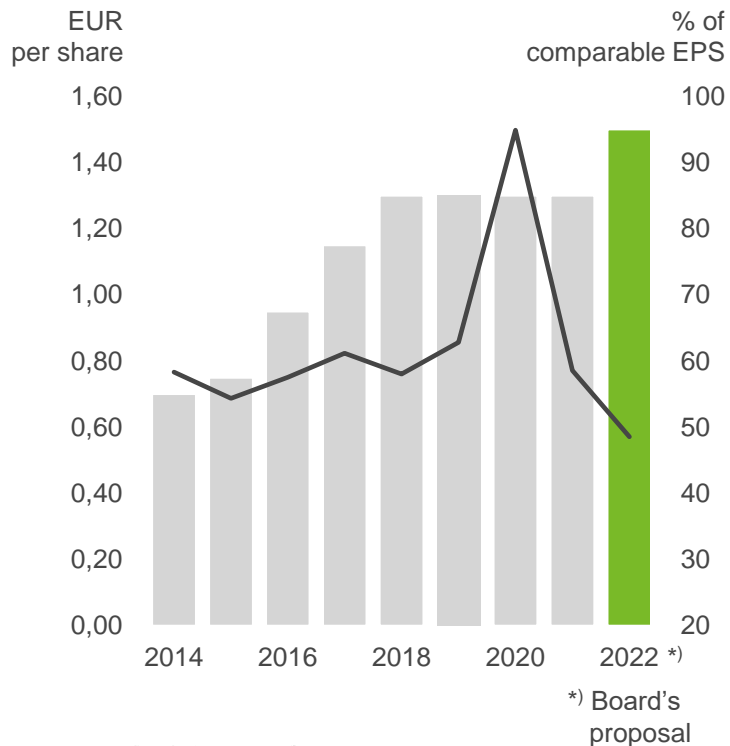
Transformative growth projects in the most intensive phase in 2021-2022



Capex estimate for 2023

- Total EUR 950m
- Includes EUR 750m on the transformative growth projects, pulp in Uruguay and biochemicals in Germany
- Operational investment needs consistently low

Dividend proposal: 15% increase to EUR 1.50 per share



Dividend policy

- UPM aims to pay attractive dividends, targeting at least half of the comparable earnings per share over time

Dividend proposal for 2022

- EUR 1.50 (1.30) per share, totalling EUR 800m
- 49% of 2022 comparable EPS

Growth and transformation

VIDEO: Paso de los Toros



UPM Paso de los Toros will grow UPM Pulp by over 50%

Highly competitive cash cost of
USD 280 per delivered tonne of pulp



Pulp mill and deep seaport
terminal in Montevideo
Jobs and other opportunities
for the residents of the region



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



USD 3.47 billion investment
Total annual capacity
of 2.1 million tonnes of
eucalyptus pulp



