



UPM

Financial statements release 2025

CEO Massimo Reynaudo

February 4, 2026

Positive finish to the year: strong cash flow and decisive strategic actions

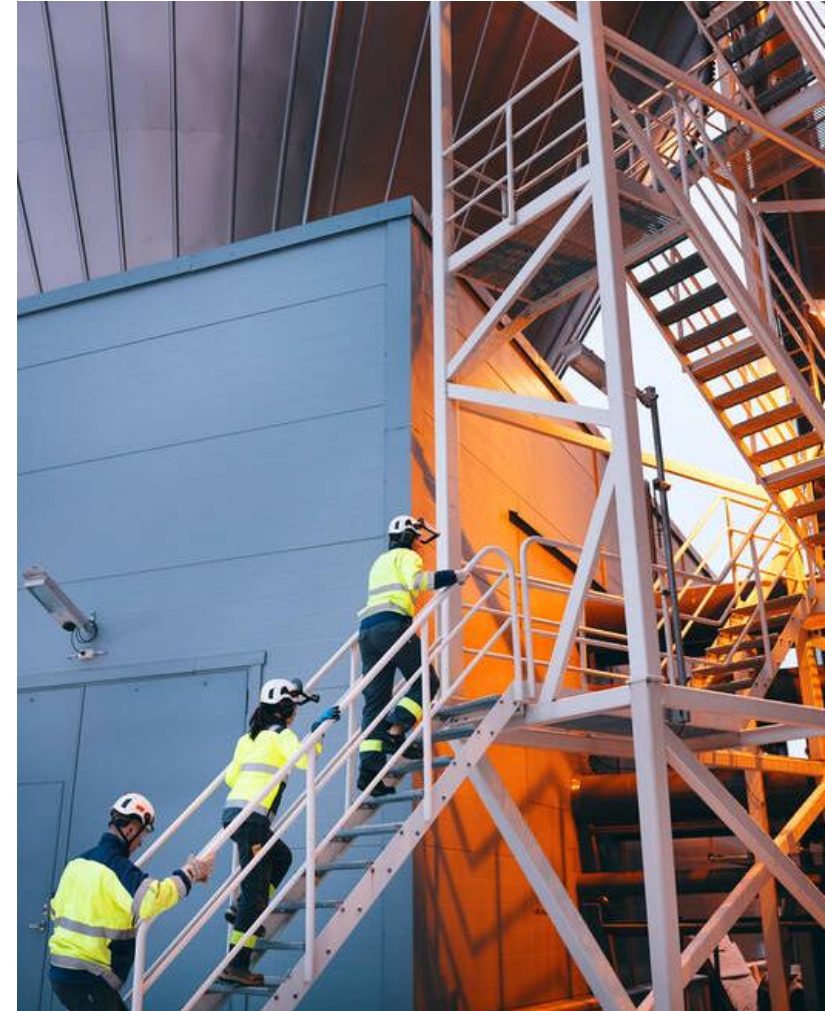


2025: geopolitical and trade tensions

- Tariffs, currency changes, lower consumer confidence and sales prices
- We intensified actions to sharpen competitiveness and execute our portfolio strategy
- Comparable EBIT €921 million, 9.5% of sales (€1,224 million, 11.8%)
- Solid operating cash flow at €1,405 million (€1,352 million)

Q4 2025: stabilizing market environment

- Improving performance in most businesses from the previous quarter
- Comparable EBIT €355 million, 15.3% of sales (€418 million, 15.9%)
- Strong operating cash flow at €720 million (€570 million)
- Second quarter of decreasing net debt, while also paying the second instalment of dividend



Strategic actions in 2025

Transform the company

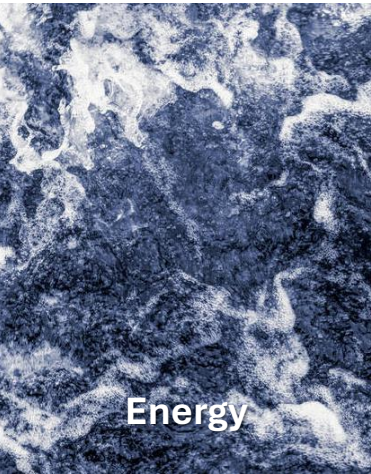
- Metamark acquisition
- Sharpened the focus in biofuels growth strategy and discontinued the Rotterdam biorefinery development; profitability turnaround
- Started commercial business in biochemicals
- Strategic review of UPM Plywood
- Graphic paper Joint Venture plan

Improve competitiveness

- Restructured the production footprint in UPM Adhesive Materials and UPM Communication Papers
- Production curtailments in Fibres North, strategic partnership with Versowood
- Efficiency measures in all businesses
- Intensified actions to improve working capital efficiency



Decarbonization solutions: positive market developments, commercial business started in biochemicals



Energy



Next Generation Renewables

Markets

Finnish electricity consumption grew by 3% in 2025

Electrification, data centers and green transition expected to continue to drive electricity demand growth

Actions

Maximize value in the volatile electricity markets

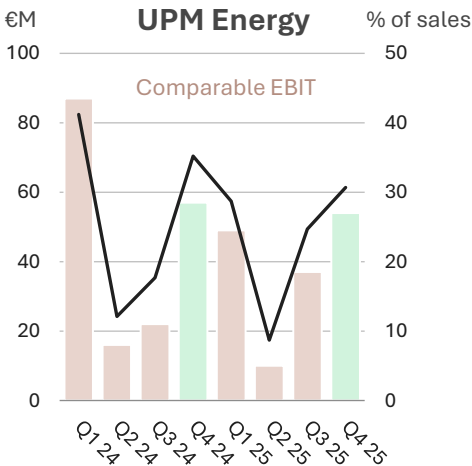
Capability to supply CO2-free electricity to meet growing demand, and ready sites for industrial use

Results

Q4 comparable EBIT €54 million, 31% of sales

Strong achieved value creation

2025 average sales price €10/MWh above the market price



Increasing price of advanced renewable fuels in H2 2025

RED III implementation supports positive market outlook

Robust demand for biochemicals products

Capex-efficient debottlenecking Qualification process for SAF

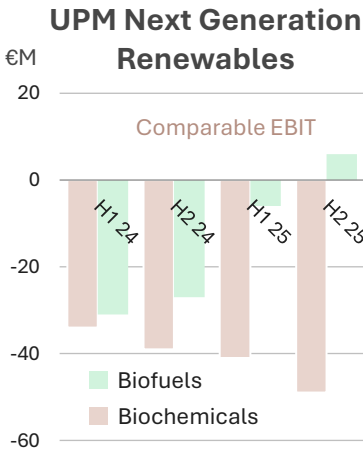
Proprietary feedstock technologies development

First customer deliveries of industrial sugars in biochemicals

Further products will be introduced in H1 2026

Biofuels back in positive EBIT contribution, having improved each quarter in 2025, H2 2025 comparable EBIT €6 million

Biochemicals production start-up ongoing. H2 2025 comparable EBIT €-49 million



Advanced materials: resilient performance, growth faster than the markets in adhesive materials



Markets

Actions

Results



Adhesive
Materials

Resilient, growing (+2%) label materials demand in Europe through 2025

Demand grew (+1%) in North America in 2025, slowed down in Q4 (-1% y-o-y)

Demand above pre-covid levels in all markets

Actions to sharpen competitiveness and restructure production footprint

Investments to grow in the U.S. and Southeast Asia

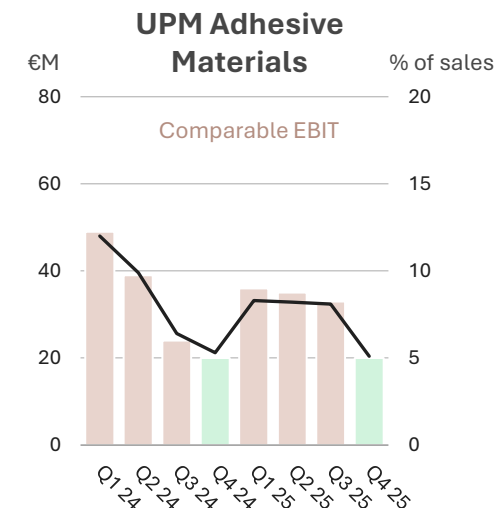
Building position in graphics following recent acquisitions

Growth faster than the markets through 2025

Q4 comparable EBIT €20 million, 5% of sales

2025 ROCE 14%

Profitability improvement actions taken, full impact in 2026



Specialty
Materials

In 2025 tariff uncertainties impacted the various markets

In Q4, demand for label, release base and packaging materials normalized

Seasonally improved fine paper markets in Asia in Q4

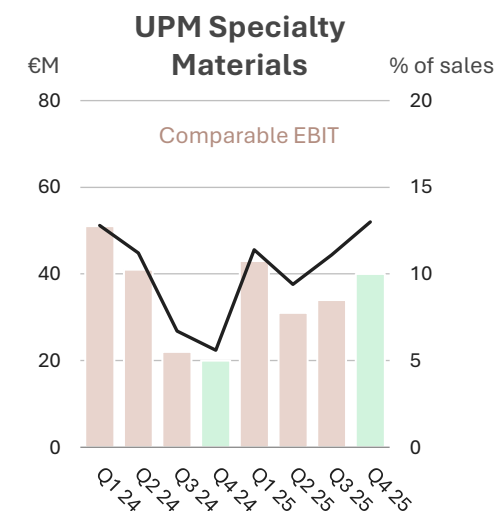
Decreased variable costs, efficiency measures

Flexible paper-based packaging development

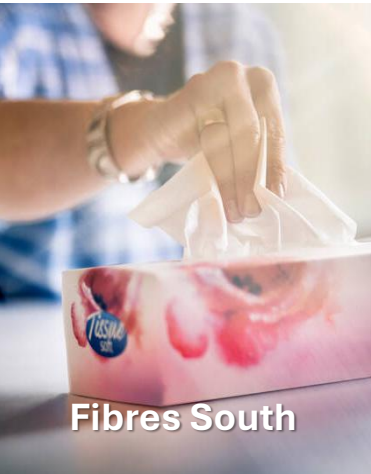
Capacity to grow with low investments

Q4 comparable EBIT €40 million, 13% of sales

2025 ROCE 21%



Renewable fibres: improved performance from the previous quarter, cost reduction continues



