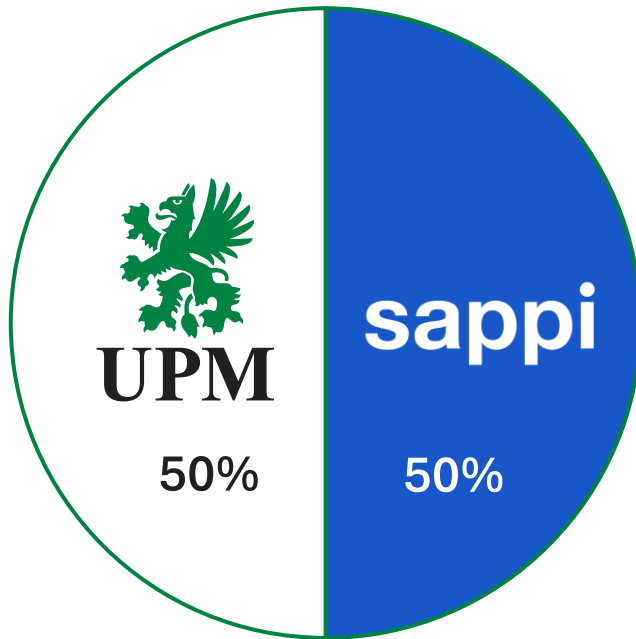




UPM and Sappi to form a graphic paper Joint Venture

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President and CEO

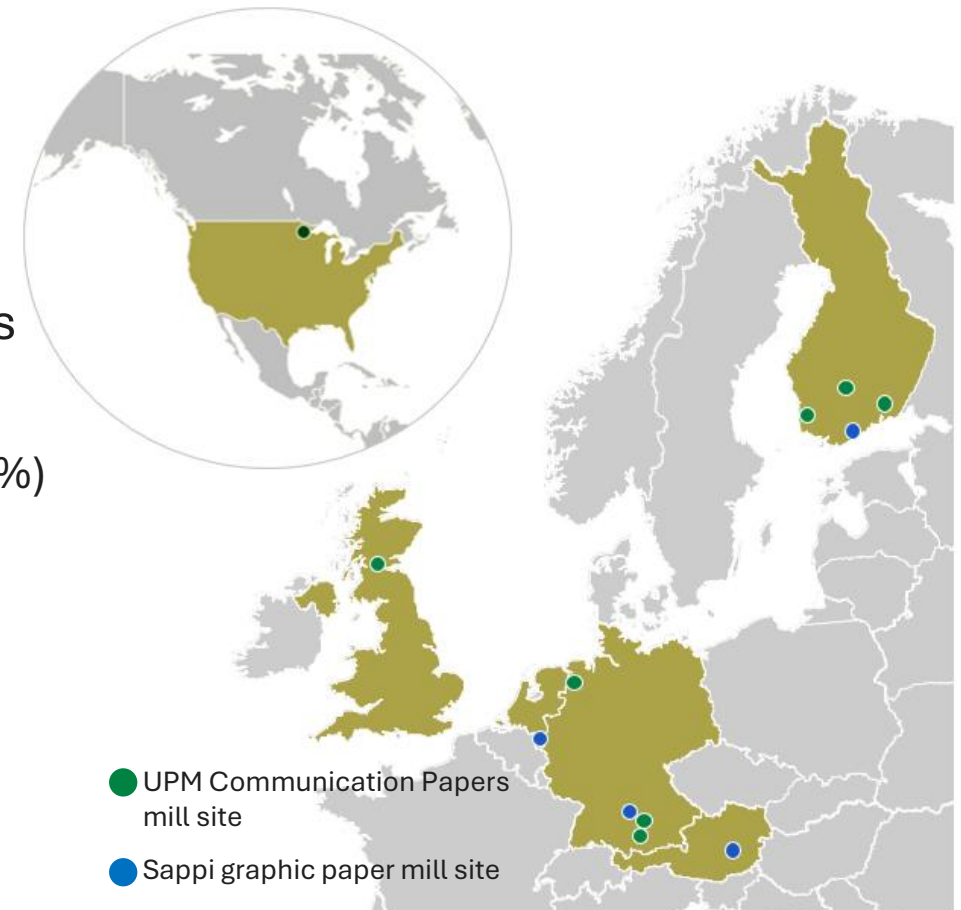
UPM and Sappi to form a graphic paper Joint Venture