Ready for start-up



New business in wood-based biochemicals

Responding to strongly growing demand for sustainable solutions



Industrial scale biorefinery in Leuna, Germany



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



EUR 750 million investment
Total annual capacity of 220,000 tonnes



Scheduled to start up by the end of 2023



Moving forward with biofuels growth plans

Basic engineering phase of a next generation biorefinery



Potential industrial scale biofuels biorefinery



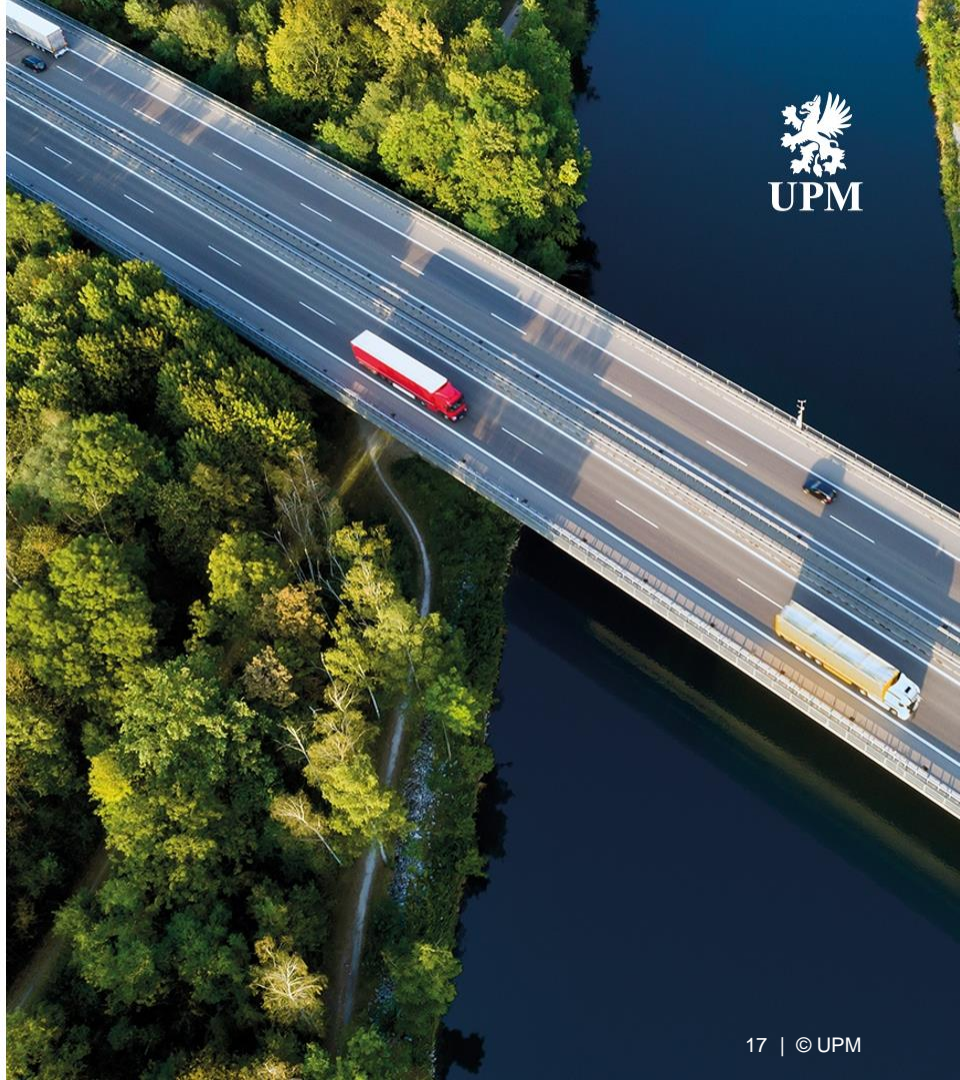
Products would significantly reduce carbon footprint in the road transport and aviation



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



Potential investment in Rotterdam, the Netherlands.



Olkiluoto 3 EPR – will grow UPM Energy's carbon free electricity generation by nearly 50%

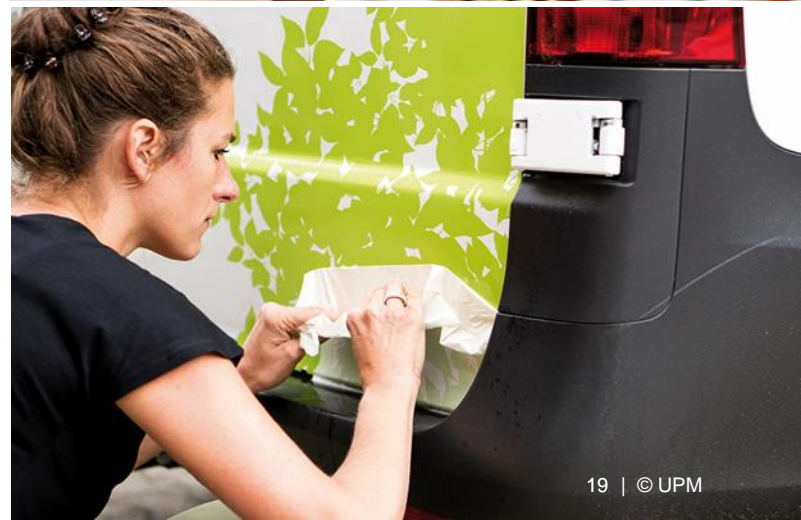


- Reliable CO₂-free baseload energy to support the electrification of the society
- Unique and safe solution for final disposal of spent fuel
- Finland's electricity self-sufficiency significantly improved, carbon neutral generation to about 90%



