



UPM Interim Report Q3 2025

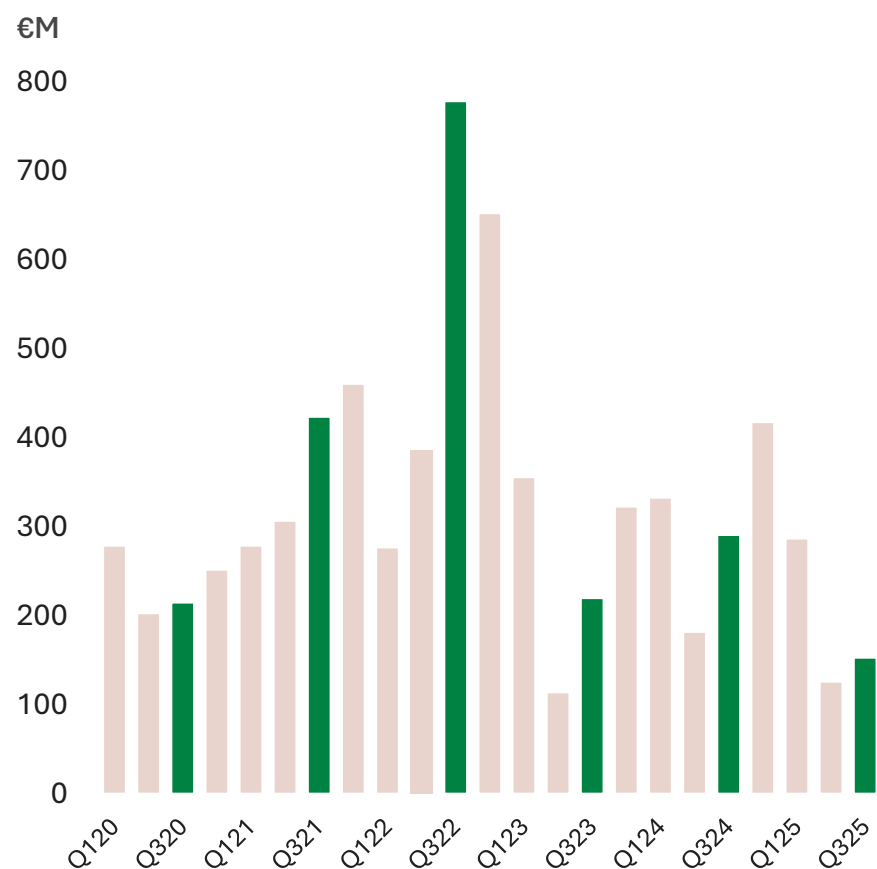
CEO Massimo Reynaudo

October 29, 2025

Q3 2025: UPM business portfolio delivered resilient performance in weak markets



Comparable EBIT



Q3 2025 in brief

- Sales totaled €2,298 million (€2,521 million in Q3 2024)
- Comparable EBIT decreased by 47% to 153 million, 6.7% of sales (€291 million, 11.5%)
- Initiated a strategic review of UPM Plywood to assess options for maximizing its long-term potential
- Signed a strategic partnership with Versowood to strengthen pulp wood supply in the tight Finnish markets
- UPM Adhesive Materials plans to discontinue production in Nancy, France, invests to grow in the U.S., Malaysia, Vietnam
- Decided to end paper production at UPM Kaukas, Finland, sold the earlier-closed Plattling paper mill site, Germany
- Started the first core process of the Leuna biorefinery, achieving stability and industrial-scale production

Q3 2025 brought some clarity to the terms of global trade, but consumer demand remained subdued



North America

Consumer demand growth slowed down, influencing advanced materials

Low pulp prices

Weak demand for communication papers

Trade uncertainties affected customers' decisions

Europe

Slow consumer demand, stable demand for advanced materials

Low pulp prices

Weak demand for communication papers

Solid electricity consumption, increased prices in Finland

Stable plywood demand

Improving market for renewable fuels

Asia

Cautious consumers, stable demand for advanced materials

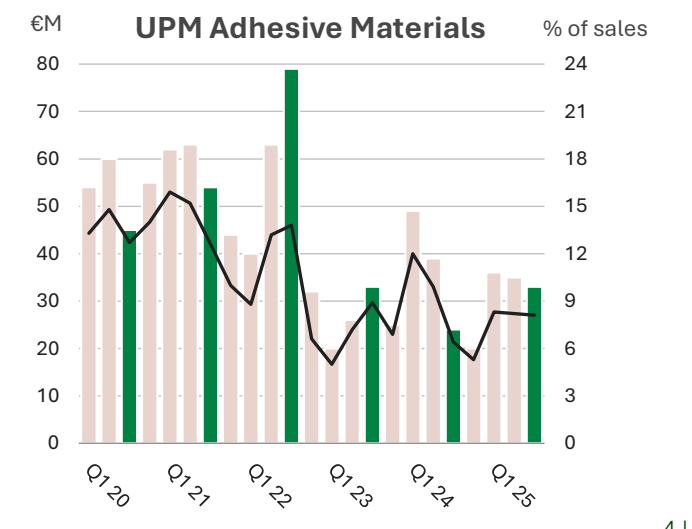
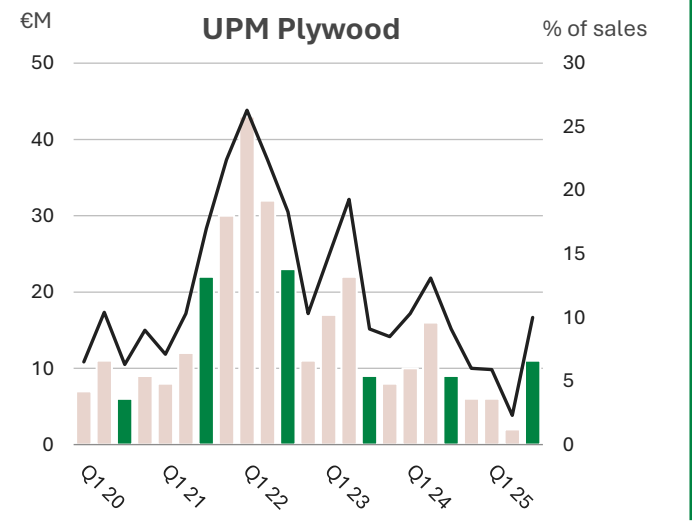
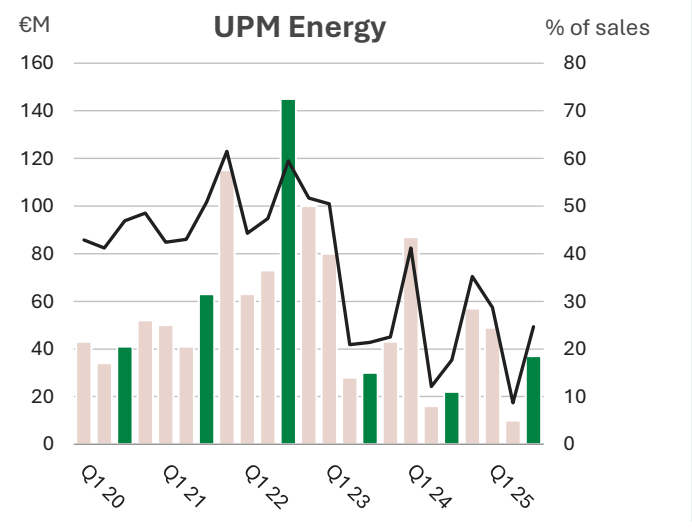
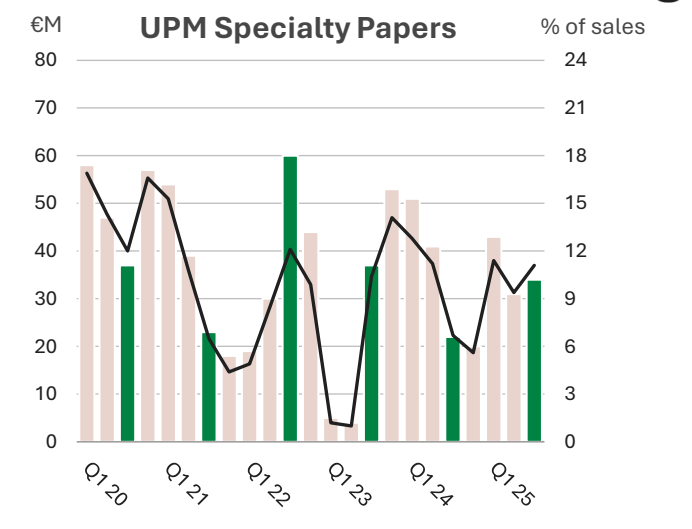
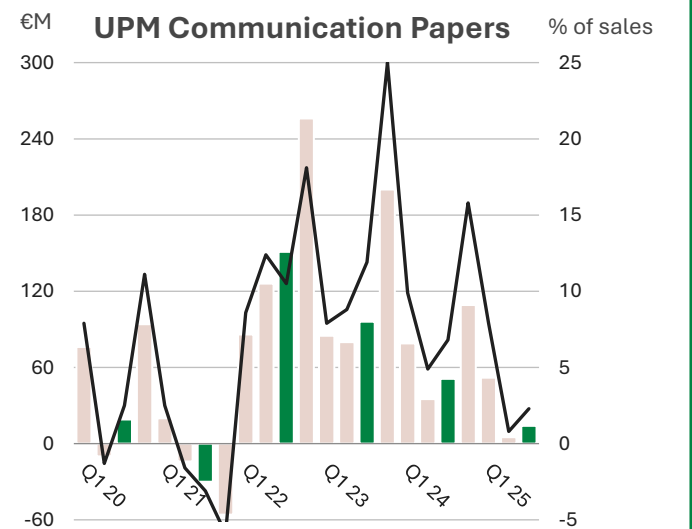
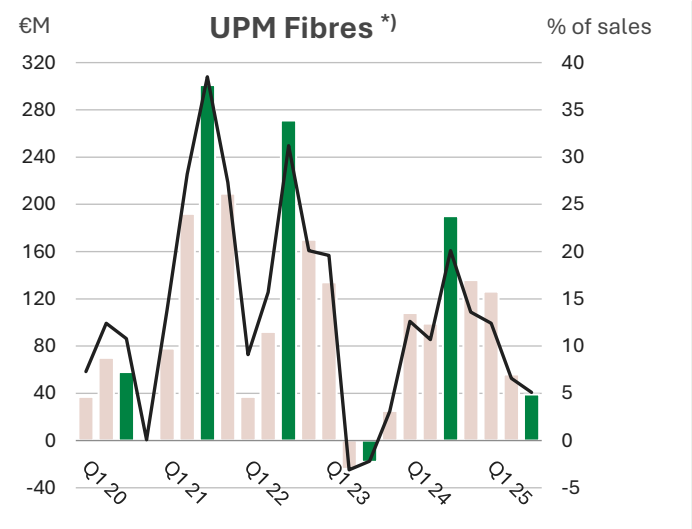
Low pulp prices