- 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, excluding 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

Planned Joint Venture overview

- **12 paper mills^(*)**, including
 - 8 UPM Communication Papers mills in Finland, Germany, the UK and USA
 - 4 Sappi graphic paper mills in Finland, Germany, Austria and the Netherlands
- **Mixed customer base** of direct end-users and distributors
 - Newsprint, SC, CM, WFC and WFU
 - Primary sales regions Europe (~75%) and North America (~11%)
- **Additional value creation through synergies: annual synergies of approx. €100 million**
 - Synergies achieved through asset optimization, product portfolio rationalization, logistics optimization, sourcing efficiency improvements and operational efficiencies



^(*)detailed list of paper mills included in the stock exchange release

A structural solution creating long-term value



Long-term supply security for customers

- Reliable and committed supply, with competitive cost base



Efficient, adaptable and sustainable graphic paper business

- Production optimization for efficiencies
- Improved ability to advance sustainability and reduce carbon emissions



Long-term viability and competitiveness of the European graphic paper industry

- Improved utilization rates, more balanced and resilient industry

Based on the letter of intent



Enterprise values

- UPM Communication Papers valued at €1,100 million
- Sappi Europe valued at €320 million

Cash proceeds

- UPM would receive cash proceeds of €613 million from the JV^(*)
- Sappi would receive €139 million^(*)

Shares in the Joint Venture

- UPM would receive 50% of the shares
- Sappi would receive 50% of the shares

Financing

- The JV would raise debt to fund the purchase prices payable
- The JV would be independently financed, without recourse to the shareholders

^(*) Cash proceeds subject to customary closing adjustments

Based on the letter of intent

Dividends

- The JV would distribute dividends to its shareholders according to its financial performance and standing

Potential exit

- Three years after closing, with the JV expected to have completed the integration and realized the synergies, either shareholder may initiate a divestment of their shareholding

Financial impact of the transaction on UPM

- The financial benefit for UPM at closing would include
 - €613 million cash payment to UPM
 - €406 million transfer of pension liabilities
 - 50% share of the Joint Venture

Expected impact based on the valuation of the transaction at the time of the Lol, subject to customary adjustments

- UPM Communication Papers business valued at €1.1 billion equals an EV / EBITDA multiple of 4.6x for LTM (Q4/2024-Q3/2025)
- The UPM Communication Papers assets to be transferred to the Joint Venture are estimated to represent less than 10% of UPM's total assets.
- UPM's ownership in the Joint Venture would be accounted for using the equity method.