AMC AG acquisition to accelerate UPM Raflatac growth

- Extends product offering to new high value product categories
- Strengthens position in Central Europe
- Professional team with strong technical know-how
- Operational synergies



UPM plans to adapt its uncoated publication paper capacity to a long-term profitable customer demand



- UPM Communication Papers plans to permanently close paper machine 6 at UPM Schongau, Germany, by the end of Q2 2023, reducing the annual capacity of uncoated publication papers by 165,000 tonnes.
- UPM Communication Papers accelerates the earlier announced stop of production at its Steyrermühl mill in Austria by six months. The exit of a total annual capacity of 320,000 tonnes of newsprint will take place already by the end of Q2 2023.

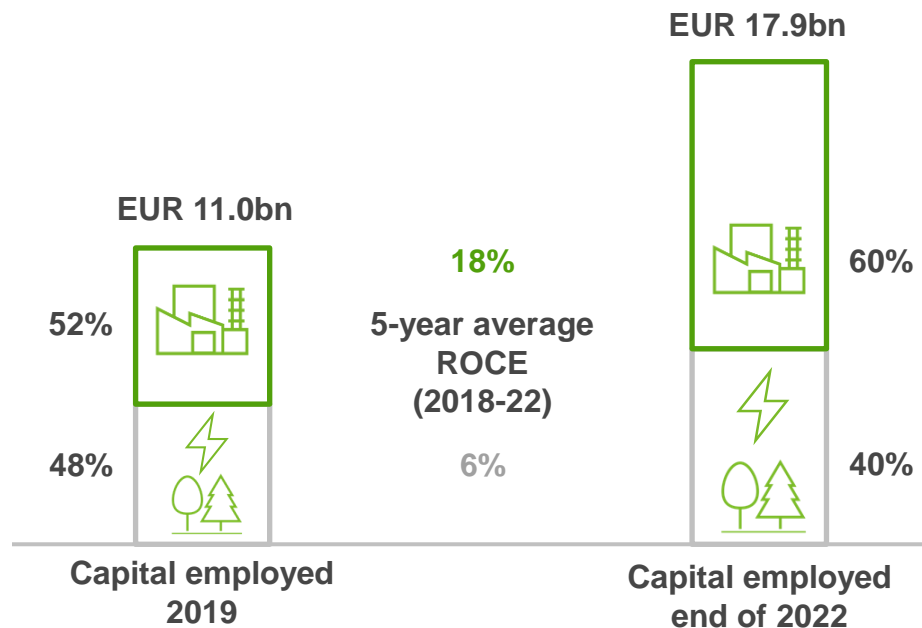


Growth investments have increased capital employed, significant earnings potential as they start to contribute