Pulp demand normalized after weak Q2

Fine paper markets seasonally slow

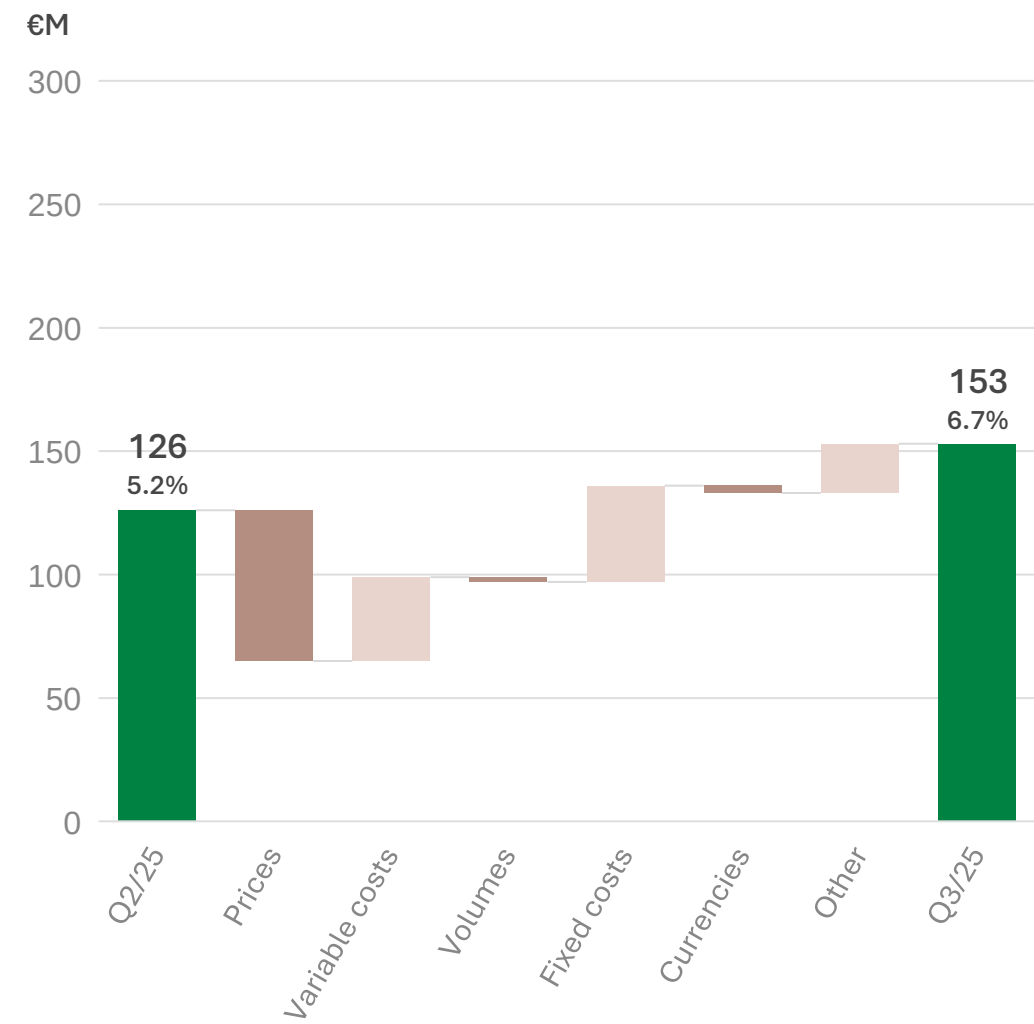
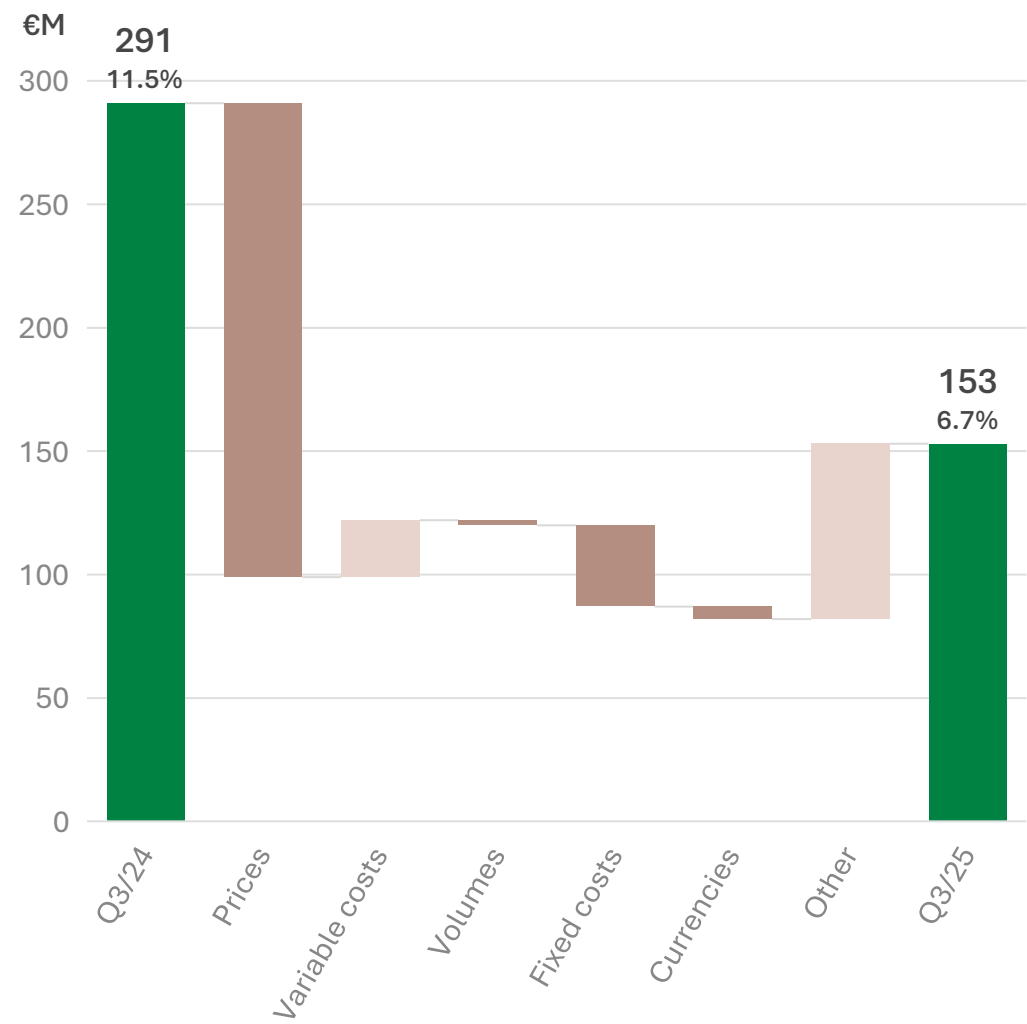
Paper pricing under pressure

