Massimo Reynaudo

• M.Sc. (Eng.)
• Italian citizen, born 1969
• President and CEO of UPM-Kymmene Corporation as of 1 January 2024
• Currently Executive Vice President, UPM Communication Papers
• Senior Vice President of UPM Raflatac 2017 - 2021
• Several senior positions at Kimberly-Clark Corporation 1995 - 2017
Q3 2023: UPM delivers improved results from previous quarter and continues to build long-term growth

• Sales decreased by 24% to EUR 2,584m (3,420m in Q3 2022)
• Comparable EBIT decreased by 72% to EUR 220m, 8.5% of sales (779m, 22.8%)
• Pulp and electricity sales prices significantly lower than last year, impacting UPM Fibres and UPM Energy
• Successful margin management in other business areas
• Demand for many of UPM’s products started to gradually recover
• UPM Paso de los Toros pulp mill and the OL3 nuclear power plant unit contributed significantly to deliveries
• Operating cash flow was strong at EUR 641m (-201m)
Focus on margin management as destocking is phasing out

- Market shipments in most products well below end-use demand and long-term trends due to destocking
- Consumers impacted by inflation, interest rates and uncertainty, affecting underlying end-use demand
- The impact of destocking is expected to gradually phase out during H2 2023
- The long-term growth prospects remain intact and attractive
- Variable costs are expected to decrease in H2 2023 compared to H1 2023

Example: market shipments of self-adhesive label materials in Europe impacted by destocking

Typically low volatility and healthy long-term growth in demand, with high share of daily consumer products end uses

Destocking after opening of COVID lockdowns

Unprecedented destocking, not a new normal

Source: FINAT
Comparable EBIT in Q3 2023

- **Q3/22**: 779 EURm (22.8%)
- **Q3/23**: 220 EURm (8.5%)

Detailed breakdown:

- **Prices**:
  - Q2/23: 114 EURm (4.5%)
  - Q3/23: 220 EURm (8.5%)

- **Variable costs**:
  - Q3/23: -50 EURm

- **Volumes**:
  - Q3/23: +100 EURm

- **Fixed costs**:
  - Q3/23: +150 EURm

- **Currencies**:
  - Q3/23: +70 EURm

- **Other**:
  - Q3/23: +20 EURm
Comparable EBIT by business area

UPM Fibres *)

UPM Communication Papers

UPM Specialty Papers

UPM Plywood

UPM Energy

UPM Raflatac

* Year 2021 restated, UPM Biofuels moved to Other Operations as of 1 January 2022
Q3 2023 cash flow supported by working capital release and inflow from energy hedges

- EBITDA: 376
- Change in WOC, excl. energy hedges: 95
- Financial items, taxes & adj.: -49
- Energy hedges-related CF: 189
- Operating CF: 641
- Investing CF: -318
- Free CF: 323
• Net debt EUR 2,363m at the end of Q3 2023
• Net debt / EBITDA 1.27
• Cash funds and committed credit facilities EUR 6.5bn at the end of Q3 2023
• No financial covenants
• UPM pays the dividend of EUR 1.50 per share for 2022 in two instalments. The first was paid on 21 April 2023 and the second instalment of EUR 0.75 per share will be paid on 2 November 2023
Outlook for 2023

- Full-year 2023 comparable EBIT is expected to decrease from 2022. UPM’s comparable EBIT in H2 2023 is expected to be on similar level or increase compared to H1 2023.

- UPM’s delivery volumes are expected to increase in H2 2023 from H1 2023. Deliveries were unusually low during H1 2023, held back by significant destocking in the various product value chains. Destocking is expected to gradually phase out during H2 2023, enabling UPM’s deliveries to recover towards the underlying end-use demand. The production ramp-up of the UPM Paso de los Toros pulp mill and the OL3 nuclear power plant unit will add to UPM’s deliveries in H2 2023.

- Chemical pulp and electricity market prices were historically high during H2 2022 and declined rapidly to estimated bottom-of-the-cycle levels during H1 2023. H2 2023 started with low pulp and electricity prices, impacting these commodity price-driven businesses. In the other businesses UPM continues to manage margins.