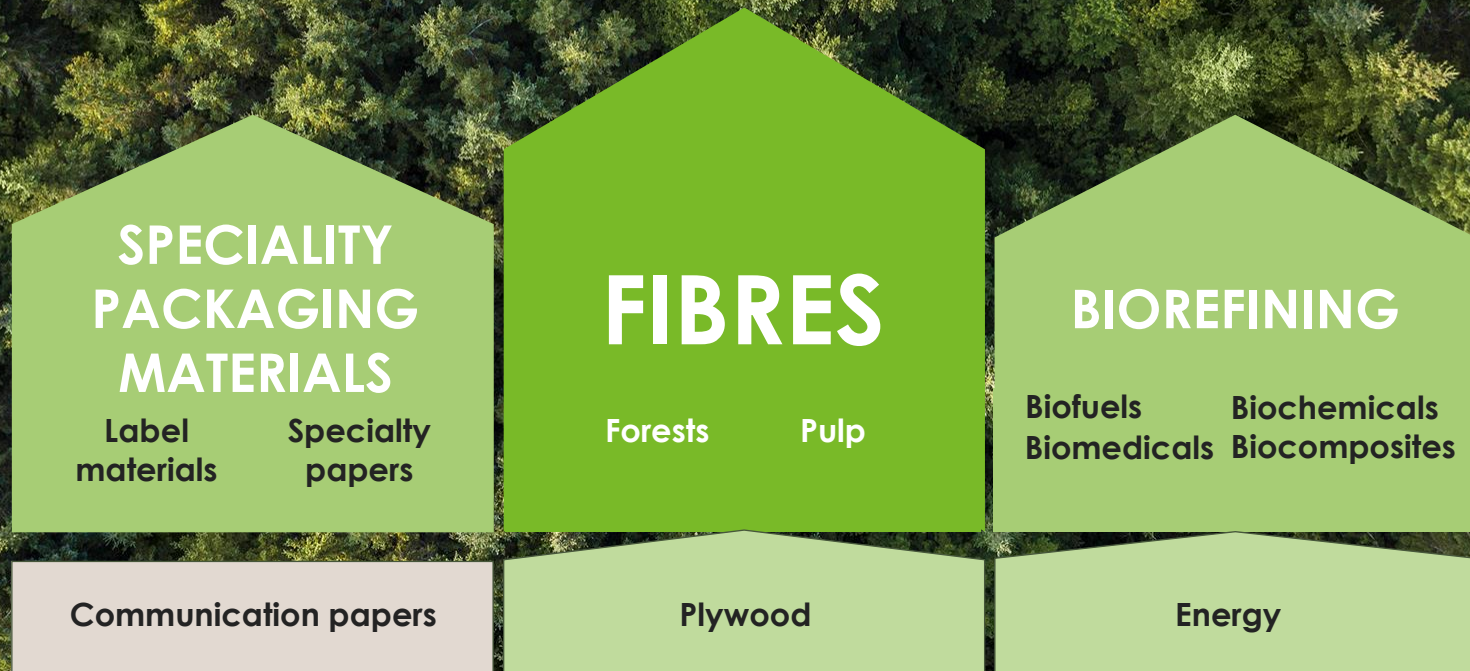


Industrial operations:
Further growth,
attractive return targets

Forest and energy assets:
Sustainable value creation



Long-term value creation driven by our spearheads for growth



VIDEO: Leuna



Building UPM success platforms

Highly competitive growth platform in Uruguay

UPM has built a highly competitive growth platform in Uruguay



- Plantation-based model, establishing additional forests
- Climate positive forestry, biodiversity
- High productivity and continuous productivity improvement
- Infrastructure development
- Enables significant biomaterials growth opportunities in a competitive and sustainable way



Highly competitive energy platform

Unique position in the energy transition

- Carbon-free energy
- Reliable nuclear power and flexible hydropower, agile consumption
- Second largest electricity supplier in Finland
- Net seller of electricity
- Enables synthetic materials growth opportunities



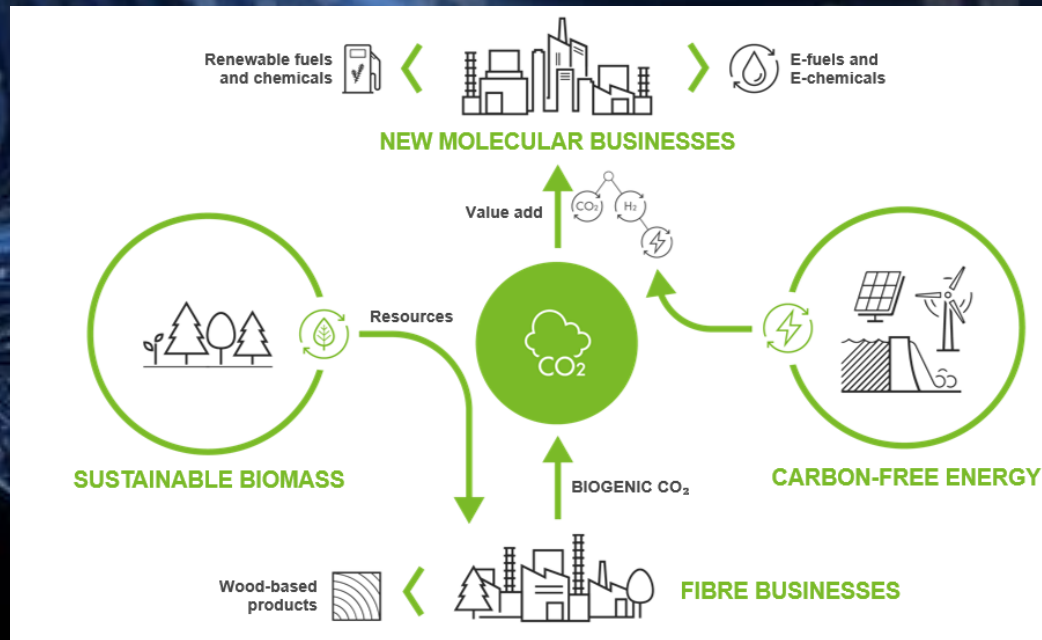
UPM uniquely positioned – growth opportunities in large-scale green hydrogen solutions