Comparable EBIT by business area

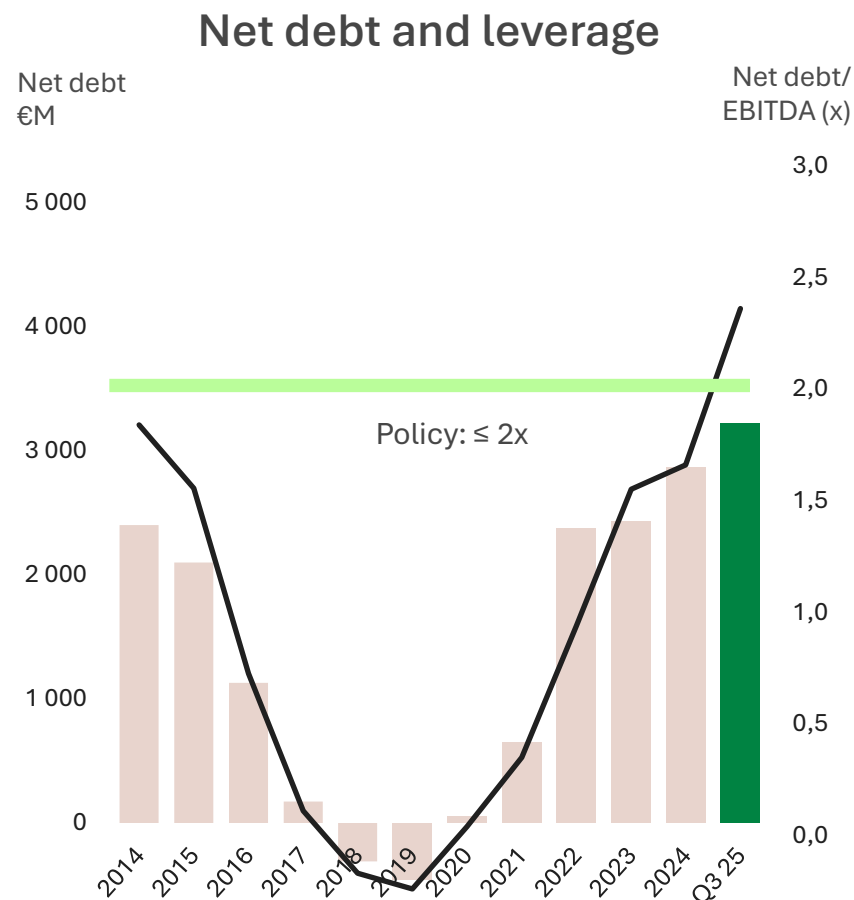


*) Year 2021 restated, UPM Biofuels moved to Other Operations as of January 1, 2022

Comparable EBIT in Q3 2025



Solid financial position



- Net debt €3,218 million at the end of Q3 2025
- Net debt / EBITDA 2.36
- Cash funds and committed credit facilities €2.7 billion at the end of Q3 2025
- No financial covenants
- UPM repurchased 6 million shares for a total of approximately €160 million in H1 2025
- The first dividend instalment for year 2024 (€397m) was paid on April 8, 2025, the second will be paid on November 7 (€395m)



Outlook (*)

- **Profit guidance:** UPM's comparable EBIT in H2 2025 is expected to be approximately in the range of €425-650 million (€413 million in H1 2025, and €709 million in H2 2024).
- **Outlook:** In H2 2025, compared with H1 2025, UPM's performance is expected to benefit from lower variable costs, including the timing of the annual energy refunds in Q4, and potentially from moderate fair value change of forest assets in Q4. Performance is expected to be resilient in the advanced materials businesses. Pulp prices have started the second half of the year at a lower level than the realized prices during the first half of the year.
- In H2 2025, compared with H2 2024, UPM's performance is expected to be held back by lower sales margins for pulp, lower deliveries of communication papers, and higher maintenance activity. Performance is expected to improve in the advanced materials businesses.
- The U.S. dollar has been weaker in H2 2025 than during the comparison periods.

We act on three fronts



1

**Improve
competitiveness**

2

**Focused
growth**

3

**World-class
businesses**

Communication papers – focus on performance and cash flow



Improve competitiveness

- Decision to close paper production at UPM Kaukas (300,000t) in Finland by the end of 2025
- Plan to close the UPM Ettringen paper mill (270,000t) in Germany and streamline operations
- Combined capacity reduction: 13% of capacity
- Planned annual fixed cost savings €70m
- Sold the earlier closed Plattling paper mill site, Germany, in October, contributing to Q4 2025 cash flow

World-class businesses

- #1 in Europe
- Reliable provider of sustainable communication papers, cost-efficient operations
- Q3 2025 EBIT €14m, 2% of sales. Business affected by the trade uncertainty and weaker U.S. dollar. Q3 demand declined both in Europe (-7% y-o-y) and the U.S.



Communication
Papers

Renewable fibres – capture the full potential in Fibres South, restore profitability in Fibres North



Improve competitiveness

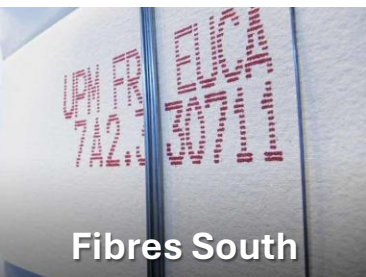
- Optimization of wood sourcing and inbound logistics, as the plantations increasingly reach maturity by 2027

Focused growth

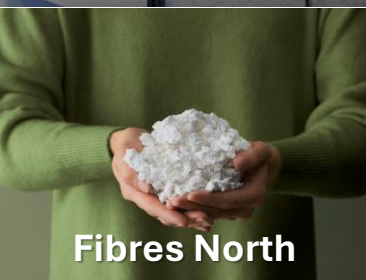
- 2025 is the first year at nominal capacity
- Planning capex-efficient debottlenecking to unlock further potential

World-class businesses

- 3.4m tonnes euca pulp
- World-class low-cost platform
- Q3 2025 EBIT of €80m, 22% of sales, low cycle pulp prices



Fibres South



Fibres North

- Strategic partnership with Versowood to strengthen pulp wood supply in Finland
- Flexible operating mode at all mills, fixed cost reductions

- 2.4m tonnes, mainly softwood pulp
- Q3 2025 EBIT of €-37m, impacted by the shutdown and maintenance at UPM Kaukas (approx. €-30m), low pulp prices and high wood costs



Advanced materials – sharpen competitiveness and capture focused growth, Plywood strategic review



	Improve competitiveness	Focused growth	World-class businesses
 Adhesive Materials	• Actions to sharpen competitiveness, improve margins, including plan to discontinue production in Nancy, France	• Investments to grow in advanced labels in the U.S. and to strengthen asset base in Southeast Asia • Building position in graphics following recent acquisitions	• #2 globally • Q3 2025 EBIT of €33m, 8% of sales. Resilient performance on slowing labeling markets (Q3: Europe +5%, NA +0% y-o-y)
 Specialty Papers	• Decreased variable costs, efficiency measures	• Flexible paper-based packaging development	• #1 globally • Q3 2025 EBIT of €34m, 11% of sales. Resilient performance on slowing labeling markets, slow fine paper market in China
 Plywood	• Normal production	• Strategic review initiated	• #1 in Europe, globally in LNG • Q3 2025 EBIT of €11m, 10% of sales. Good performance on stable markets