Markets

Global hardwood pulp shipments grew by 6% Jan-Nov/2025

Trade uncertainty impacted negatively pulp market volumes and prices in Q2 2025

Hardwood pulp market prices increased gradually during H2 2025

Actions

Cost reduction continued in 2025, -\$25/t from 2024

Optimization of wood sourcing and inbound logistics, as the plantations reach maturity

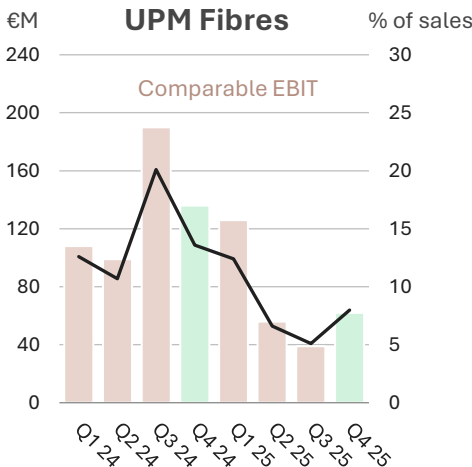
Planning capex-efficient debottlenecking

Results

World-class low-cost platform

Well-managed maintenance shutdown in UPM Fray Bentos in Q4

Q4 comparable EBIT €78 million, 21% of sales



Global softwood pulp shipments decreased slightly Jan-Nov/2025

Low softwood pulp market prices continued in H2 2025

Pulpwood market prices in Finland decreased significantly during H2 2025, cost impact to materialize later, during 2026

Production curtailment in the Finnish mills in H2 2025

Strategic partnership with Versowood

Efficiency measures

Q4 comparable EBIT €-11 million, EBITDA positive

UPM Forest business will be included in Fibres North from January 2026 onwards

2025 ROCE 4%

UPM will provide additional financial information for the two parts of UPM Fibres reporting segment starting in Q1 2026 (Fibres South, Fibres North)

Communication Papers and Plywood: solid Q4 in both businesses, planned Joint Venture and strategic review



Markets

Actions

Results



Communication Papers

Tariff uncertainty impacted the markets in 2025

European demand for graphic papers decreased by 8% in 2025 and 5% in Q4, y-o-y

NA demand for magazine papers decreased by 10% in 2025 and 13% in Q4

Planned graphic paper Joint Venture with Sappi

Closed paper production at UPM Kaukas and UPM Ettringen in Q4, decreasing capacity by 13%

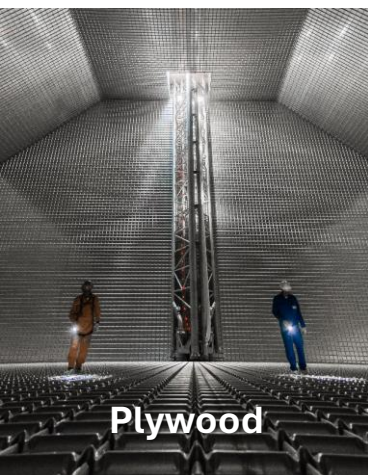
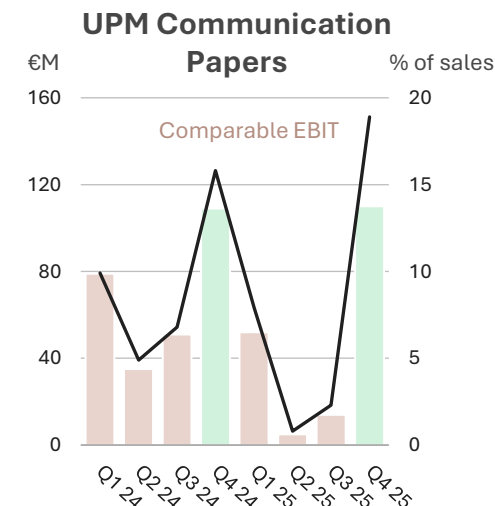
Sold the earlier closed Plattling paper mill site

Fixed and variable cost reduction

Q4 comparable EBIT €110 million, 19% of sales, incl. energy refunds

Strong 2025 free cash flow at €362 million

2025 ROCE 18%



Plywood

In 2025, plywood demand in construction end-uses in Europe was stable at a low level

Demand for plywood in industrial end-uses was good

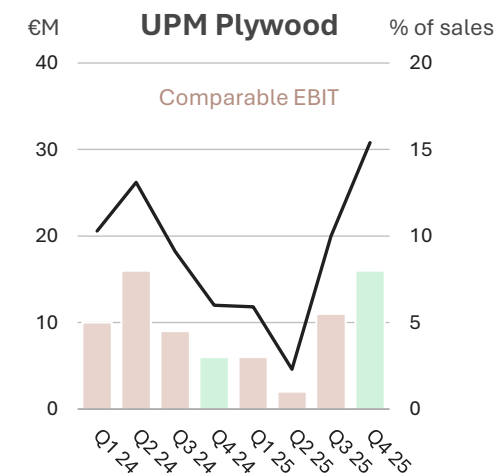
Demand for LNG birch plywood was very good

Strategic review of UPM Plywood

Launched WISA-LNG Spruce plywood, a new solution to supply the strong demand in LNG shipping

Q4 comparable EBIT €16 million, 15% of sales

2025 ROCE 15%



UPM Plywood strategic review summary

- Assess options for maximizing the long-term potential of the Plywood business, while also benefiting the value creation for UPM's shareholders
- Includes a range of possibilities, including a potential separation from UPM through for example a divestment, partial demerger or initial public offering
- The review is expected to be concluded by the end of 2026
- During the process, UPM remains fully committed to the Plywood business and its customers

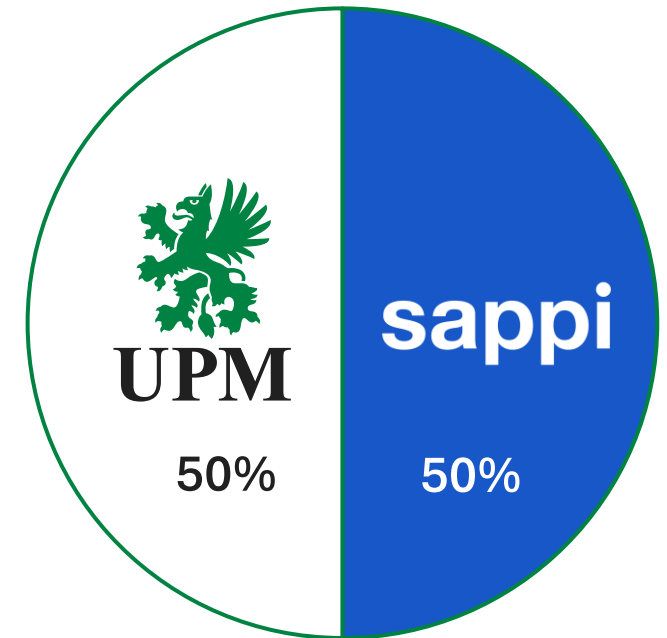


Graphic paper Joint Venture summary

– non-binding letter of intent



- New, independent graphic paper company, owned 50/50 by UPM and Sappi
- Would include the UPM Communication Papers business and Sappi's graphic paper business in Europe
- Enterprise value of € 1.42 billion, excl. the value of synergies
- The financial benefit for UPM at closing would include €613 million cash payment, €406 million transfer of pension liabilities and a 50% share of the Joint Venture
- The transaction is expected to have a positive impact on UPM's profitability margins (EBIT % of sales), balance sheet and leverage
- The transaction is subject to definitive agreements and merger control in the EU and other jurisdictions
- The definitive agreements are expected to be signed during H1 2026, and the closing is expected to take place by the end of 2026



With the portfolio initiatives, we aim to change the company profile, increasing its growth focus and improving margins