Decarbonisation will require synthetic fuels and new low-emission electricity generation

UPM has competitive advantage

- experience and in-depth knowledge on energy markets
- decarbonisation and energy optimisation tools and skills
- experience on biorefinery operations
- available biogenic CO₂ needed in the production of some e-fuels



Sustainability drives success

Our climate commitment



WE ACT THROUGH FORESTS

Committed to climate-positive forestry and enhancing biodiversity



WE ACT THROUGH EMISSION REDUCTIONS

-65% from own CO₂ emissions
-30% from CO₂ emissions of supply chain



WE ACT THROUGH PRODUCTS

Innovative products
Scientifically verifying the climate impact of all our products



BUSINESS AMBITION FOR 1.5°C   **OUR ONLY FUTURE**

**THE Paris...
CLIMATE 10 years
PLEDGE Early**

Towards net-zero emissions (UPM 2022)



WE ACT THROUGH FORESTS

-2,3

MtCO₂eq

Carbon sink

Trees and soil

**Long-term
carbon storage**

Trees and soil

WE ACT THROUGH EMISSION REDUCTIONS

+4,5

MtCO₂

**Own
emissions**

Scope 1 ja 2

+5,0

MtCO₂

**Value chain
emissions**

Scope 3

WE ACT THROUGH PRODUCTS

-2,0

MtCO₂

**Fossil
energy
substitution**

+1,6

MtCO₂

**Temporary
carbon storage**

