

UPM Interim Report Q1 2026

CEO Massimo Reynaudo

April 29, 2026

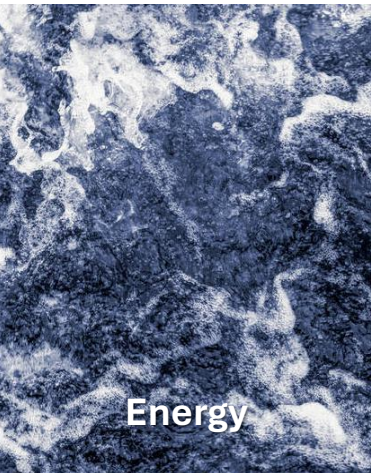


Q1 2026 – good start to the year



- Comparable EBIT was €274 million, 10.9% of sales (287 million, 10.8%)
- Excellent performance in decarbonization solutions
- Resilient performance in advanced materials
- Underlying improvement in renewable fibres
- UPM announced a demerger plan concerning the separation of UPM Plywood into a new independent listed company
- Preparations for the planned graphic paper joint venture continued

Decarbonization solutions: record Q1 results in Energy, strong in Biofuels, ramp-up continues in Biochemicals



Energy



Next Generation Renewables

Markets

Record Q1 electricity consumption in Finland, supported by a cold winter and electrification of heating

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

Good Q1 demand for advanced renewable fuels

Renewable fuel prices boosted by higher fossil fuel prices

Robust demand and sales pipeline for biochemicals products

Actions

Maximize value in the volatile markets

Clean baseload electricity offering for large new demand

New renewable energy development pipeline

Sites suitable for data centers and other industrial actors

Capex-efficient debottlenecking Qualification process for SAF

Proprietary feedstock technologies development

Leuna: production of industrial sugars and lignin ongoing

Production of RFF to start soon, followed by glycols during 2026

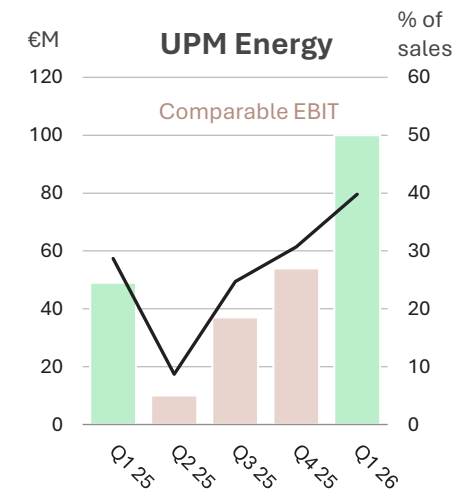
Results

Record Q1 results: comparable EBIT €100 million, 40% of sales

Good nuclear, lower hydropower volumes

Biofuels continued to improve its performance and posted strong Q1 results

Biochemicals ramp-up continued



Advanced materials: resilient performance



Markets

Actions

Results



Adhesive Materials

Solid Q1 label materials demand in Europe (+2% yoy) and Asia Pacific

Softer demand (-2% yoy) in North America

Actions to sharpen competitiveness continued

Investments to grow in higher-margin products in the U.S.