UPM businesses

Decarbonization solutions

Large long-term growth potential with unique solutions

Advanced materials

Focused capital-efficient growth

Renewable fibres

Maximizing value creation from the existing assets

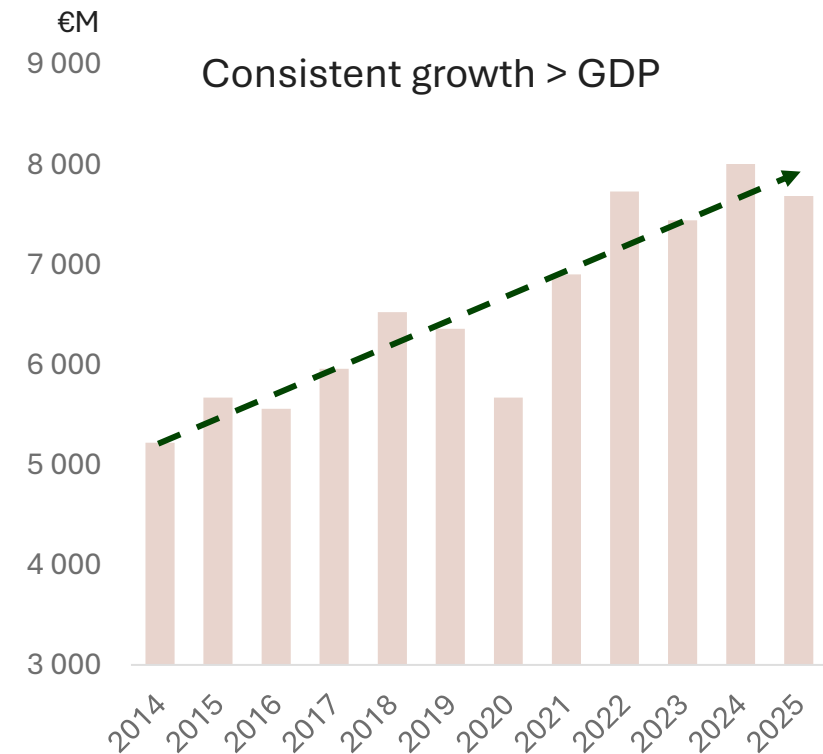
Market growth

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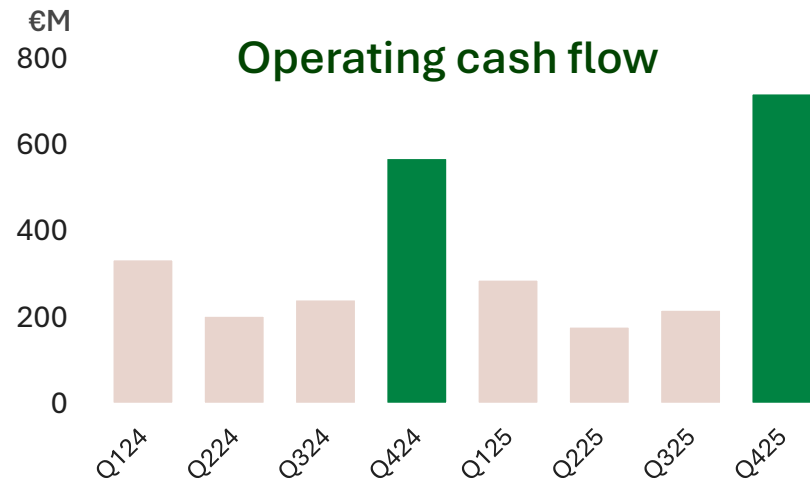
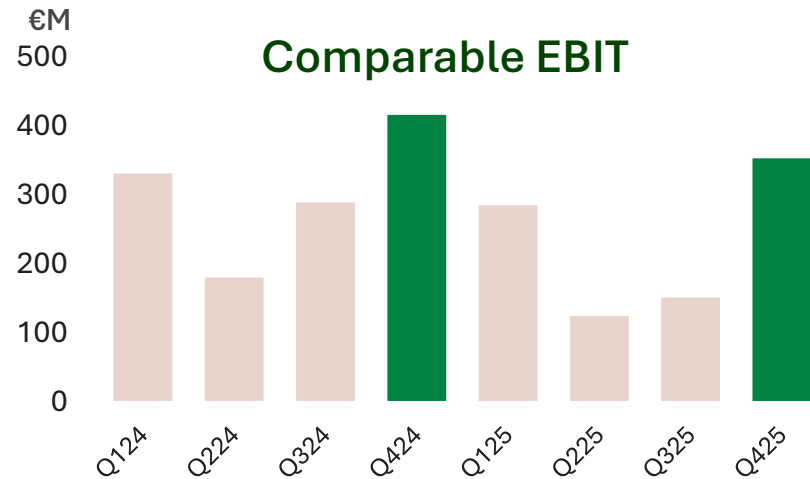
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UPM sales^(*), excl. Communication Papers and Plywood



(* unconsolidated)

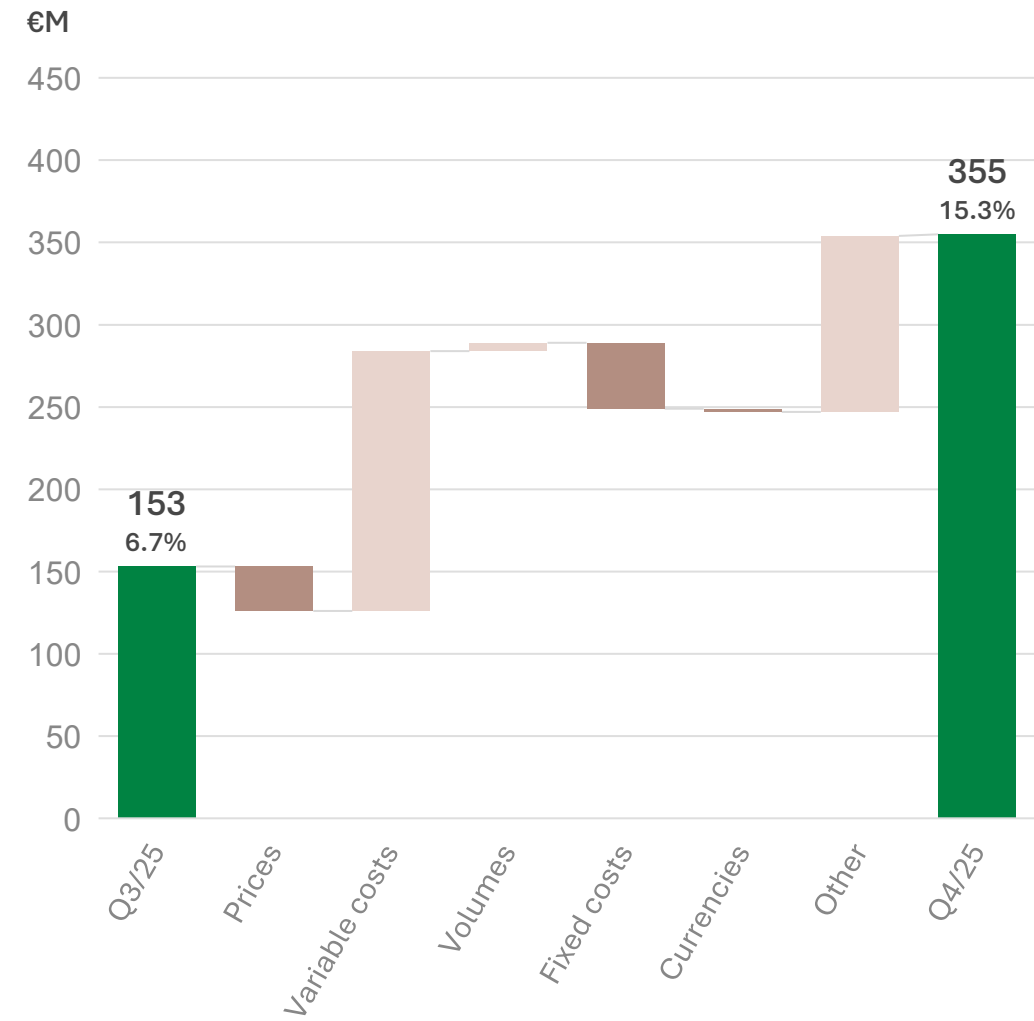
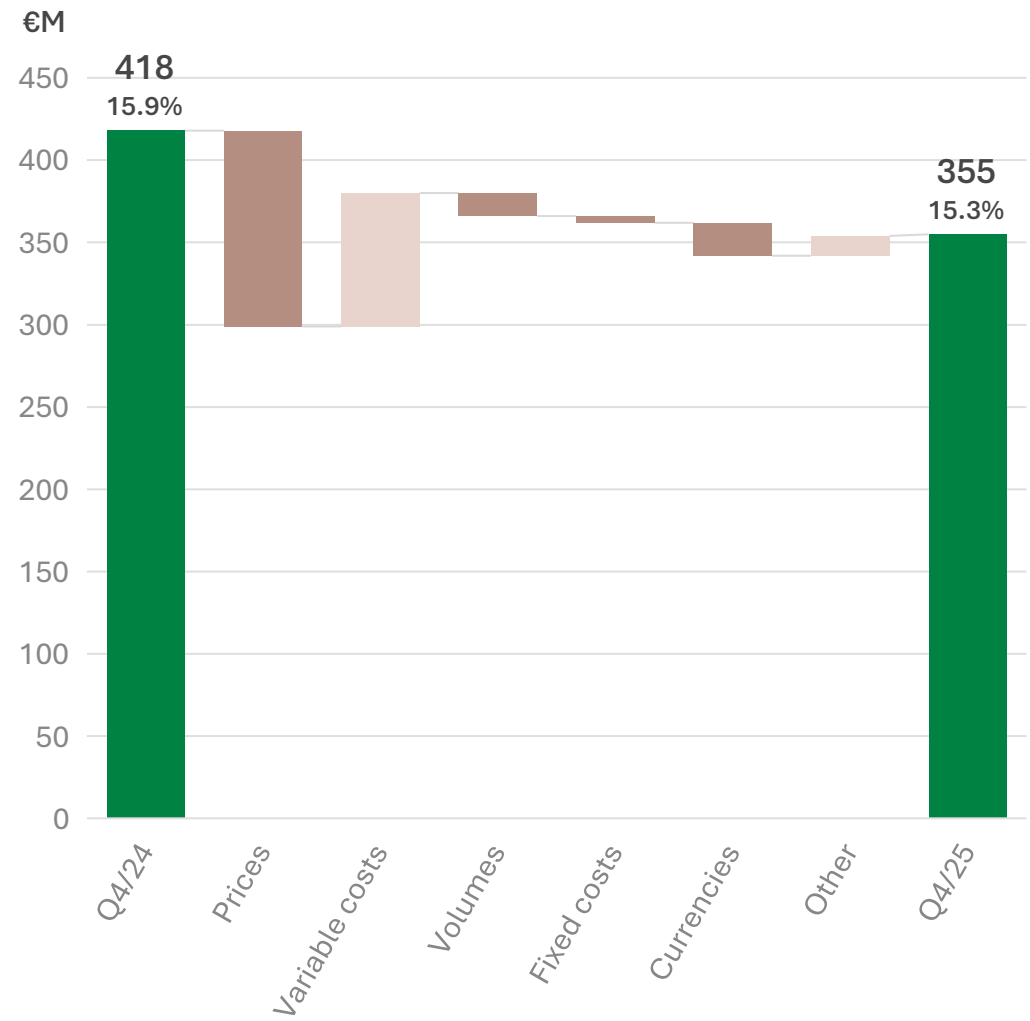
Q4 2025: positive finish to the year and strong cash flow