Wood-based
products

-5,8

MtCO₂

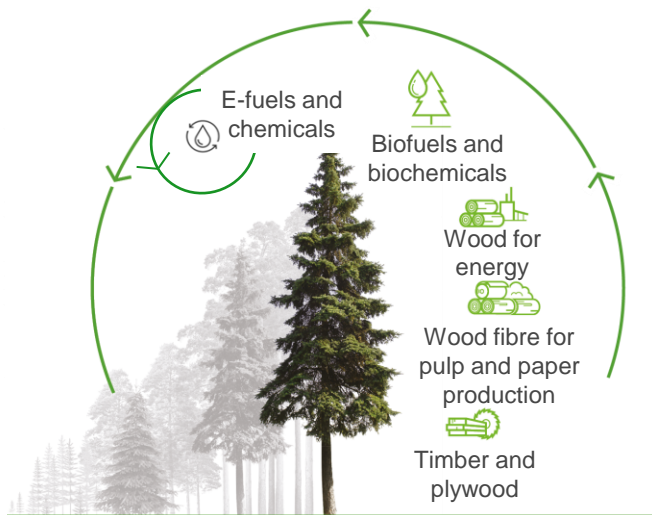
**Fossil-based
products
substitution**

BIO

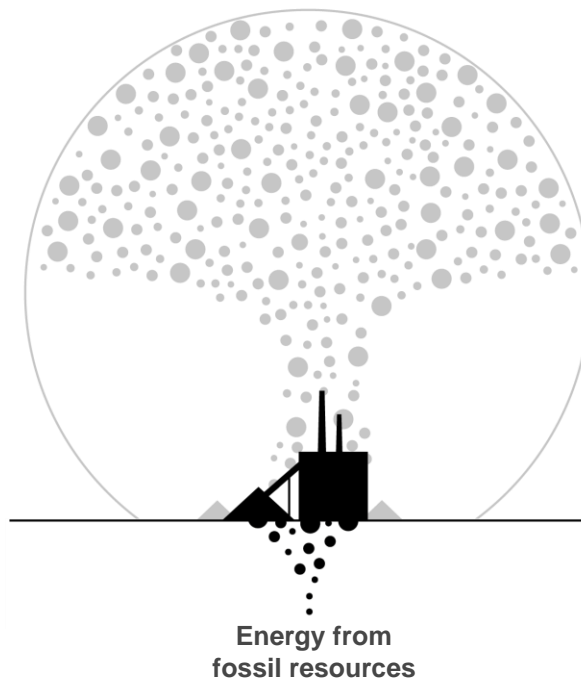
Bioeconomy offers a sustainable alternative to fossil-based economy



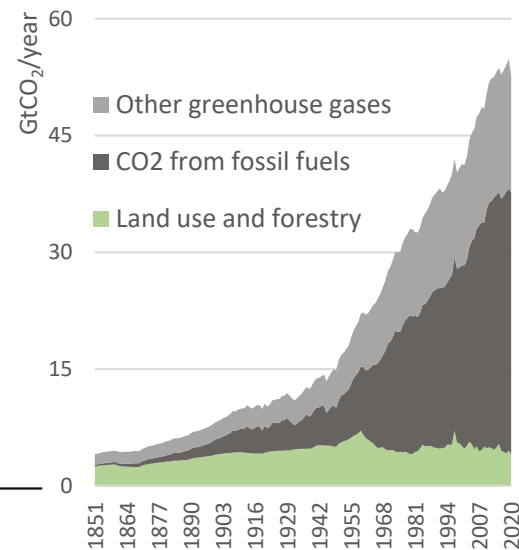
Biomass use is not increasing
CO₂ to carbon cycle



Use of fossil resources
increases CO₂ amount



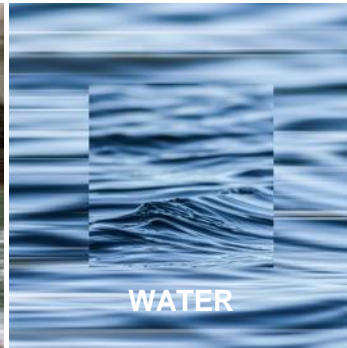
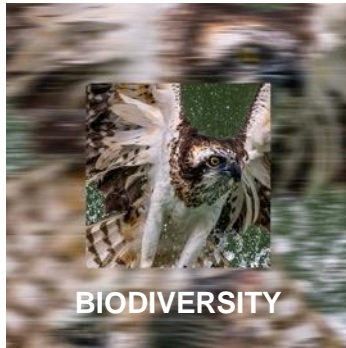
Use of fossils has increased
global CO₂-emissions



Source: IEA, Our World in Data

FOREST ACTION

The **UPM Forest Action** programme takes a holistic view, covering the five fundamentals of responsible forestry:



Responsibility performance measures set for the long-term remuneration



The earning criteria for the earning period 2023–2025 of the Performance Share Plan are:

- The total shareholder return (80%)
- Responsibility performance measures (20%): the reduction of fossil CO₂ emissions, the achievement of a net positive impact on biodiversity and the achievement of gender pay equity

Opportunities in Finnish forests

Sustainable forest management is key to large increase in standing stock and annual growth