UPM Plywood: strong customer-focused business, with clear strategy and resilient performance through cycles



European market leader with an attractive position across the value chain



- Market leader in mid-to-high end European plywood and in LNG globally
- Attractive end market dynamics
- Well-invested asset base of 4 spruce plywood and 3 birch plywood mills, annual production capacity 805,000 m³
- Well-built warehouse and sales network

Unique product offering of premium materials



- Comprehensive premium offering through WISA® Plywood brand
- Strong customer partnerships
- High quality service



WISA® Plywood

Resilient financial profile through market cycles



- Consistent performance and cash generation over time
- Commercial and operational excellence
- Proven management team and experienced operational personnel

Sales

2024: €430m
2023: €422m

EBITDA

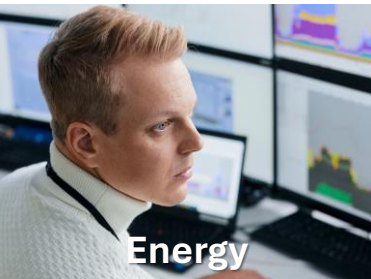
2024: €65m
2023: €77m

ROCE

2024: 17%
2023: 22%

Decarbonization solutions – business launch, focused growth, maximize value



	Improve competitiveness	Focused growth	World-class businesses
 Energy	Maximize value in the volatile electricity markets	Capability to supply CO₂-free electricity to meet growing demand from electrification, data centers, green transition	#2 in Finland, 12 TWh of CO₂-free electricity, baseload and flexibility - Q3 2025 EBIT €37m, 25% of sales
 Biofuels	- Decreased variable costs - Improved efficiency	- Capex-efficient debottlenecking - Qualification process for SAF - Proprietary feedstock technologies development	130,000 tonnes of advanced renewable fuels - Profitability improvement and recovering markets
 Biochemicals	Sales of industrial sugars and lignin-based products in 2025, glycols in H1 2026	- Entry to new business - Commercial interest confirmed - Gather learnings for next steps	220,000 tonnes of pioneering renewable chemicals - Full production and positive EBIT during 2027

Summary

- Q3 brought some clarity to the terms of international trade, but consumer demand remained subdued
- Q3 2025 comparable EBIT increased by 22% from Q2, but decreased by 47% from last year
- Our advanced materials and decarbonization solutions businesses showed resilience and improved their Q3 performance from last year
- Fibres and Communication paper businesses were impacted by the unusual volatility in the business environment
- We continue to take decisive actions to improve profitability and cash flow and thus, strengthen our balance sheet
- We initiated a strategic review of UPM Plywood to assess options for maximizing its long-term potential

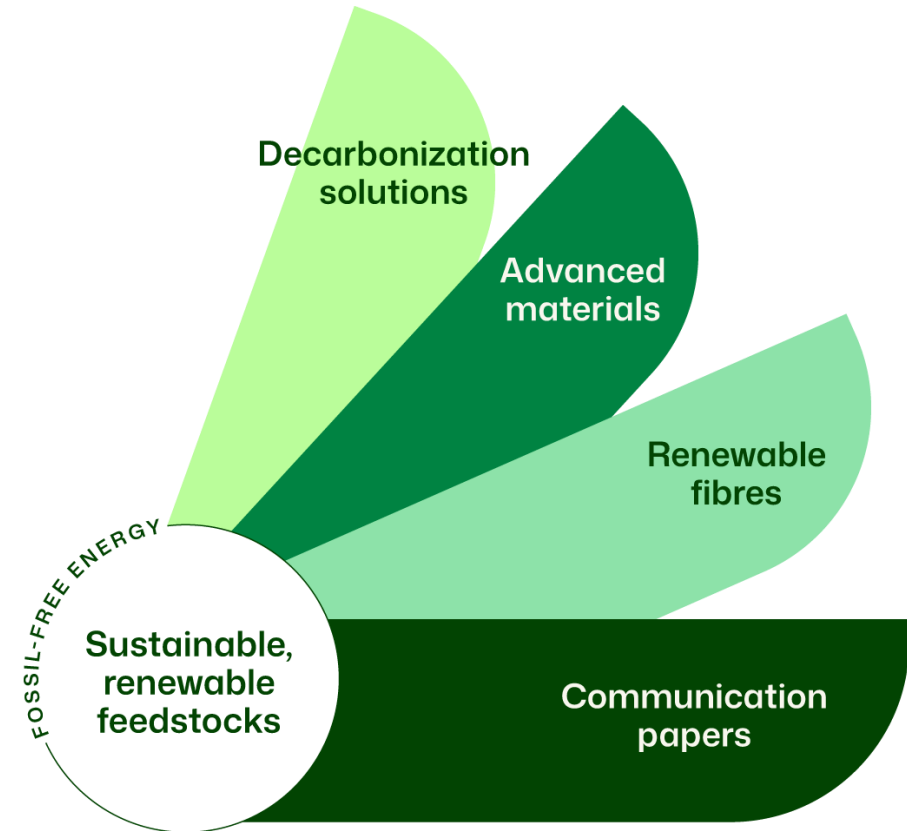


UPM

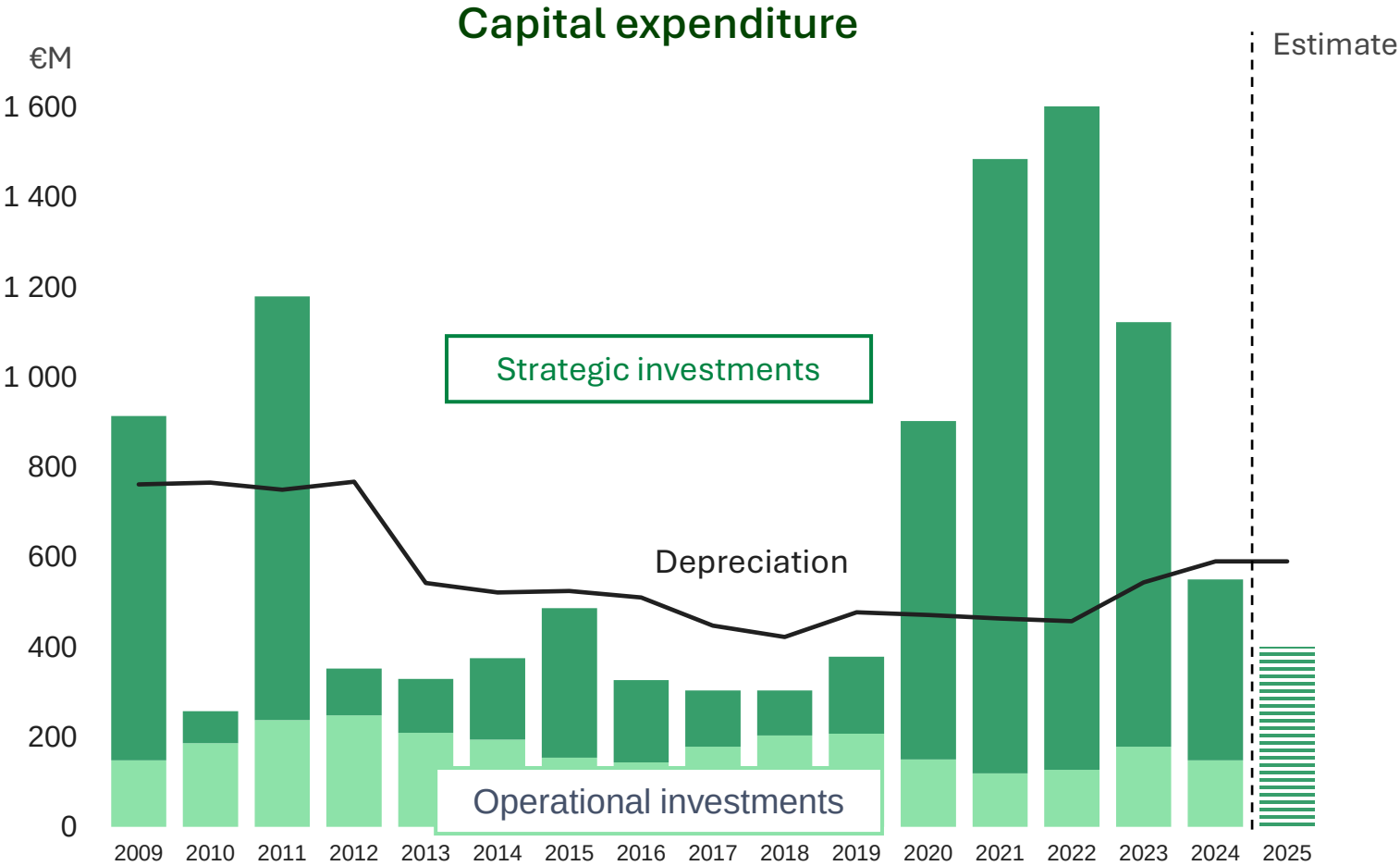
Our business portfolio, leveraging competitive business platforms