Q4 2025 results in brief

- Sales decreased by 12% to €2,312 million (€2,632 million in Q4 2024), impacted by lower sales prices, volumes and changes in currencies
- Comparable EBIT decreased by 15% to 355 million, 15.3% of sales (€418 million, 15.9%)
- Operating cash flow was strong at €720 million (€570 million), supported by actions to improve working capital efficiency
- Net debt decreased from the previous quarter to €3,004 million, net debt to EBITDA was 2.29

Comparable EBIT in Q4 2025



Foreign exchange exposure

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

USD	1,310
UYU	-305
GBP	117
JPY	101
CNY	96
Others	138
Total	1,456

- At the end of 2025, UPM's estimated net currency cash flows for the next 12 months totaled approximately €1,456 million
- 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

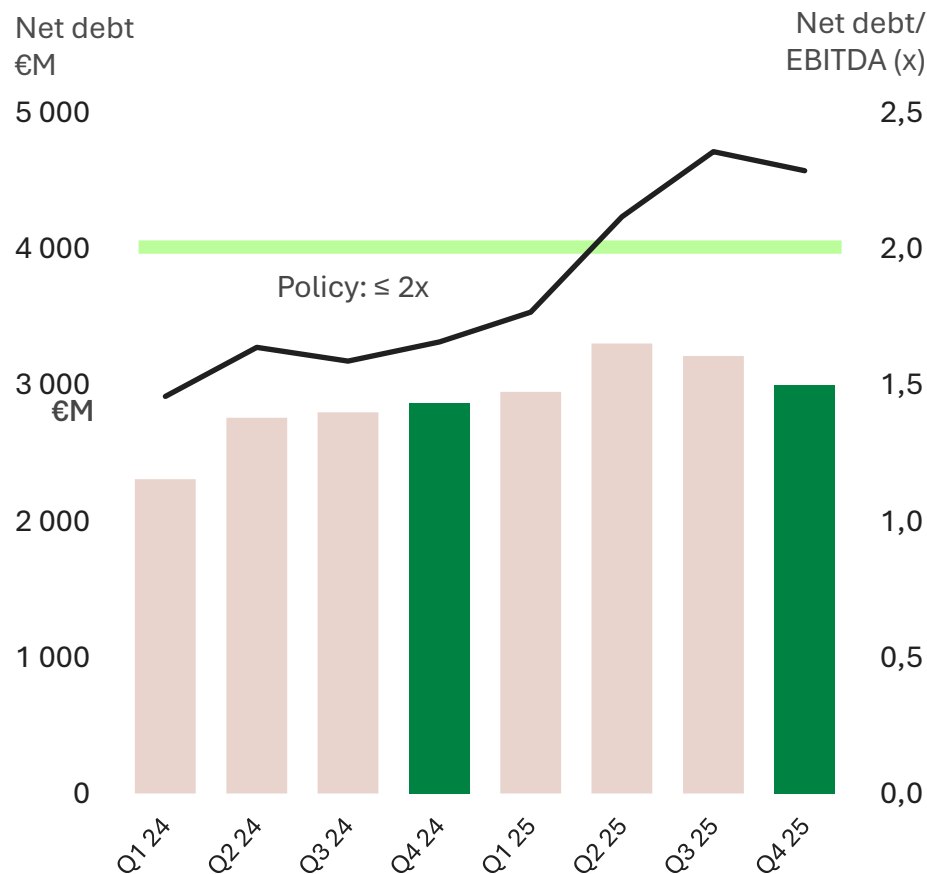
UPM hedges an average of 50% of the estimated net currency cash flow on a rolling basis for the next 12 months

Outlook (*)

- **Profit guidance:** UPM's comparable EBIT in H1 2026 is expected to be approximately in the range of €325-525 million (€413 million in H1 2025, and €508 million in H2 2025).
- **Outlook:** in H1 2026, compared with H2 2025, UPM's performance is expected to benefit from moderately higher sales prices and delivery volumes and moderately lower fixed costs. Performance is expected to be held back by continued weak communication paper markets and increased costs during the early phase of the production ramp-up at UPM Leuna. Currencies started the year at similar levels, compared with H2 2025. Comparable EBIT in H2 2025 benefited from the timing of energy refunds and increased fair value of forest assets, items that are not expected to take place during H1 2026 in similar quantities.
- In H1 2026, compared with H1 2025, UPM's performance is expected to benefit from lower variable costs and moderately higher delivery volumes. Maintenance activity is expected to be lower than in the comparison period. Performance is expected to be held back by continued weak communication paper markets and increased costs during the early phase of the production ramp-up at UPM Leuna. Currencies at the beginning of the year are negative to comparable EBIT, compared with H1 2025.

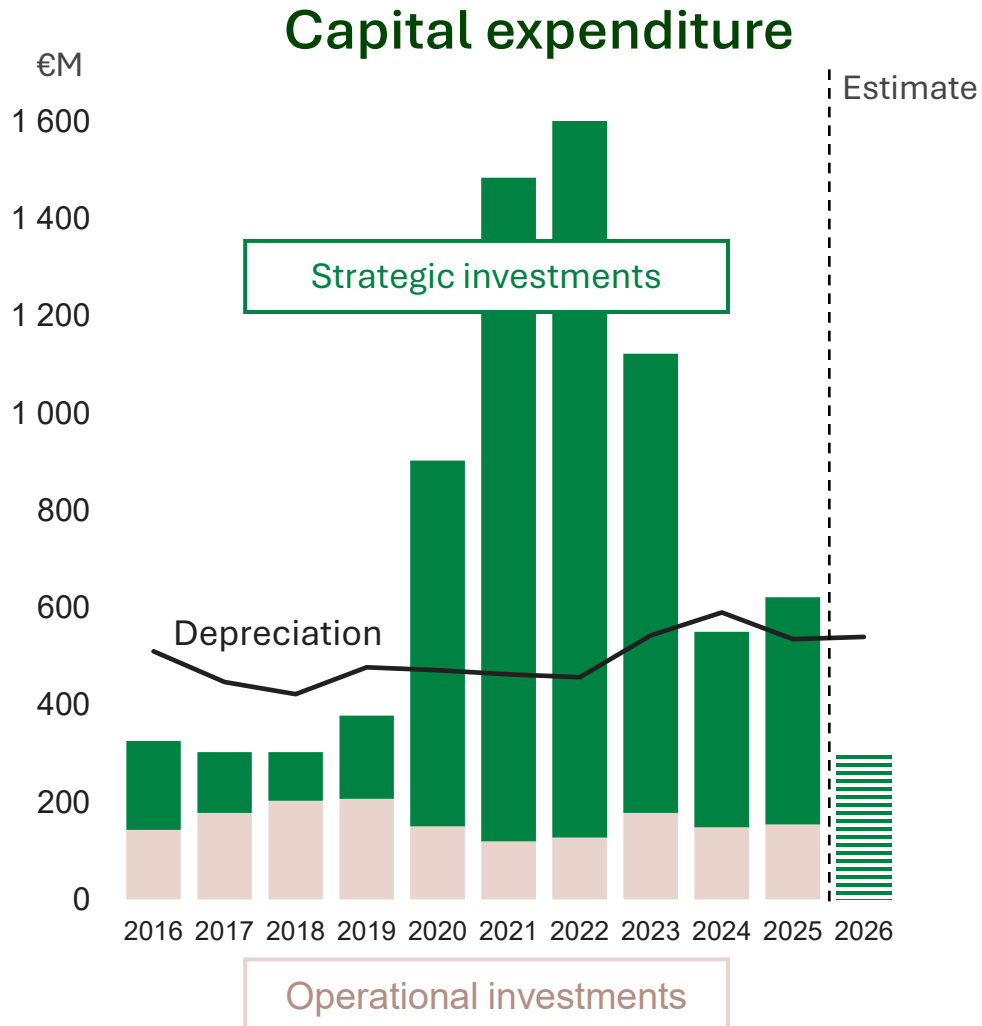
Solid financial position

Net debt and leverage



- Net debt €3,004 million at the end of 2025
- Net debt / EBITDA 2.29
- Cash funds and committed credit facilities €2.7 billion at the end of 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 was paid on November 7 (€395m)

Low capital expenditure in 2026



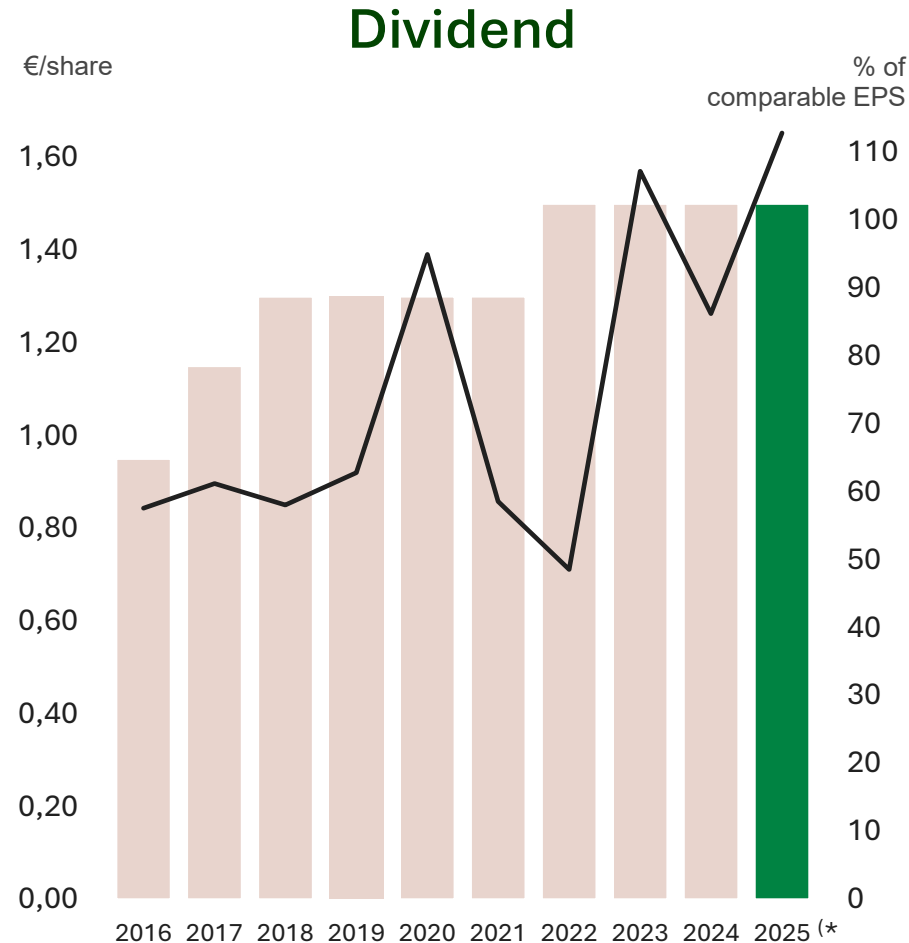
Capex 2025

- Capex excluding acquisitions was €409m

Capex estimate 2026

- Capex excluding acquisitions €300m
- Operational investment needs consistently low