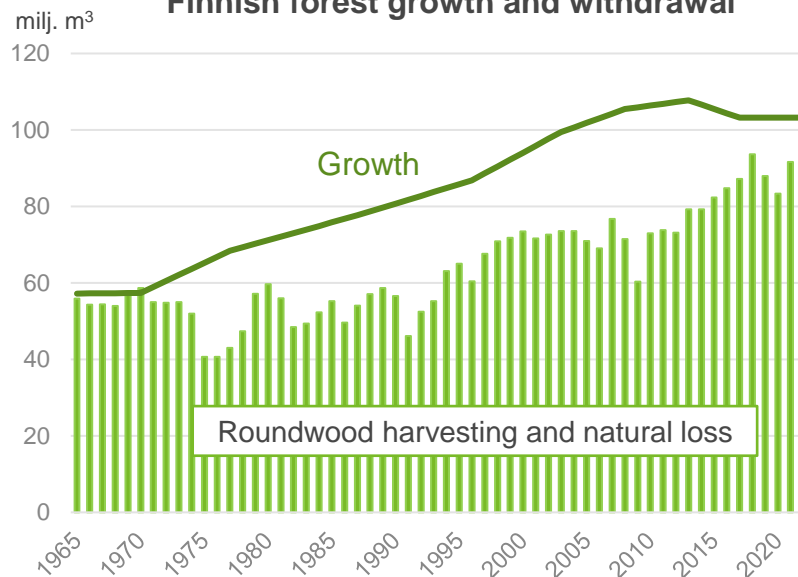
Forest growth doubled

in 50 years despite increased use
through combination of modern forestry
practices and conservation

Standing stock in Finland increased

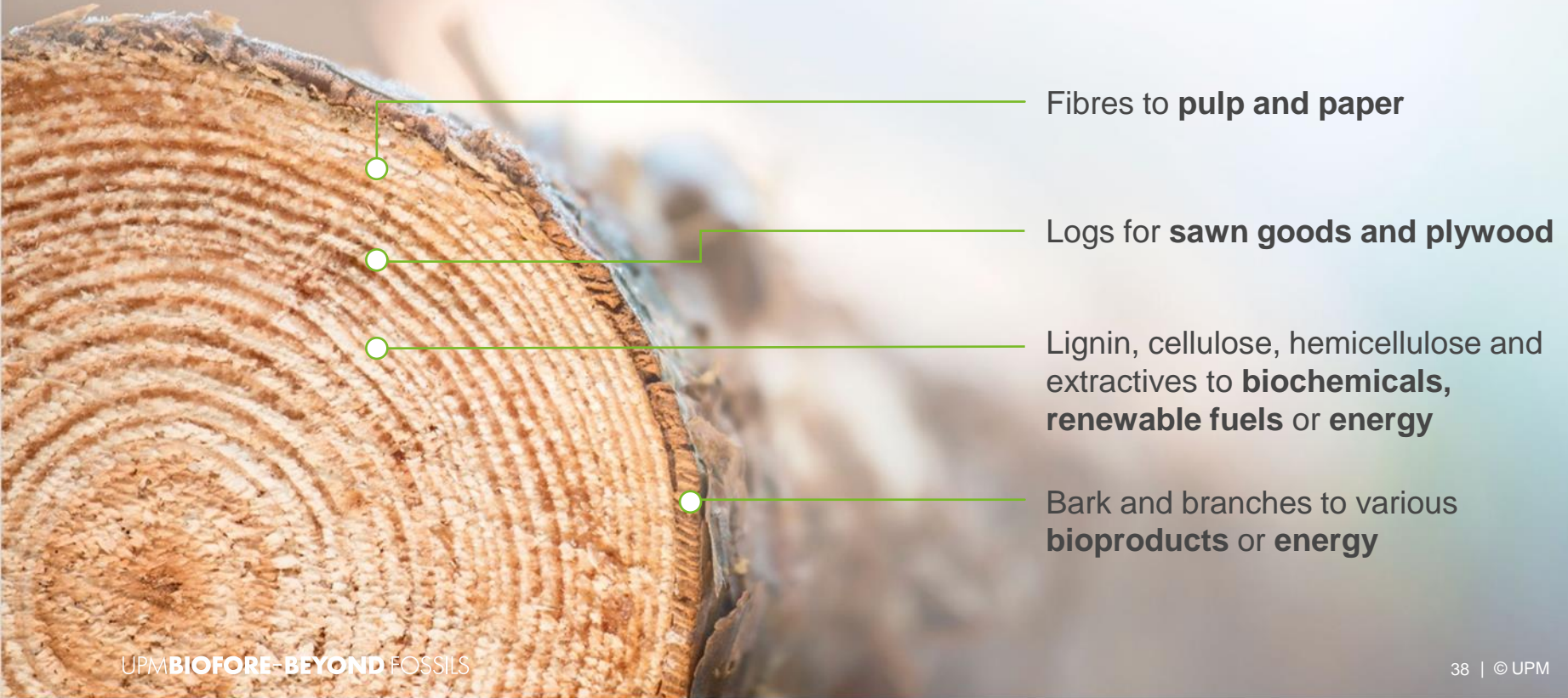
from **1.5** bn m³ to **2.5** bn m³

Finnish forest growth and withdrawal



Source: Natural Resources Institute Finland (Luke)