- Variable costs are expected to decrease in H2 2023 compared to H1 2023. In addition, UPM is implementing measures to reduce fixed and variable costs.
UPM Paso de los Toros ramp-up progressing well
UPM Paso de los Toros ramp-up progressing well

- The mill was EBITDA positive in Q3 even with the bottom-of-the-cycle pulp prices
- Highly competitive cash costs of about USD 280 per delivered tonne once in full production and optimised
- Will grow our pulp business by more than 50%
- About 60% of UPM’s pulp capacity in Uruguay
- Plantation-based model enables further biomaterials growth opportunities in a competitive and sustainable way
OL3 in regular commercial electricity production

We create a future beyond fossils: OL3 grows UPM Energy’s carbon free electricity generation by nearly 50%

Reliable CO₂-free baseload energy to support the electrification of the society

Finland's electricity self-sufficiency significantly improved, carbon neutral generation to about 90%

UPM’s agile and competitive energy business platform opens growth opportunities in the green transition
UPM Leuna biochemicals refinery project progressing well according to the updated schedule

- Operating permit obtained in May, the commissioning will be implemented in phases starting in Q4 2023
- Start-up expected by the end of 2024
- Investment estimate is EUR 1,180 million
- In Q3, UPM Biochemicals acquired the German-based SunCoal Industries
- We have full confidence in profitable biochemicals business, and the technologies used in UPM Leuna
- Interest for our renewable products replacing fossil materials has proven to be high
- First large-scale sales contracts with Dongsung and Brenntag
UPM Leuna biochemicals refinery is progressing
Capacity adjustments in UPM Communication Papers

• Consistently adjusting to meet profitable customer demand in line with long-term market outlook

• Completed permanent closures of PM6 at UPM Schongau (165kt of uncoated publication papers), Germany and PM4 at UPM Steyrermühl (320kt of newsprint), Austria at the end of June

• Permanent closure of UPM Plattling mill (380kt of uncoated publication paper, 215kt of coated publication paper), Germany by the end of November 2023

• Total capacity reduction of 18%, annual fixed cost savings of approx. EUR 100m
Long-term value creation driven by our spearheads for growth

**SPECIALITY PACKAGING MATERIALS**
- Label materials
- Specialty papers

**FIBRES**
- Forests
- Pulp

**BIOREFINING**
- Biofuels
- Biochemicals
- Biomedical
- Biocomposites

**Communication papers**

**Plywood**

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

Capital expenditure

Capex estimate for 2023

- Total EUR 1,100m
- Includes EUR 900m on the transformative growth projects, pulp in Uruguay and biochemicals in Germany
- Operational investment needs consistently low
Transformation continues – business mix drives earnings and shareholder value

Communication Papers
Growing businesses

Gross sales 2009
EUR 9.6bn

Communication Papers
Gross sales 2022
EUR 13.1bn

5-year average EBIT margin (2018-22)

Growing businesses

Spearheads for growth*)
EBIT margin >20%*)

Future sales *)

*) This is an illustration, not a forecast
Summary

- UPM delivers improved results in Q3 2023 from previous quarter and continues to build long-term growth
- Demand for many of UPM's products started to gradually recover
- UPM Paso de los Toros pulp mill and the OL3 nuclear power plant unit contributed significantly to deliveries
- UPM Leuna biochemicals refinery project is progressing well according to the updated schedule
- Strong cash flow and strong financial standing
- Massimo Reynaudo appointed as President and CEO of UPM-Kymmene Corporation as of 1 January 2024
Group financial targets

Comparative EBIT

- Target: EBIT growth

Comparable ROE

- Target: 10%

Net debt and leverage

- Target: EBIT growth
- Policy: ≤ 2x
- Net debt/EBITDA (x)
Business area long-term return targets

- UPM Energy
- UPM Fibres
- UPM Specialty Papers
- UPM Communication Papers
- UPM Plywood
- UPM Raflatac

*) Shareholdings in UPM Energy valued at fair value
***) Year 2021 restated, UPM Biofuels moved into Other Operations as of 1 January 2022.

Long-term return target
9M 2023 cash flow supported by inflow from energy hedges
Dividend: 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 for 2022
• EUR 1.50 (1.30) per share, totalling EUR 800m
• 49% of 2022 comparable EPS
Our unique operating model enables consistent and timely actions to ensure competitiveness

• Agile margin management
• Swift cost cutting measures
  – Cuts in operative costs across businesses and functions
  – Restructuring actions
  – Temporary layoffs and flexible working hours
  – Decided actions since autumn 2022 reduce the number of employees by approx. 1,000 (excl. exit from Russia)
  – The closure of UPM Plattling will reduce the number of employees by approx. 400
We create a future beyond fossils

Biofore strategy drives stakeholder value creation and our transformation as the frontrunner of bioeconomy

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

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

Performance
- Continuous improvement
- Agile operating model
- Corporate synergies

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

Portfolio choices
- Strategic access to sustainable renewable raw materials
- Investing in businesses with strong long-term fundamentals for growth and high barriers to entry
- Effective capital allocation with attractive returns
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 CLIMATE PLEDGE
Paris...10 years Early