Attractive dividend



(* dividend proposal for 2025)

Dividend policy

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

Dividend proposal for 2025

- €1.50 (1.50) per share
- 113% of 2025 comparable EPS

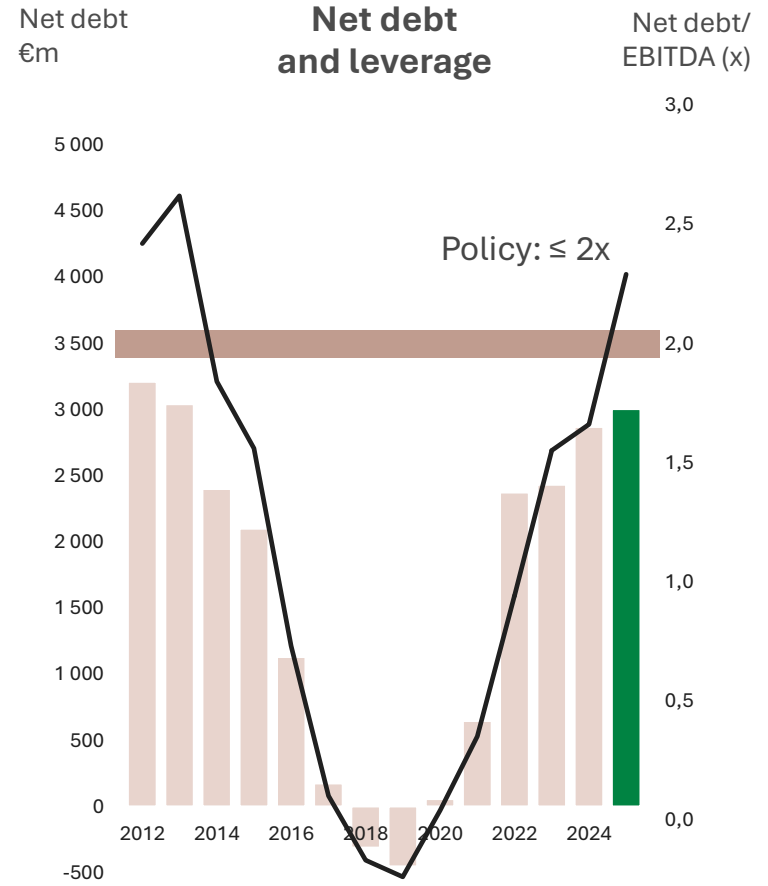
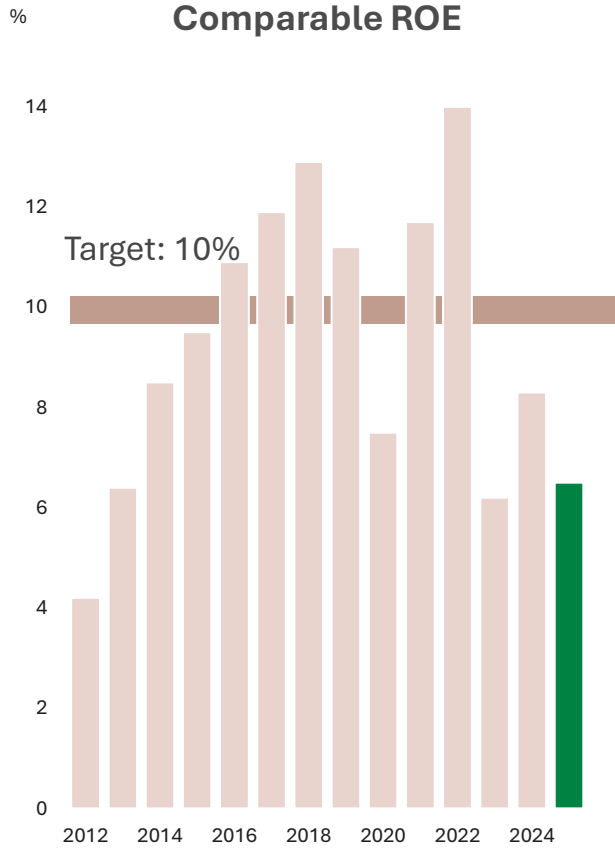
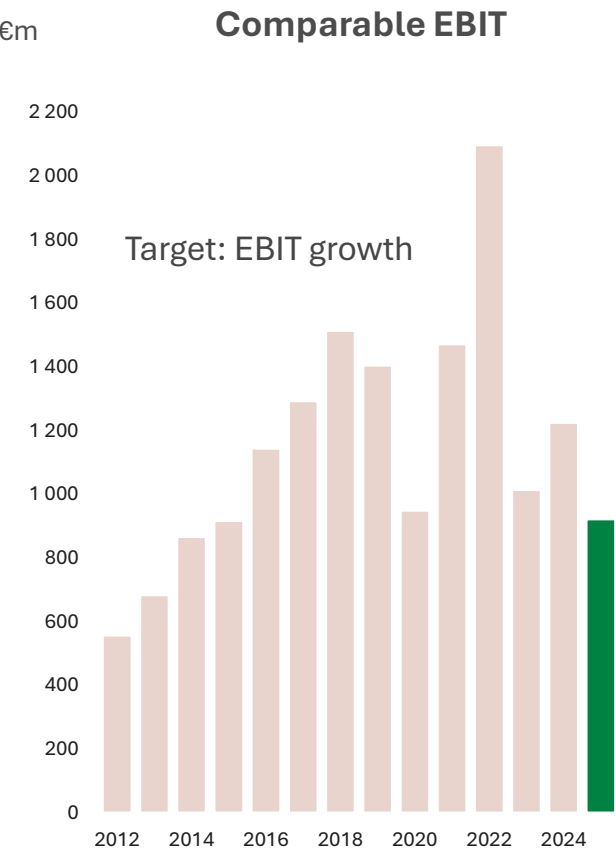
Summary

- Q4 was a positive finish to the year 2025, with improving performance in most businesses and strong cash flow
- Second quarter of decreasing net debt, while also paying the second instalment of dividend
- We initiated decisive strategic actions to improve competitiveness and transform the company
- Focus is on performance, cash generation, strengthening the balance sheet and successfully completing the strategic portfolio initiatives
- With the strategic portfolio initiatives, we aim to change the company profile, increasing its growth focus and improving margins and leverage
- Confident on UPM's ability to create value, the Board proposed an unchanged dividend of €1.50 per share for 2025

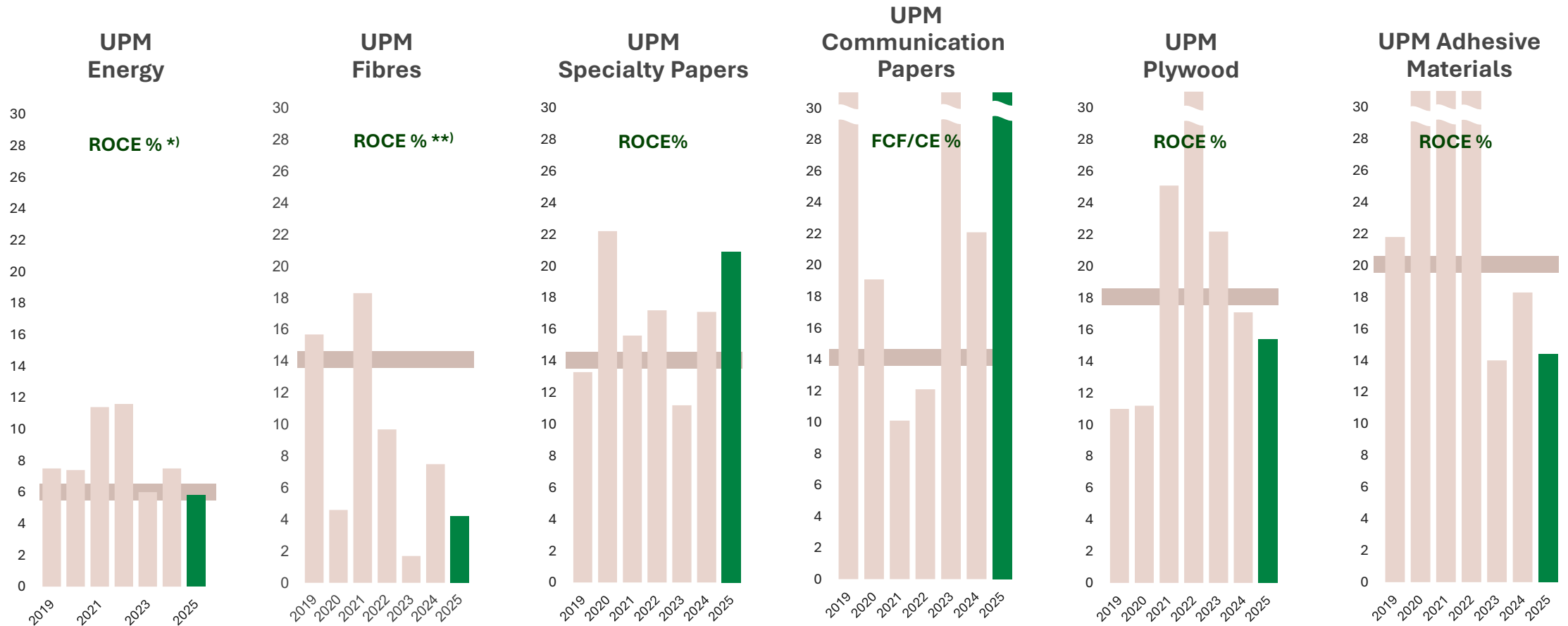


UPM

Group financial performance and targets



Business area long-term return targets



*) 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

Change in reportable segments as of January 1, 2026 (1/2): UPM Forest business moved to UPM Fibres business area, as an integral and strategic part of Fibres North operations