UPM key figures⁽¹⁾

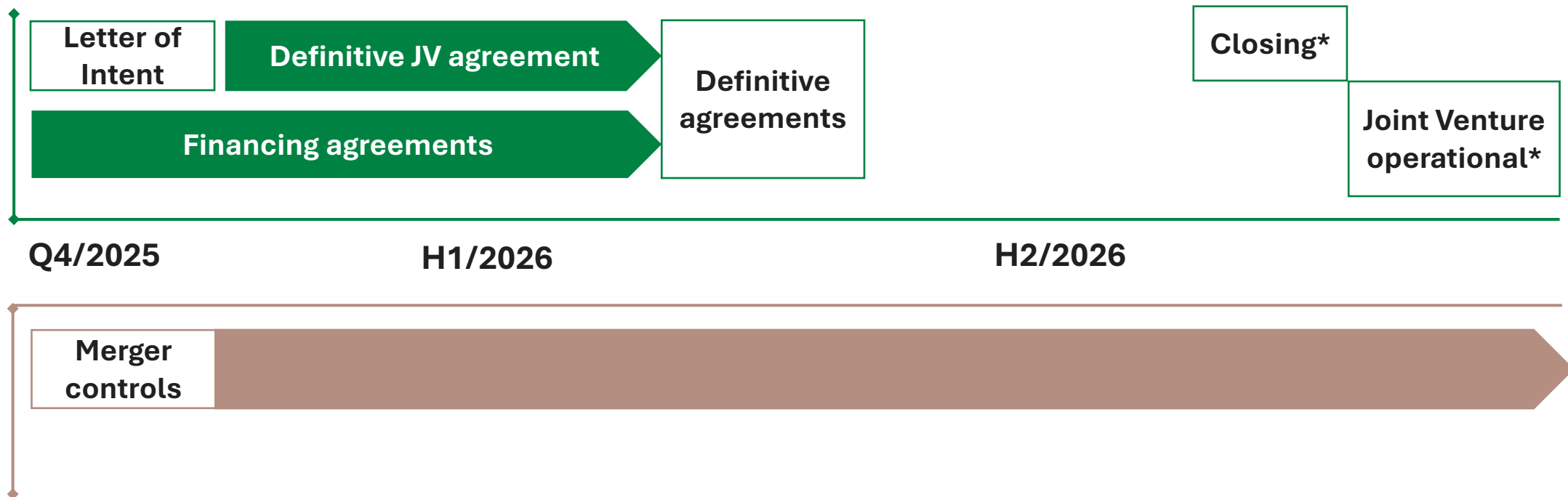


€ million	UPM Group Q4 2024-Q3 2025	UPM Communication Papers Q4 2024-Q3 2025	UPM excl. UPM Communication Papers Q4 2024-Q3 2025
Sales	9,976	2,602	7,843
Comparable EBITDA	1,365	241	1 124
% of sales	13.7	9.3	14.3
Operating profit	255	30	225
% of sales	2.6	1.1	2.9
Comparable EBIT	984	180	804
% of sales	9.9	6.9	10.3
Capital employed	14,292	986	13,306 ²⁾
Comparable ROCE, %	6.9	16.9	6.1

1) The tables show UPM key figures as reported and excluding UPM Communication Papers. The figures do not include the impact of forming the joint venture, any transaction costs, synergies, dis-synergies or project costs.

2) Excluding UPM Communication Paper operating capital employed

Indicative timeline*



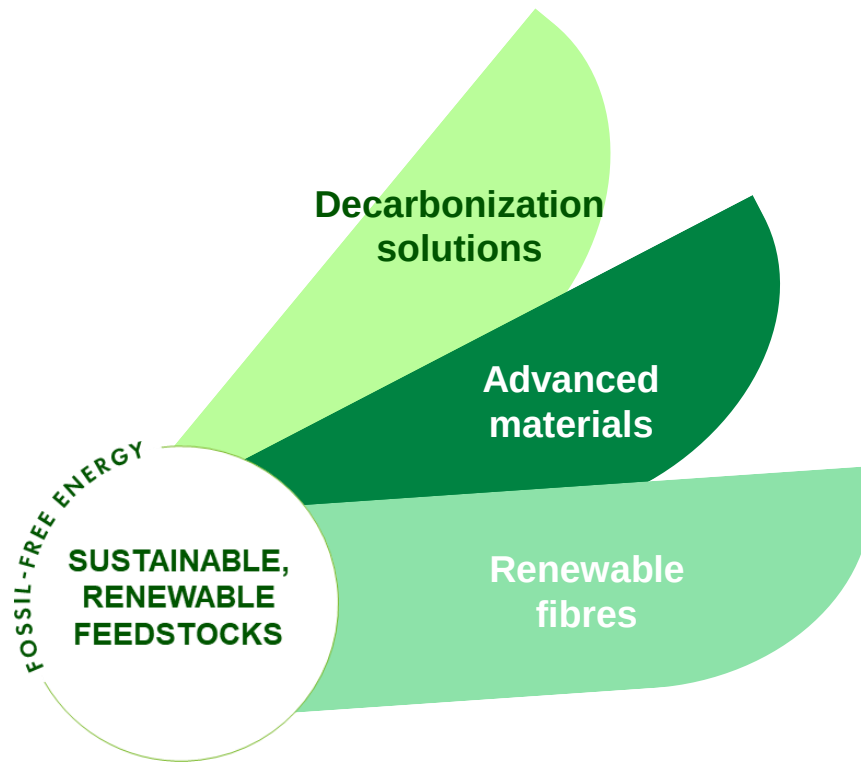
**) The transaction is subject to review by the European Commission and the relevant merger controls and approvals by the authorities in other jurisdictions. The Joint Venture would become operational only with all the closing conditions fulfilled.*