Efficient use of wood – nothing goes to waste



Fibres to **pulp and paper**

Logs for **sawn goods and plywood**

Lignin, cellulose, hemicellulose and extractives to **biochemicals, renewable fuels or energy**

Bark and branches to various **bioproducts or energy**

Creating shareholder value

Our shareholders

139,000

shareholders in 30 countries

51.3%

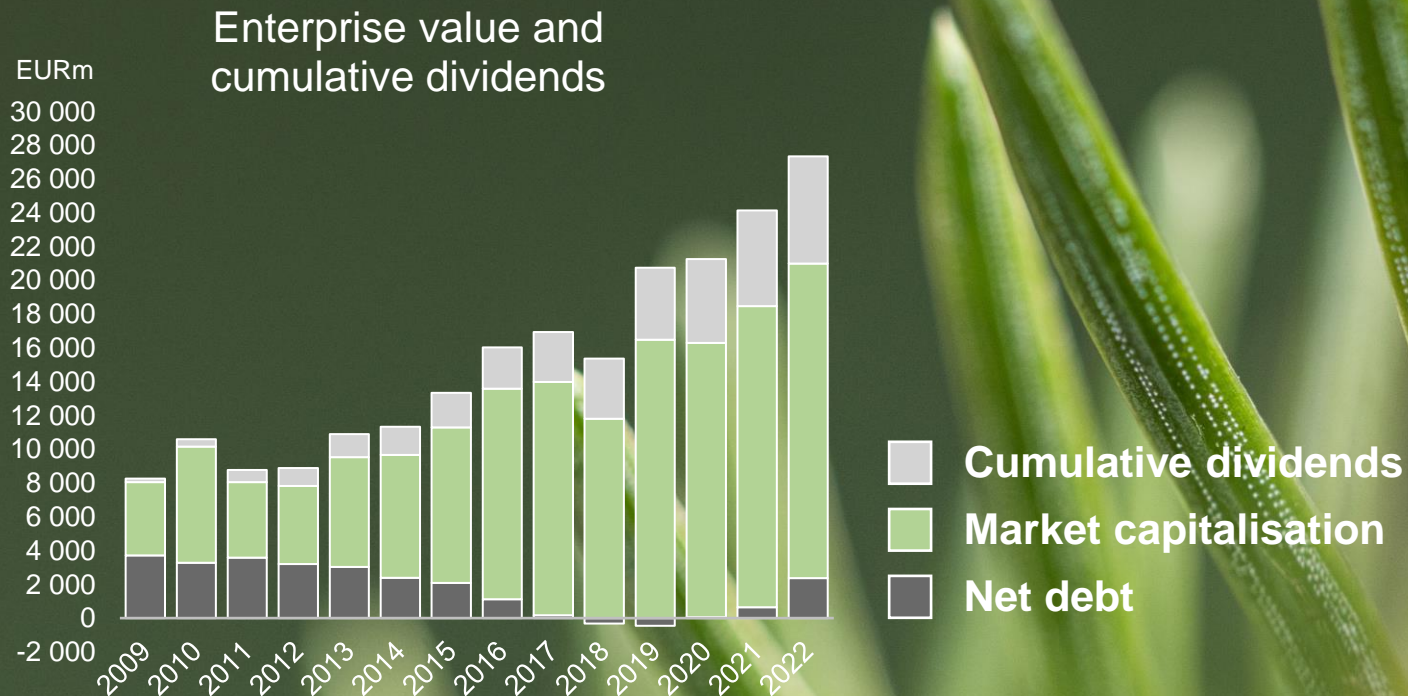
ESG investors^(*)

33.4%

growth investors^(*)

^{*)} of institutional shareholders, source Nasdaq Q4 2022

Transformation is visible in shareholder value



UPM **BIOFORE**
BEYOND FOSSILS