UPM Fibres	UPM Fibres as published					UPM Fibres restated				
	Q1/25	Q2/25	Q3/25	Q4/25	2025	Q1/25	Q2/25	Q3/25	Q4/25	2025
Sales, € million	1,010	838	777	781	3,407	1,039	870	797	825	3,531
Comparable EBITDA, € million	202	119	88	102	511	227	149	105	140	621
% of sales	20.0	14.1	11.4	13.1	15.0	21.8	17.2	13.1	17.0	17.6
Change of fair value of forest assets and wood harvested, € million	2	9	22	31	65	6	6	28	103	144
Share of results of associated companies and joint ventures, € million	1	1	1	0	2	1	1	1	0	2
Depreciation, amortization and impairment charges, € million	-79	-72	-72	-72	-295	-79	-73	-72	-72	-295
Operating profit, € million	126	55	39	62	282	155	83	62	172	472
% of sales	12.4	6.6	5.1	8.0	8.3	14.9	9.5	7.8	20.9	13.4
Items affecting comparability, € million	0	0	0	0	0	0	0	0	0	0
Comparable EBIT, € million	126	56	39	62	283	155	83	62	172	472
% of sales	12.4	6.6	5.1	8.0	8.3	14.9	9.6	7.8	20.9	13.4
Capital employed (average), € million	7,298	6,680	6,539	6,464	6,745	9,099	8,485	8,349	8,294	8,556
Comparable ROCE, %	6.9	3.3	2.4	3.9	4.2	6.8	3.9	3.0	8.3	5.5

Change in reportable segments as of January 1, 2026 (2/2): UPM Forest moved from Other operations to UPM Fibres

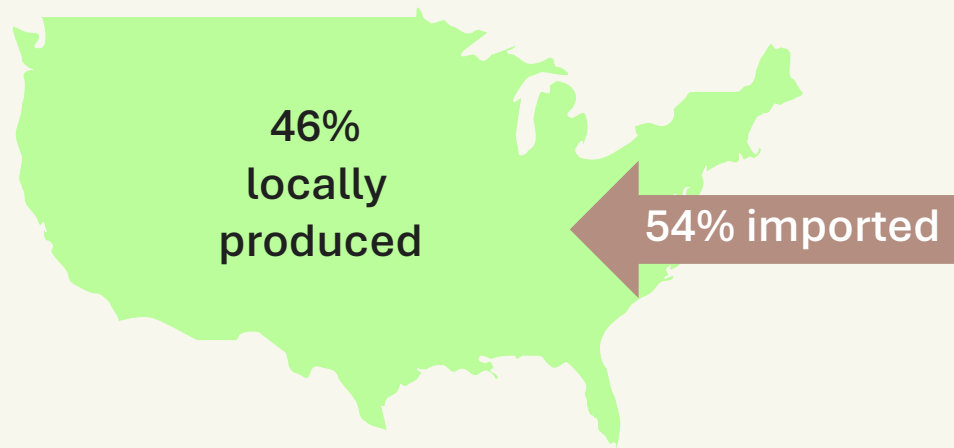


Other operations	Other operations as published					Other operations restated				
	Q1/25	Q2/25	Q3/25	Q4/25	2025	Q1/25	Q2/25	Q3/25	Q4/25	2025
Sales, € million	166	192	149	187	693	166	192	149	187	693
Comparable EBITDA, € million	-12	-2	-5	-6	-25	-37	-33	-21	-44	-136
Change of fair value of forest assets and wood harvested, € million	4	-3	6	72	80	0	0	0	0	0
Share of results of associated companies and joint ventures, € million	0	0	0	-2	-2	0	0	0	-2	-2
Depreciation, amortization and impairment charges, € million	-14	-11	-10	-10	-45	-14	-11	-10	-10	-44
Operating profit, € million	-25	-20	-9	46	-8	-54	-47	-31	-64	-197
Items affecting comparability, € million	-5	-3	0	-9	-17	-5	-3	0	-9	-17
Comparable EBIT, € million	-21	-16	-9	55	9	-50	-44	-31	-55	-180
Capital employed (average), € million	2,999	3,136	3,125	3,188	3,112	1,198	1,334	1,315	1,358	1,301
Comparable ROCE, %	-2.7	-2.1	-1.1	6.9	0.3	-16.6	-13.2	-9.6	-16.2	-13.8

Other operations consist of UPM Next Generation Renewables (Biofuels and Biochemicals), Wood sourcing, Group services and Technology , and forest assets in the U.S., as of January 1, 2026.

UPM and tariffs

13% of UPM sales in 2025
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 affected particularly UPM Fibres and UPM Communication Papers in 2025
- 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 was relatively minor in 2025, and impacted mainly UPM Communication Papers
- UPM produces self-adhesive label materials and communication papers in the U.S.
- UPM exports communication papers, specialty papers and eucalyptus pulp to the U.S. Current tariffs on these deliveries range between 0%, 10% and 15%

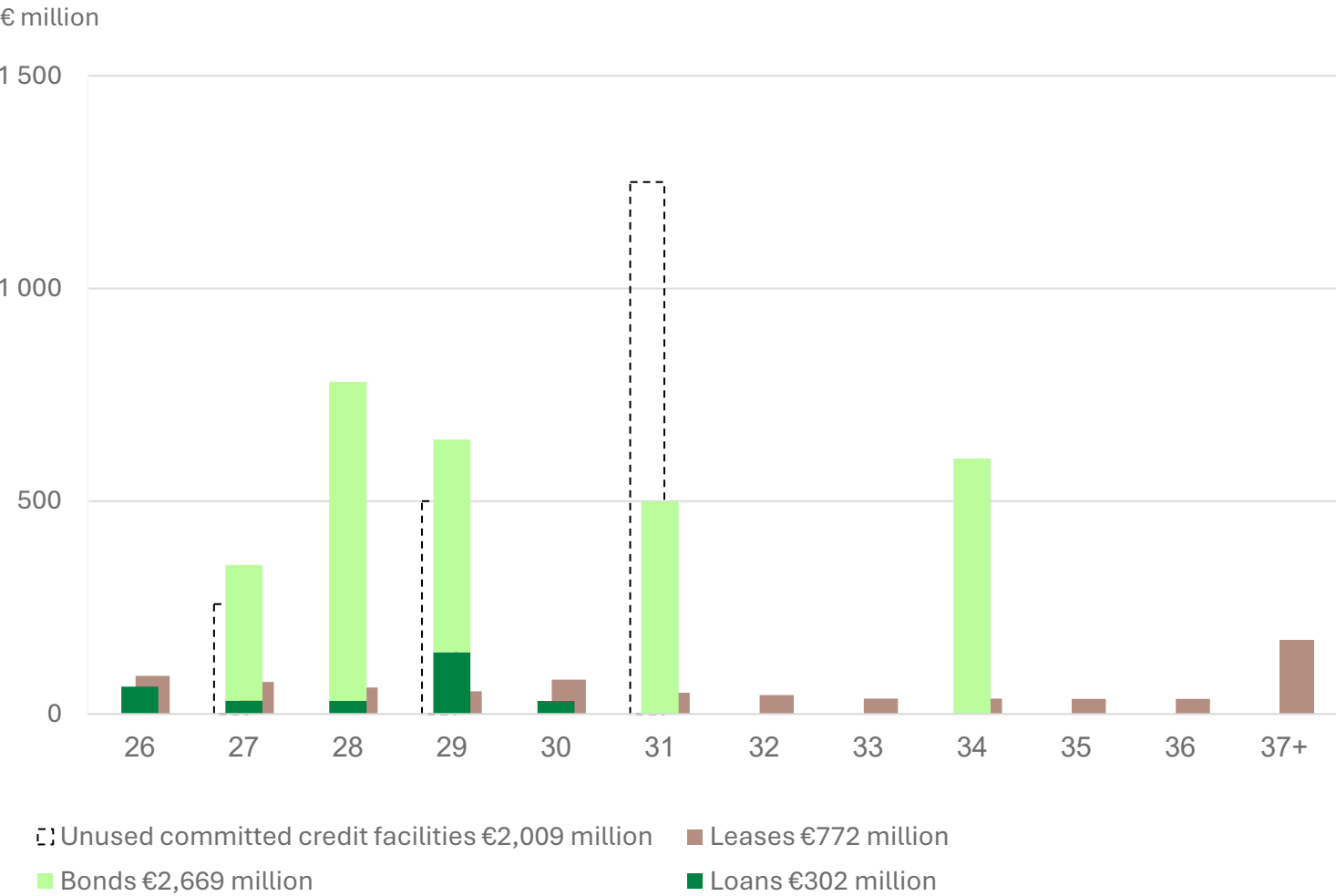
Maintenance shutdowns in 2026

Timing	Unit
Q2/26	Olkiluoto nuclear power plant units OL1 and OL2 UPM Pietarsaari pulp mill
Q3-Q4/26	Olkiluoto nuclear power plant unit OL3
Q4/26	UPM Paso de los Toros pulp mill