Assuming the Joint Venture is formed, UPM would increase its growth focus through streamlined business portfolio



- UPM is a material solutions company with world-class businesses on growth markets
- UPM would achieve
 - stronger growth profile
 - improved margins
 - strengthened balance sheet
 - no direct sales exposure to the declining European and North American graphic paper markets

A material solutions company with world-class businesses on growth markets



(*UPM Plywood is under a strategic review, expected to be concluded by the end of 2026)

Decarbonization solutions

UPM Energy: CO₂-free base load nuclear and flexible value-adding hydropower

UPM Biorefining: innovative solutions to decarbonize traffic, aviation and chemicals

Advanced materials^(*)

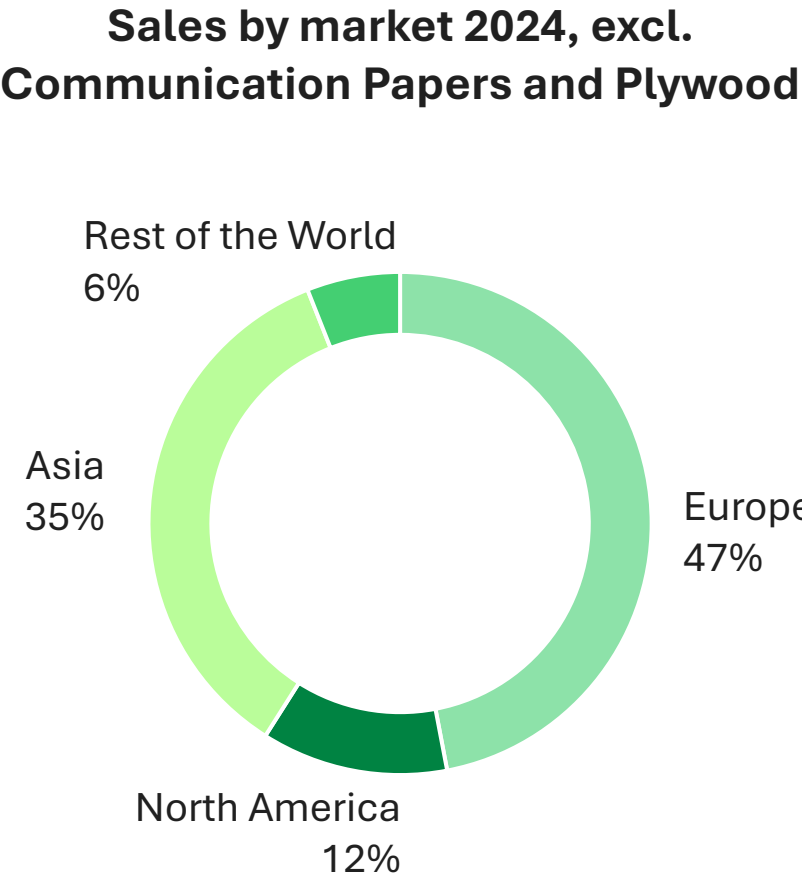
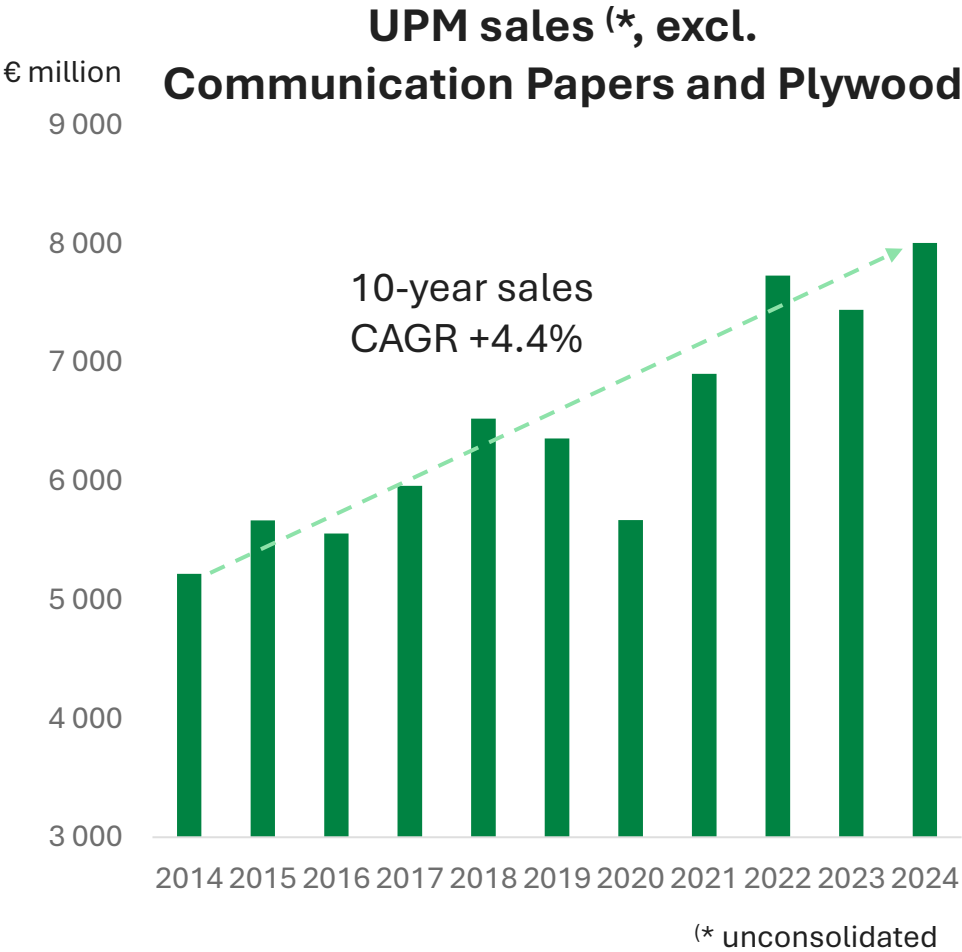
UPM Adhesive Materials: self-adhesive materials globally, solid offering of graphic solutions