- **Decarbonization solutions**
biochemicals, biofuels, CO₂-free energy
- **Advanced materials**
adhesive materials, specialty papers, plywood
- **Renewable fibres**
pulp, other bioproducts
- **Communication papers**



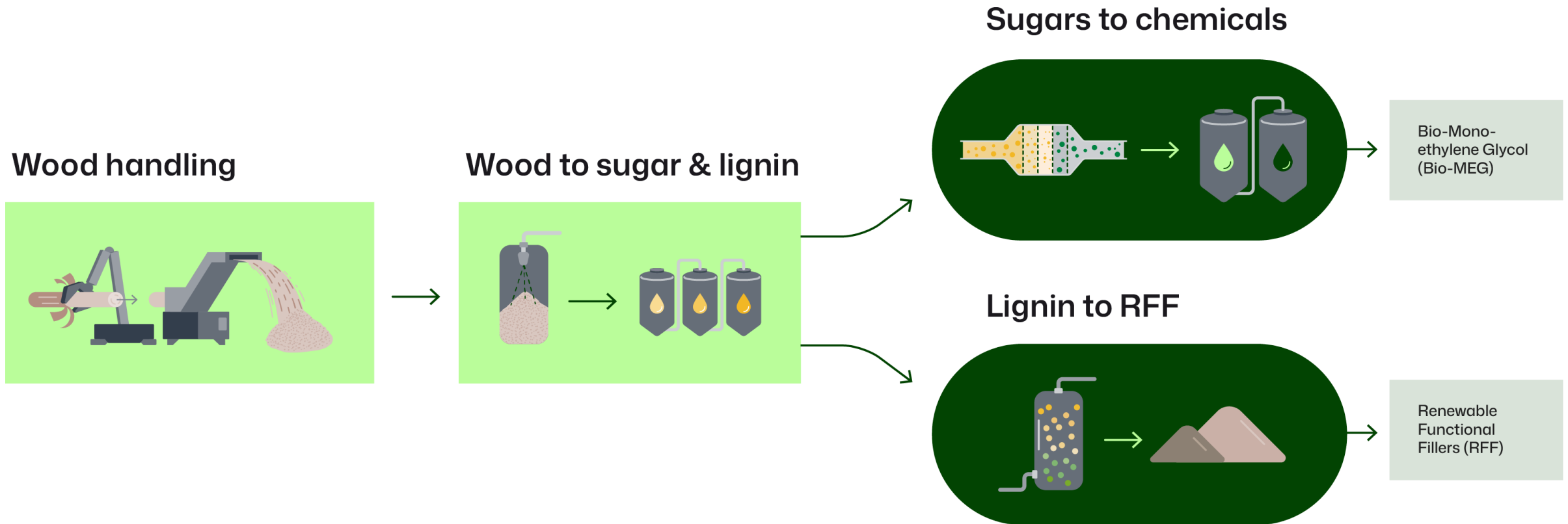
Major investment cycle coming to an end



Capex 2025 estimate

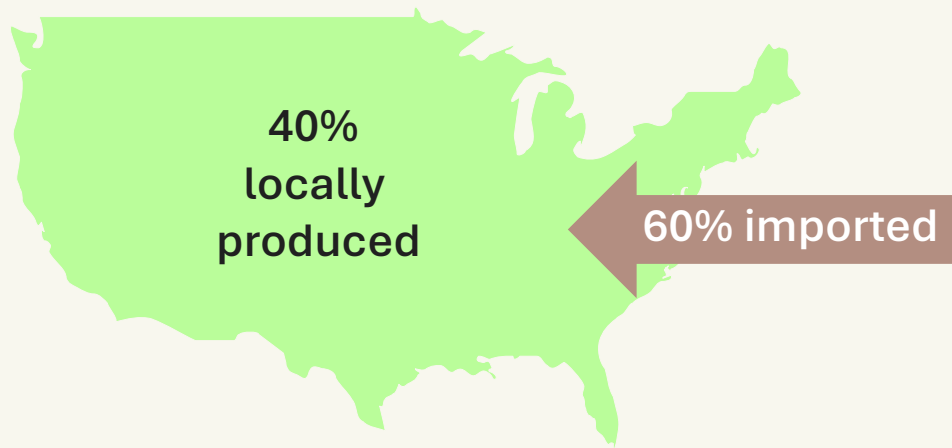
- Capex excluding acquisitions €400m
- Operational investment needs consistently low

UPM Leuna biorefinery: first of the three main processes reached stability and industrial scale production



UPM and tariffs – global trade uncertainties

14% of UPM sales in 2024
was to the U.S.



**Indirect impact of the trade
uncertainties have been more significant
than the direct impact of tariffs**

- Global trade uncertainties and the weaker U.S. dollar have affected particularly UPM Fibres and UPM Communication Papers
- Indirectly, tariffs may impact demand and trade flows, cause hesitation among customers and weaken consumer confidence. Such indirect impacts are possible in markets outside the U.S., too
- Direct impact of tariffs has been relatively limited
- UPM produces self-adhesive label materials and communication papers in the U.S.
- UPM exports communication papers, specialty papers and some eucalyptus pulp to the U.S. Current tariffs on these deliveries range between 0%, 10% and 15%

Estimated 12-month net currency cash flow at the end of Q3 2025, before hedging, € million

USD	1,216
UYU	-293
GBP	205
CNY	100
JPY	98
Others	159
Total	1,483

UPM hedges an average of 50% of the estimated net currency cash flow on a rolling basis for the next 12 months

Foreign exchange exposure

- At the end of Q3 2025, UPM's estimated net currency cash flows for the next 12 months totaled approximately € 1,483 billion
- In addition, the earnings of UPM's foreign subsidiaries are translated to euros in reporting. UPM has significant foreign subsidiaries in Uruguay, the U.S. and China
- Currency fluctuations could impact UPM's cash flow, earnings, or balance sheet, and may also affect the relative competitiveness between different currency regions