Maintenance shutdowns have an impact on

- Maintenance costs
- Production volumes
- Operational efficiency

Maturity profile and liquidity



Liquidity on December 31, 2025 was €2.7 billion (cash funds and unused committed credit facilities)

UPM’s committed credit facilities:

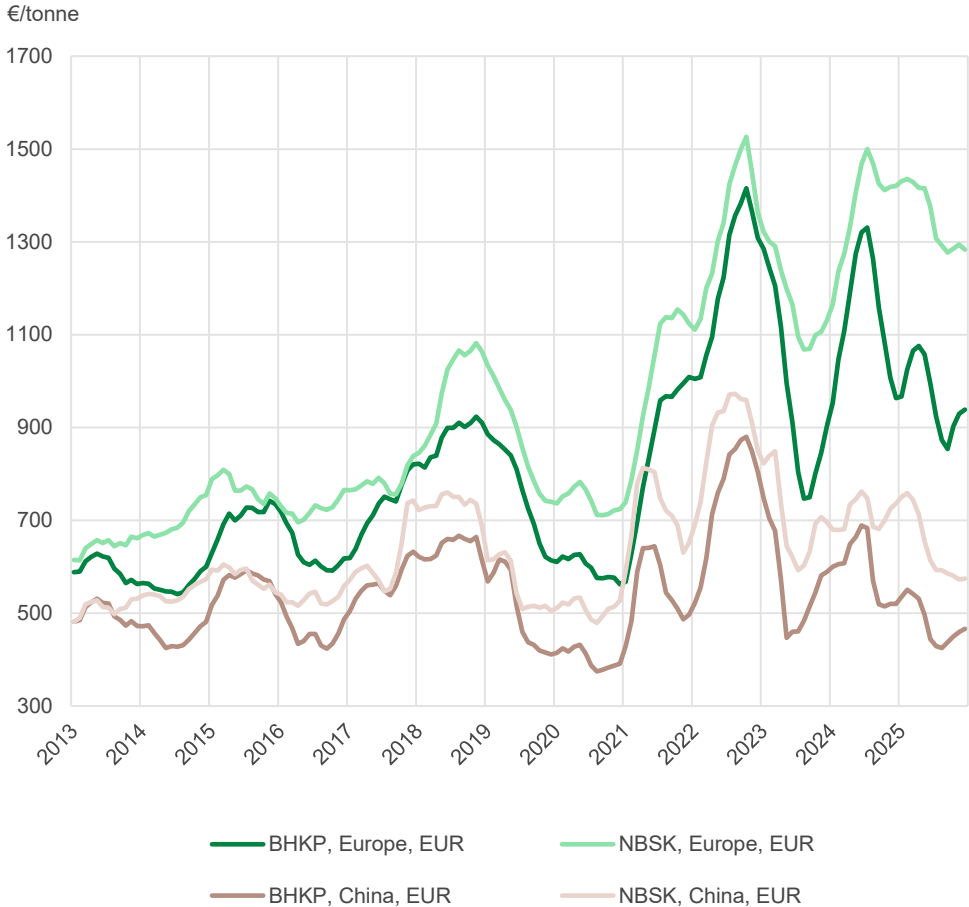
- €159 million rolling committed overdraft facility maturing 2027
- €600 million bilateral revolving credit facilities (€100 million maturing 2027, €500 million maturing 2029)
- €1,250 million committed syndicated revolving credit facility maturing 2031