Investments in higher-growth regions, Southeast Asia, India

Building position in graphics following recent acquisitions

Q1 comparable EBIT €33 million, 8% of sales



Specialty Materials

Q1 demand for label, release base and packaging papers improved in Europe

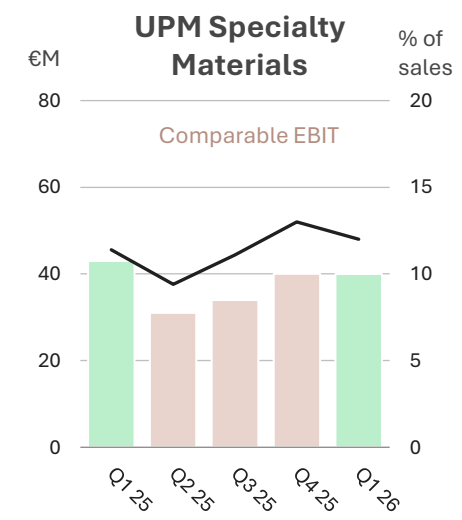
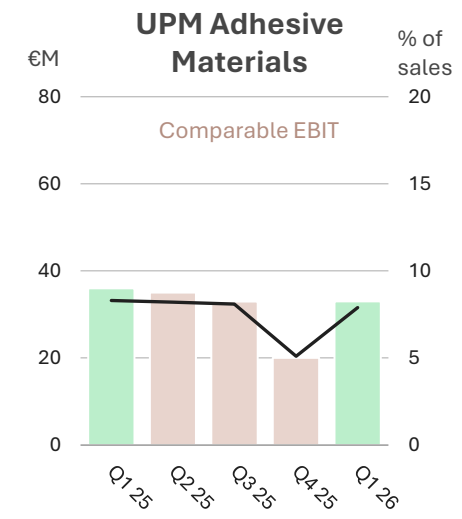
The U.S. markets were softer

Specialty paper markets in Asia were stable, fine paper markets competitive

Barrier papers' product development pipeline continued to strengthen

Capacity to grow with low investments

Q1 comparable EBIT €40 million, 12% of sales



Renewable fibres: steady performance in Fibres South, wood costs decreased in Fibres North



Markets

Actions

Results



Global hardwood pulp shipments flat yoy in Jan-Feb/2026

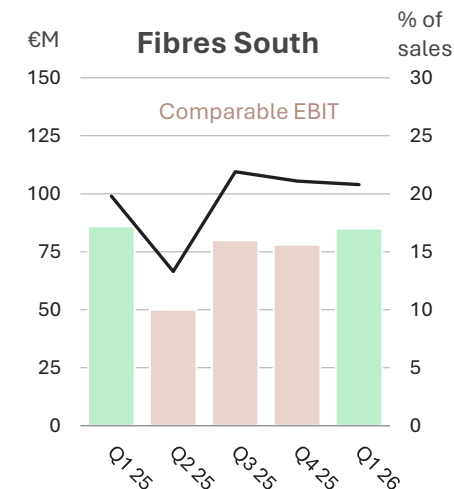
Hardwood pulp market prices increased gradually

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

Planning capex-efficient debottlenecking

World-class low-cost platform

Q1 comparable EBIT €85 million, 21% of sales



Global softwood pulp shipments -6% yoy in Jan-Feb/2026

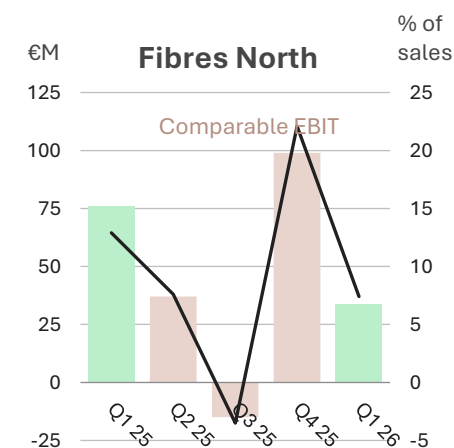
Low softwood pulp market prices continued

Pulpwood market prices in Finland stabilized in Q1, at approx. 30% lower yoy

Strategic partnership with Versowood finalized

Started to see a decline in wood costs

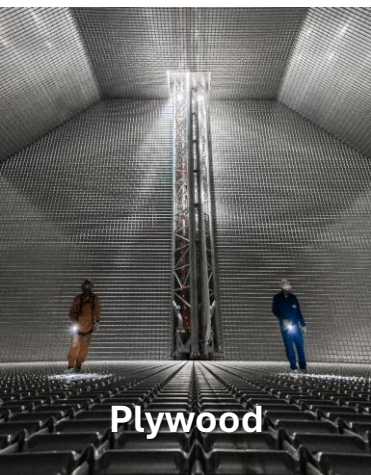
Q1 comparable EBIT €34 million, 7% of sales



Communication Papers and Plywood: solid Q1, planned Joint Venture and demerger plan