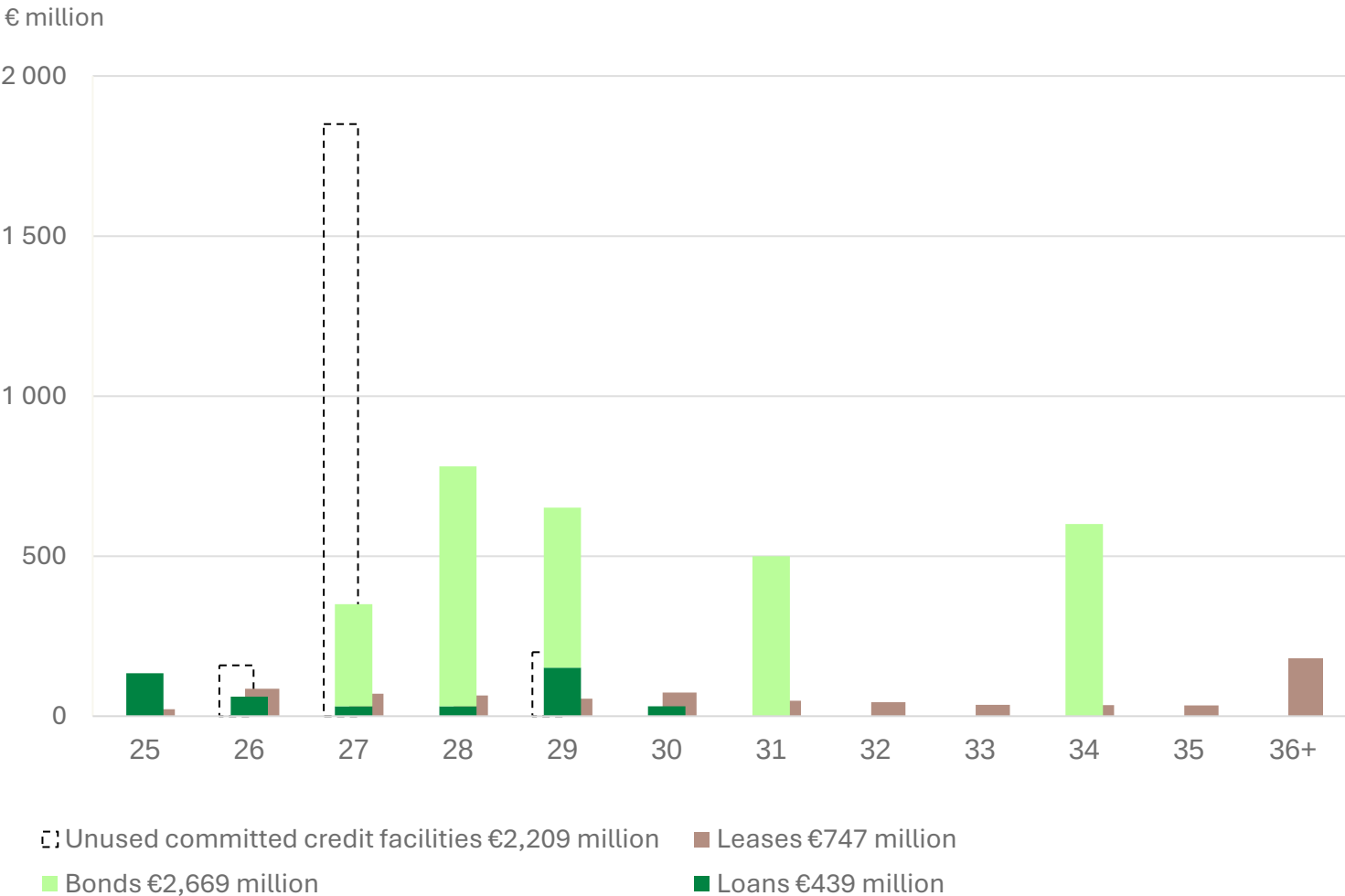
Maintenance shutdowns in 2025

Timing	Unit
Q1-Q2 25	Olkiluoto nuclear power plant OL3
Q2 25	Olkiluoto nuclear power plant OL1 and OL2 UPM Paso de los Toros pulp mill UPM Kymi pulp mill
Q3 25	UPM Kaukas pulp mill
Q4 25	UPM Fray Bentos pulp mill

Maintenance shutdowns have an impact on

- Maintenance costs
- Production volumes
- Operational efficiency

Maturity profile and liquidity



Liquidity on September 30, 2025 was €2.8 billion (cash funds and unused committed credit facilities)

UPM’s committed credit facilities:

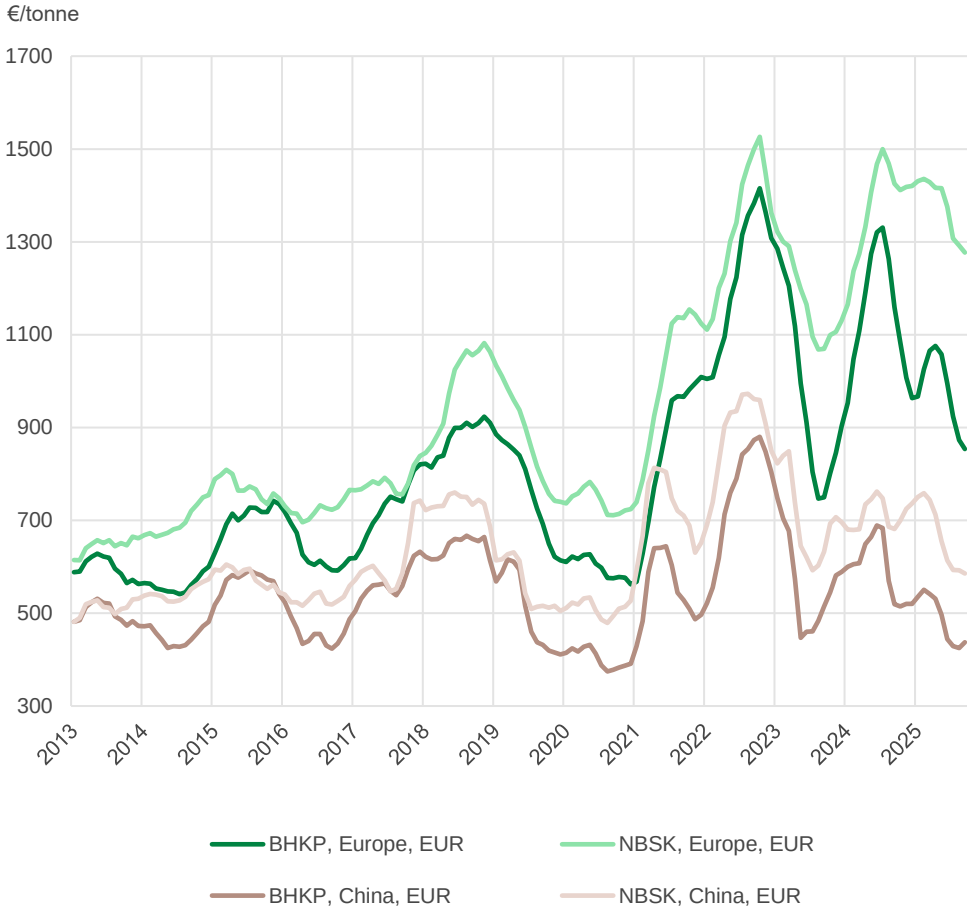
- €159 million rolling committed overdraft facility maturing 2026
- €300 million bilateral revolving credit facilities (€100 million maturing 2027, €200 million maturing 2029)
- €1,000 million committed syndicated revolving credit facility maturing 2027
- €750 million committed syndicated revolving credit facility maturing 2027