No financial covenants

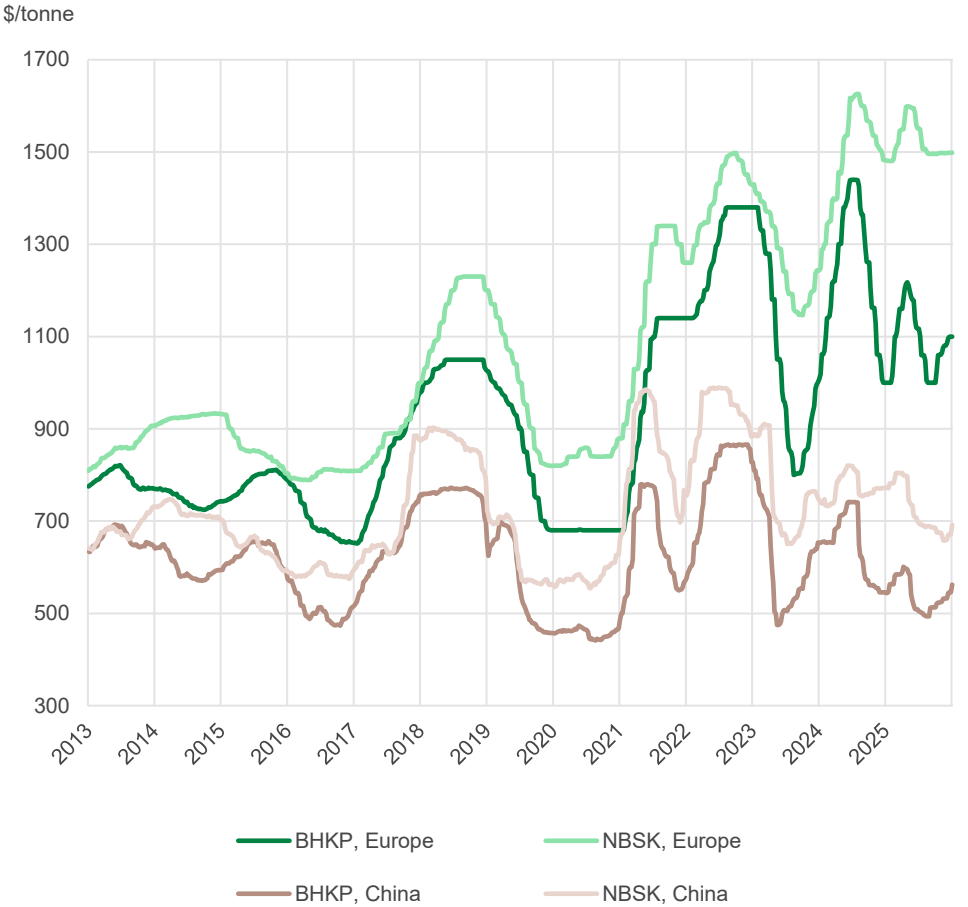
UPM Fibres: Chemical pulp market prices



Pulp market prices, euros



Pulp market prices, U.S. dollars

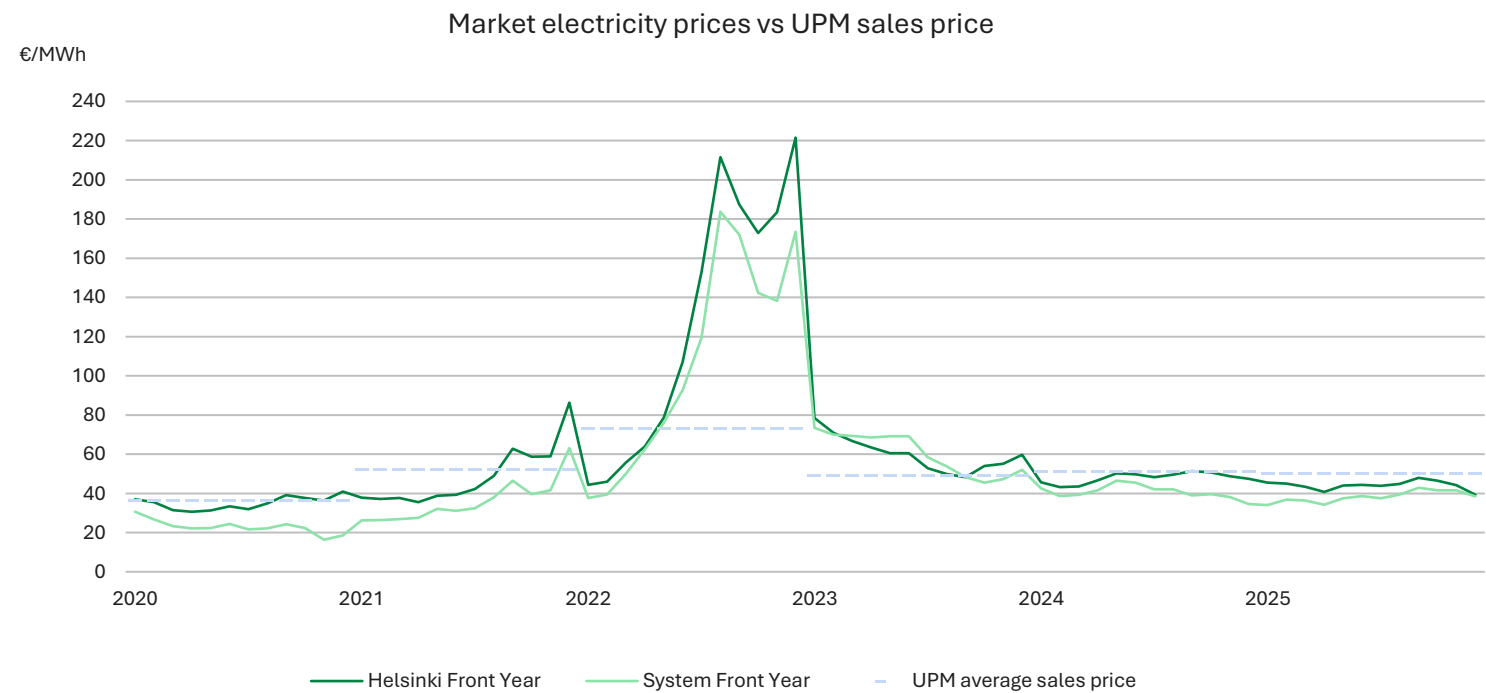


Wood market prices in Finland



Source: Natural Resources Institute Finland

UPM Energy: Electricity market prices

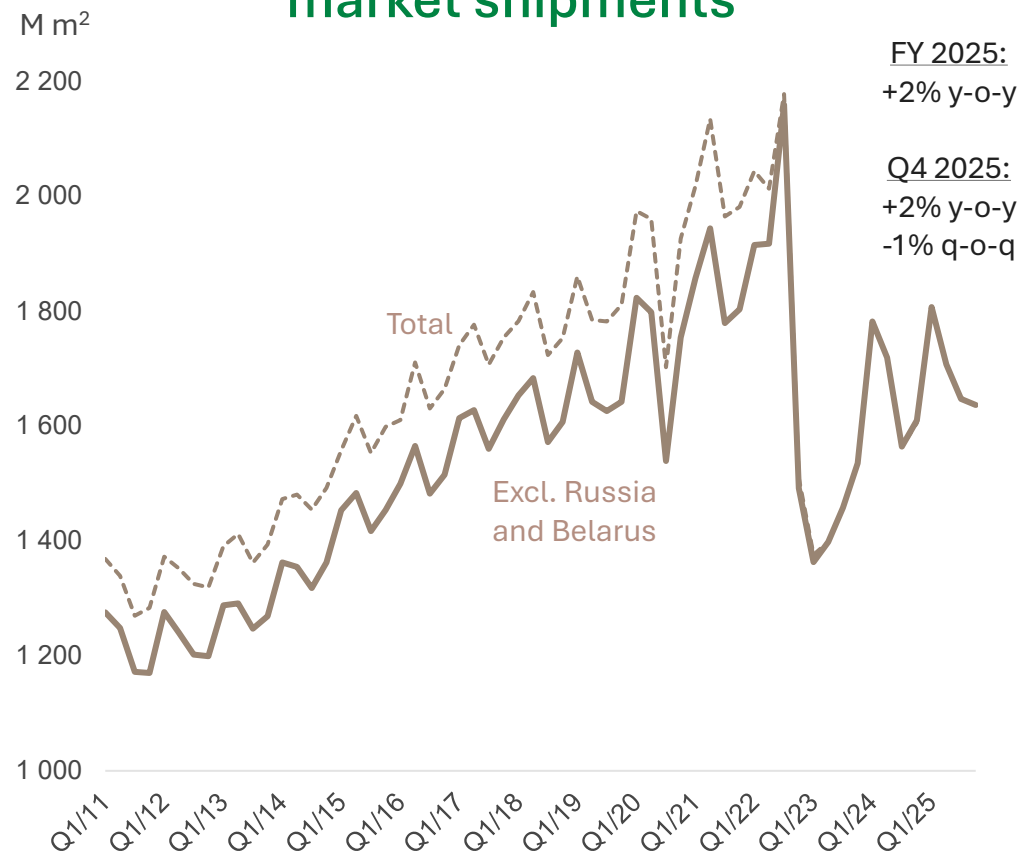


UPM Energy profitability	2020	2021	2022	2023	2024	2025
Comparable EBIT, EURm	171	270	381	182	181	151
% of sales	45.0	51.3	52.0	29.0	28.9	24.5

UPM Adhesive Materials: label materials demand



European
market shipments



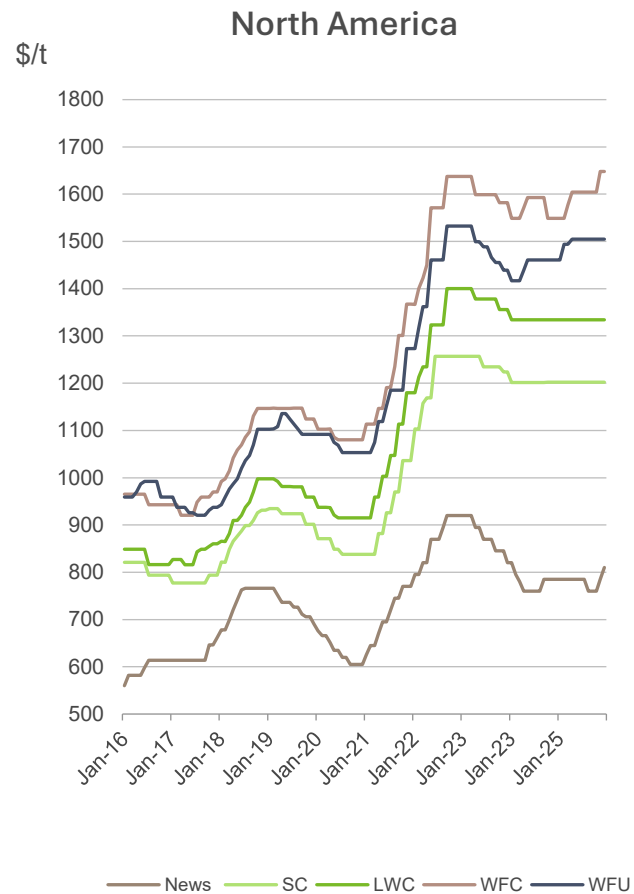
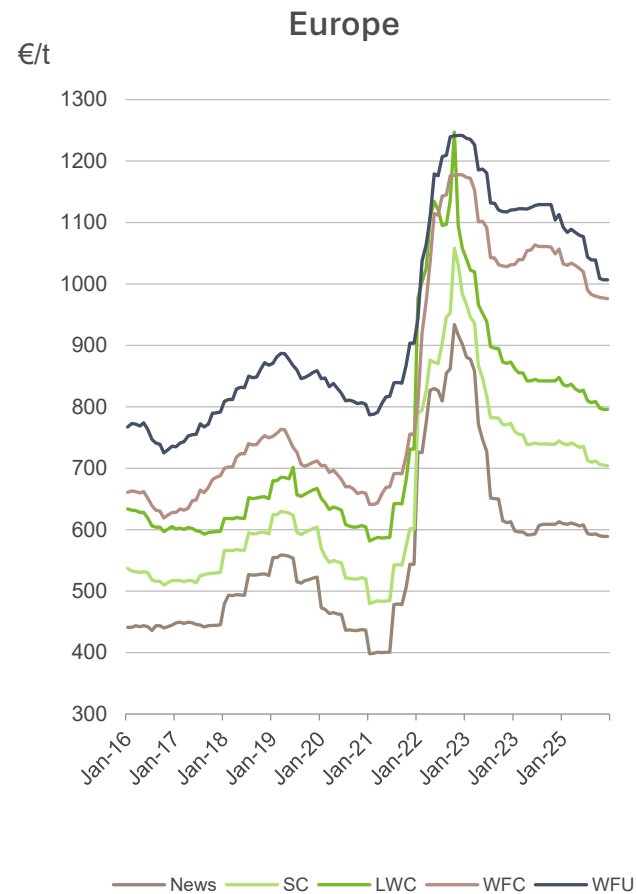
Source: FINAT

North American
market shipments



Source: TLMI

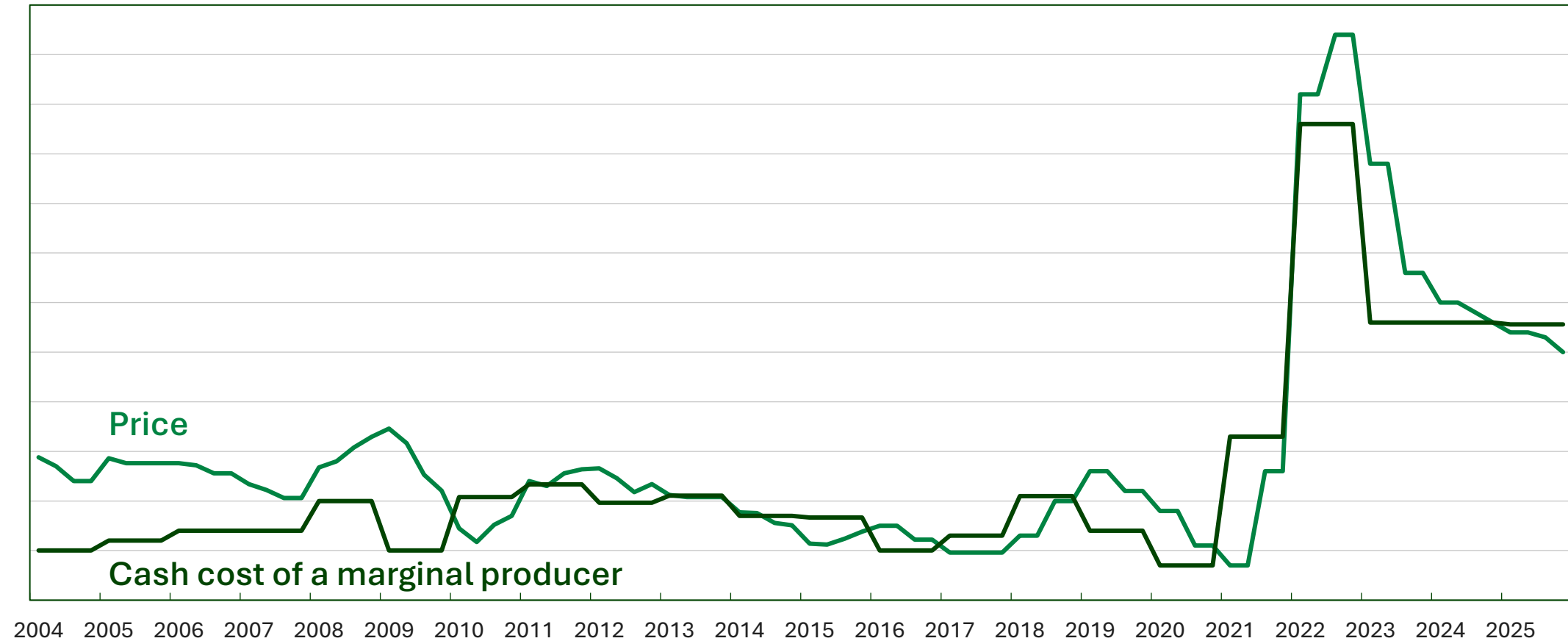
UPM Communication Papers: Graphic paper prices



Sources: PPI, RISI

Paper price vs. cash cost of marginal cost producer

€/tonne



Sources: UPM, PPI, Fastmarkets, AFRY



UPM