UPM BIOFORE BEYOND FOSSILS
Towards net-zero emissions (UPM 2022)

**WE ACT THROUGH FORESTS**

-2.3 MtCO₂eq
Carbon sink
Trees and soil

**WE ACT THROUGH EMISSION REDUCTIONS**

+4.5 MtCO₂
Own emissions
Scope 1 ja 2

-2.0 MtCO₂
Fossil energy substitution

**WE ACT THROUGH PRODUCTS**

+5.0 MtCO₂
Value chain emissions
Scope 3

+1.6 MtCO₂
Temporary carbon storage
Wood-based products

-5.8 MtCO₂
Fossil-based products substitution

Research partners: LUKE, SYKE, IFEU
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
The UPM Forest Action programme takes a holistic view, covering the five fundamentals of responsible forestry:
Leader in responsibility
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

Started up in April
Transformative step in UPM’s pulp business and in UPM’s future earnings

• Significant step for UPM’s future earnings
  – One of the most competitive mills in the world
  – Expected cash cost level of USD 280 per delivered tonne of pulp*)
  – Attractive returns in various market scenarios
  – Carefully prepared to ensure long-term competitiveness and to minimise risks both in the project phase and during continuous operations

• Step change in UPM’s pulp business

*) including variable and fixed costs of plantation operations, wood sourcing, mill operations and logistics delivered to the main markets
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 1,180 million investment
Total annual capacity of 220,000 tonnes

Scheduled to start up by the end of 2024
UPM creates a totally new sustainable business with large growth potential

- Major milestone in UPM’s transformation
- UPM biochemicals respond to the customers’ increasing needs for renewable alternatives
- Current supply is limited and high-quality biochemicals are priced at a premium
- Sustainable wood supply, unique technology, existing infrastructure and proximity to customers enables a good cost position
- ROCE target of 14% for UPM Biochemicals business
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.
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
On 30 September 2023 UPM’s cash funds and unused committed credit facilities totalled EUR 6.5bn

UPM’s committed credit facilities:
- EUR 159m rolling committed overdraft facility maturing 2024
- EUR 500m bilateral revolving credit facilities (EUR 100m maturing 2025, EUR 200m maturing 2026, EUR 100m maturing 2027 and EUR 100m maturing 2028)
- EUR 4 300m committed syndicated revolving credit facility maturing 2024
- EUR 750m committed syndicated revolving credit facility maturing 2027

No financial covenants
### Maintenance shutdowns in 2022 and 2023

**Significant maintenance shutdowns in 2022 and 2023**

<table>
<thead>
<tr>
<th>Timing</th>
<th>Unit</th>
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</table>
| Q2 22  | Olkiluoto nuclear power plant  
UPM Kaukas pulp mill  
UPM Pietarsaari pulp mill |
| Q4 22  | UPM Fray Bentos pulp mill  
UPM Lappeenranta Biorefinery (maintenance) |
| Q2 23  | Olkiluoto nuclear power plant  
UPM Lappeenranta Biorefinery (turnaround)  
UPM Kymi pulp mill |
| Q3-Q4 23 | UPM Kaukas pulp mill |

Maintenance shutdowns have an impact on:
- Maintenance costs
- Production volumes
- Operational efficiency
UPM’s main currency exposures

- Key currency exposures USD, GBP and JPY
- Policy to hedge an average of 50% of the estimated net currency cash flow for the next 12 months

Estimated annual foreign currency net cash flow, before hedging

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<thead>
<tr>
<th></th>
<th>USD</th>
<th>GBP</th>
<th>JPY</th>
<th>Others</th>
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<tbody>
<tr>
<td>EURm</td>
<td>1,510</td>
<td>285</td>
<td>140</td>
<td>20</td>
</tr>
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</table>
UPM Fibres

Chemical pulp market prices

Pulp market prices, EUR

Pulp market prices, USD

Source: FOEX Indexes Ltd
UPM Energy

Cost efficient generation enables robust profitability in changing market environment

![Market electricity prices vs UPM sales price](image)

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<tbody>
<tr>
<td>Comparable EBIT, EURm</td>
<td>123</td>
<td>185</td>
<td>171</td>
<td>270</td>
<td>381</td>
<td>139</td>
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<tr>
<td>% of sales</td>
<td>31.5</td>
<td>44.4</td>
<td>45.0</td>
<td>51.3</td>
<td>52.0</td>
<td>31.9</td>
</tr>
</tbody>
</table>
Graphic paper prices

Europe

North America

China

Sources: PPI, RISI
UPM Communication Papers

Paper price vs. cash cost of marginal cost producer

EUR/t

Price

Cash cost of a marginal producer

Sources: PPI, RISI, AFRY