No financial covenants

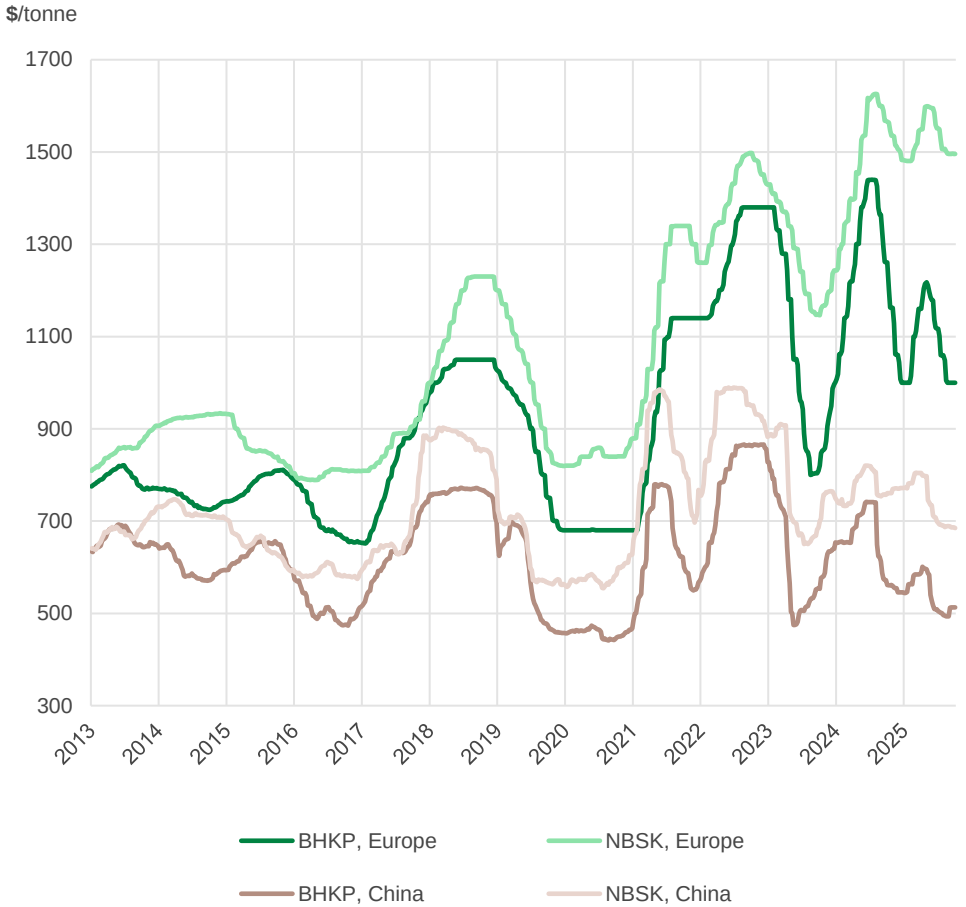
UPM Fibres: Chemical pulp market prices



Pulp market prices, euros



Pulp market prices, U.S. dollars

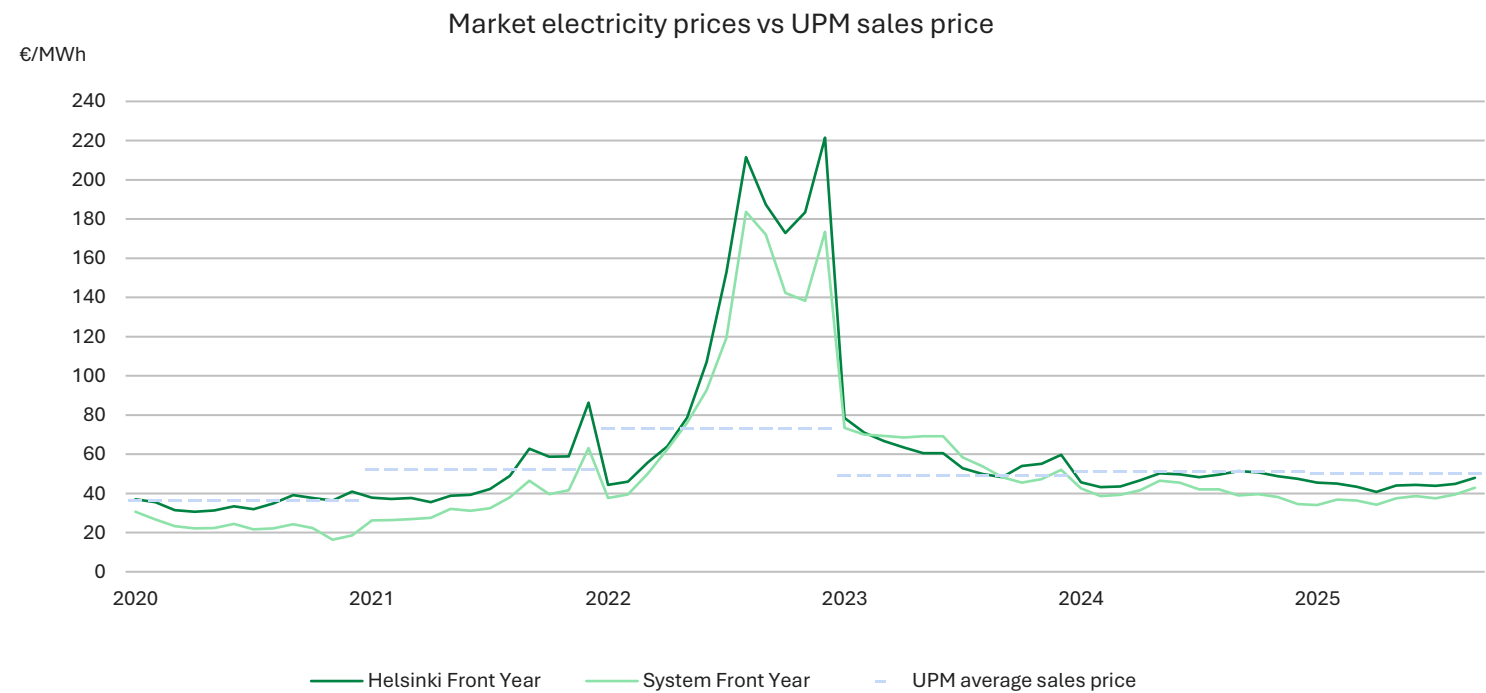


Wood market prices in Finland



Source: Natural Resources Institute Finland

UPM Energy: Electricity market prices

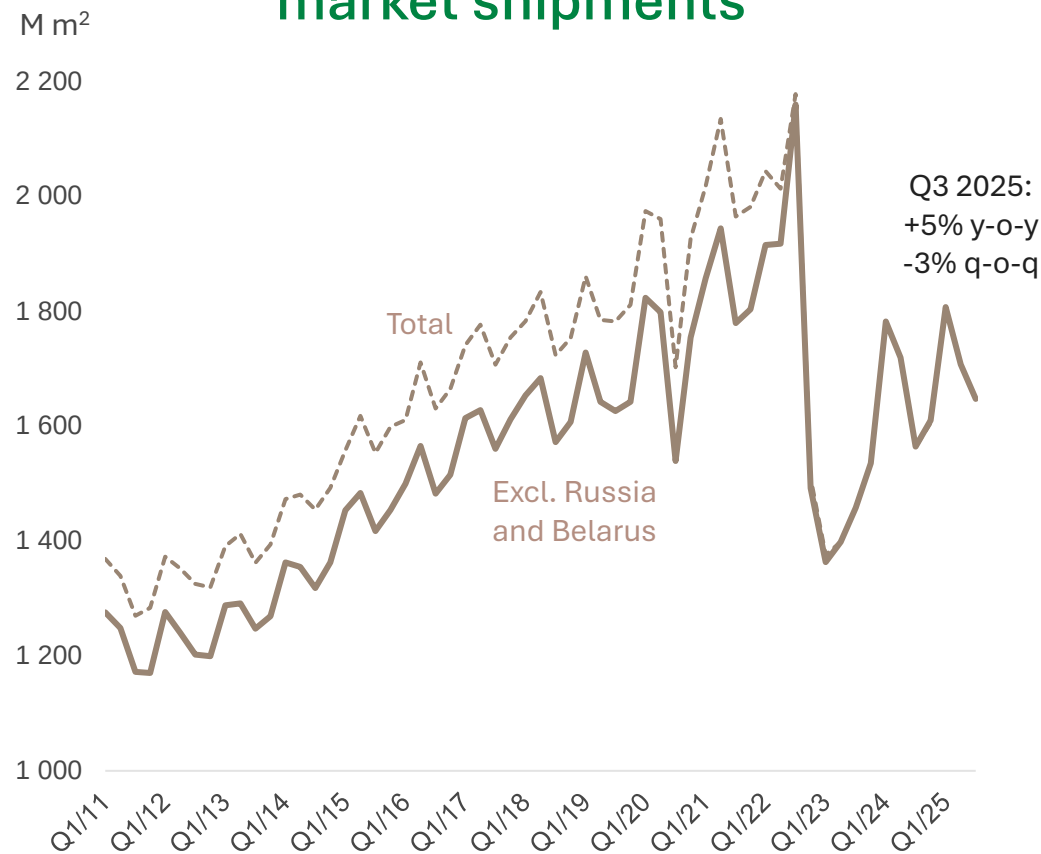


UPM Energy profitability	2020	2021	2022	2023	2024	2025 YTD
Comparable EBIT, EURm	171	270	381	182	181	97
% of sales	45.0	51.3	52.0	29.0	28.9	22.0

UPM Adhesive Materials: Label materials demand has recovered above pre-covid level