UPM Specialty Papers: labelling and industrial release liners globally, promising presence in specialty packaging

Renewable fibres

UPM Fibres: hardwood and softwood pulp globally, sawn timber products

Strong growth track record and global presence: opportunities in faster growing markets, served from competitive platforms



Improve competitiveness and focused growth

Market growth

UPM actions

- **Energy:** maximize value on the volatile and growing electricity markets
- **Biorefining:** entry in biochemicals, debottlenecking and development of feedstock technologies in biofuels
- **Adhesive materials:** focused growth, cost efficiency, production to low-cost units
- **Specialty Papers:** cost efficiency, capacity to grow with low investments
- Improve costs in both Fibres South and North
- Increase capital efficiency, generate strong cash flow
- Low-capex debottlenecking

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

+

We act on three fronts



1

Improve competitiveness

Competitiveness
Capital efficiency
Balance sheet

2

Focused growth

Strong asset base
Focused growth in a
capital-efficient way

3

World-class businesses

Strong market positions on
growing markets, aim for
world-class performance

Summary

- UPM and Sappi have signed a letter of intent to form a graphic paper Joint Venture
- Would lead to an efficient, adaptable and sustainable graphic paper business to provide long-term commitment and supply security to graphic paper customers
- The planned Joint Venture will position the UPM Communication Papers business for continued value creation for its customers in a way that benefits UPM shareholders
- The transaction is expected to have a positive impact on UPM's profitability margins (EBIT % of sales), balance sheet and leverage.
- The future UPM would have no direct sales exposure to the declining European and North American graphic paper markets
- UPM would increase its growth focus through streamlined business portfolio
- UPM is a material solutions company with world-class businesses on growth markets



UPM