European market shipments



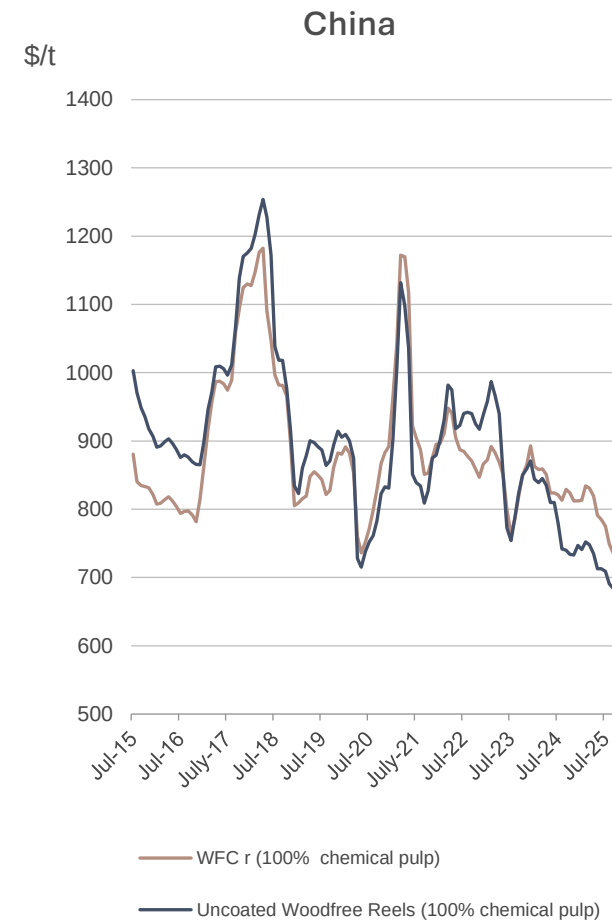
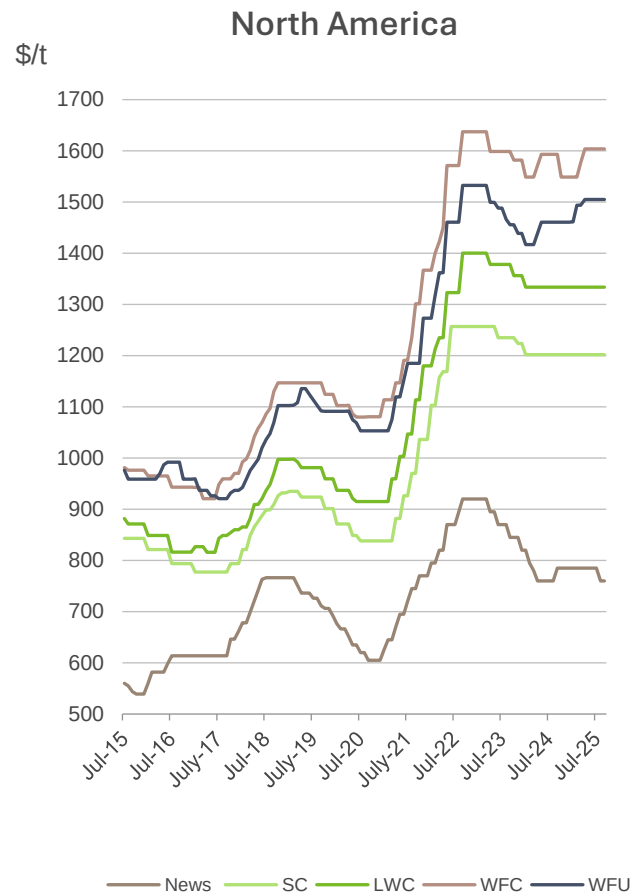
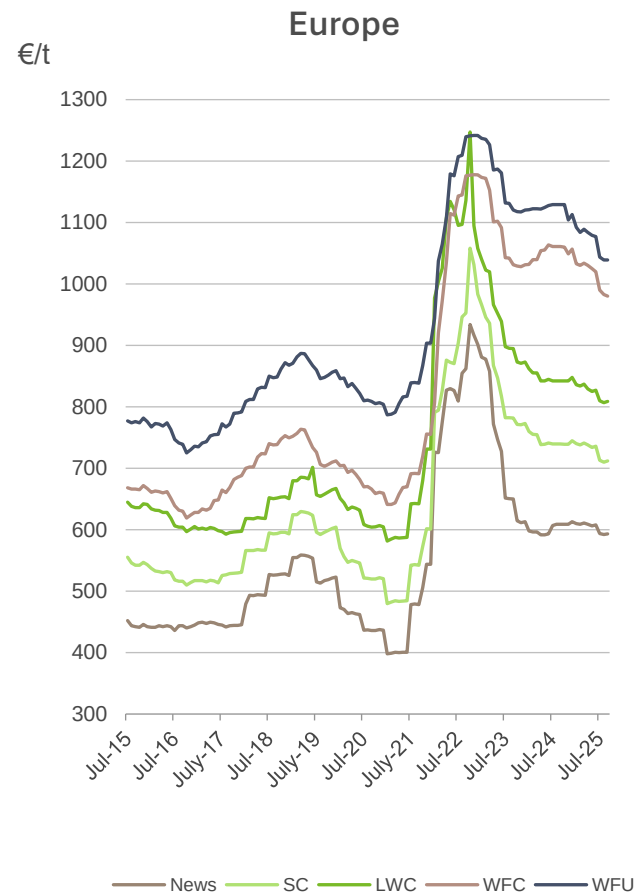
Source: FINAT

North American market shipments



Source: TLMI

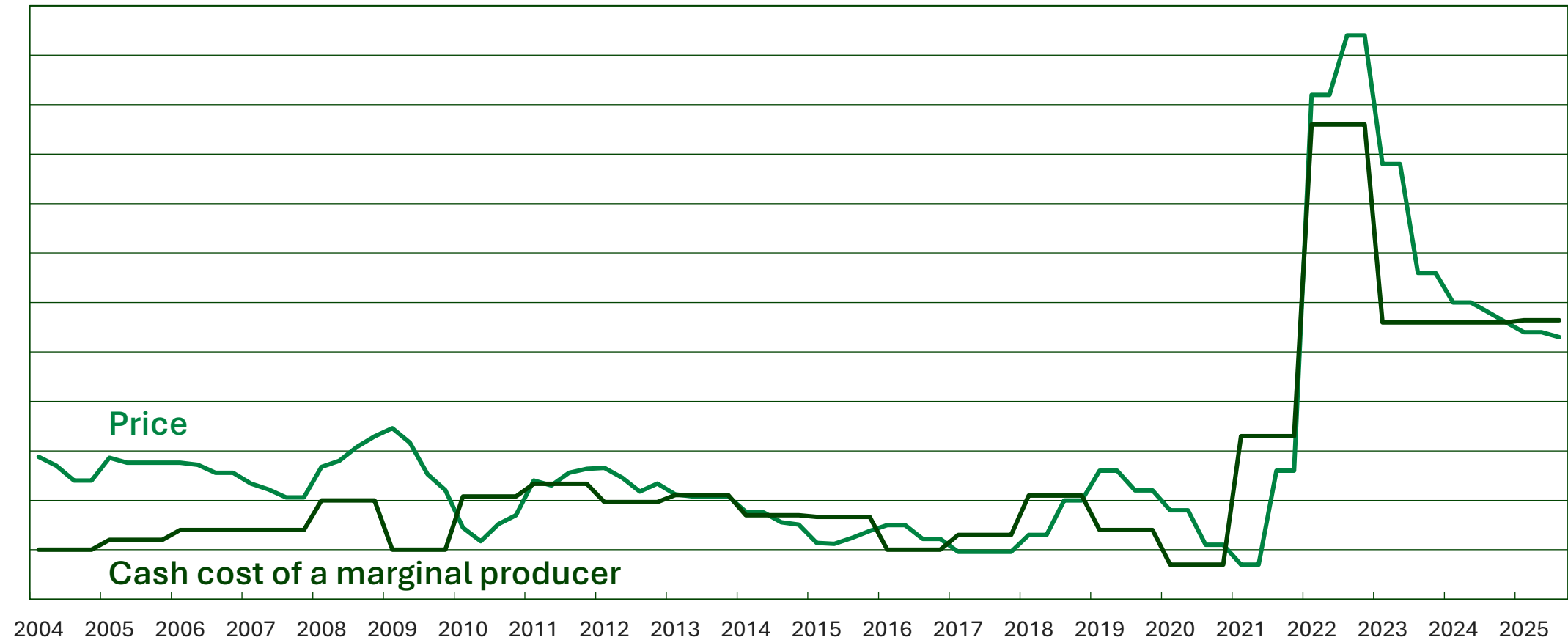
UPM Communication Papers: Graphic paper prices



Sources: PPI, RISI

Paper price vs. cash cost of marginal cost producer

EUR/tonne



Sources: UPM, PPI, Fastmarkets, AFRY



UPM