Communication Papers



Plywood

Markets

European demand for graphic papers -4% yoy in Q1

North American demand for magazine and coated wood free papers -12% yoy

Q1 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

Actions

Planned graphic paper Joint Venture with Sappi

Lower fixed costs, following the closures in Q4

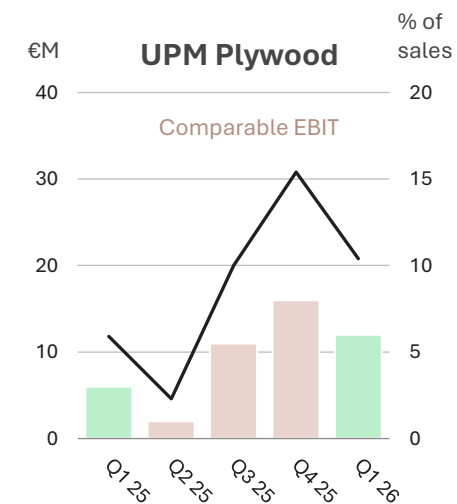
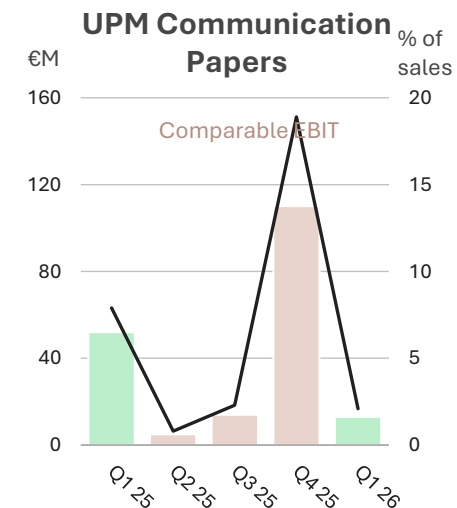
Demerger plan of UPM Plywood announced

Results

Optimizing energy consumption in challenging energy markets

Q1 comparable EBIT €13 million, 2% of sales

Q1 comparable EBIT €12 million, 10% of sales





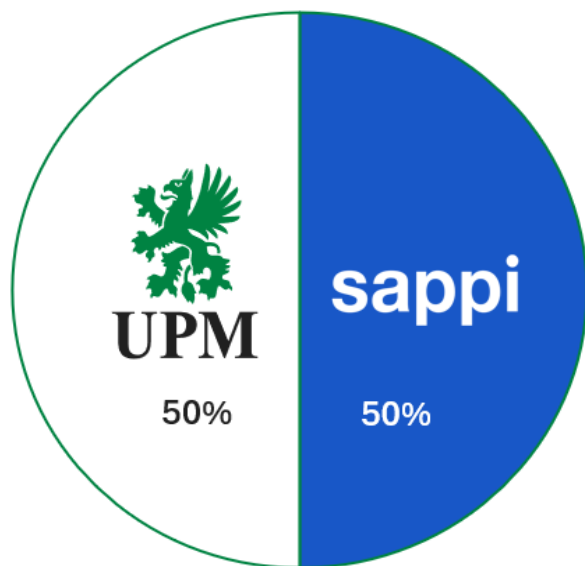
UPM Plywood demerger plan to separate it into a new independent listed company



- WISA Group Plc to be listed on Nasdaq Helsinki, with initially the same shareholder base as UPM
- Increase shareholder value by
 - WISA Group solely pursuing the strategic priorities and growth opportunities of the plywood business
 - Increasing visibility into key value drivers facilitates fair valuation of the business
 - Enhancing UPM's focus on its core businesses
- A strong business with a proven ability to perform
 - Supplies high value-added end-use segments, including construction, LNG shipbuilding and vehicle flooring solutions
 - Efficient production, well-established commercial model, leading services, long-standing customers and the trusted WISA® brand

Subject to approval by an EGM by September 2026 at the latest, planned completion date October 31, 2026

Preparations continue for the planned graphic paper Joint Venture



- UPM Communication Papers and Sappi’s graphic paper business in Europe
- Subject to definitive agreements and approval of merger authorities
- Expected to benefit customers and the entire industry by strengthening the resilience of European graphic paper supply in declining markets
- Expected to have a positive impact on UPM’s profitability margins, balance sheet and leverage

Independent graphic paper company

Mills

UPM + Sappi

8+4

Anticipated synergies

€ million annually

100

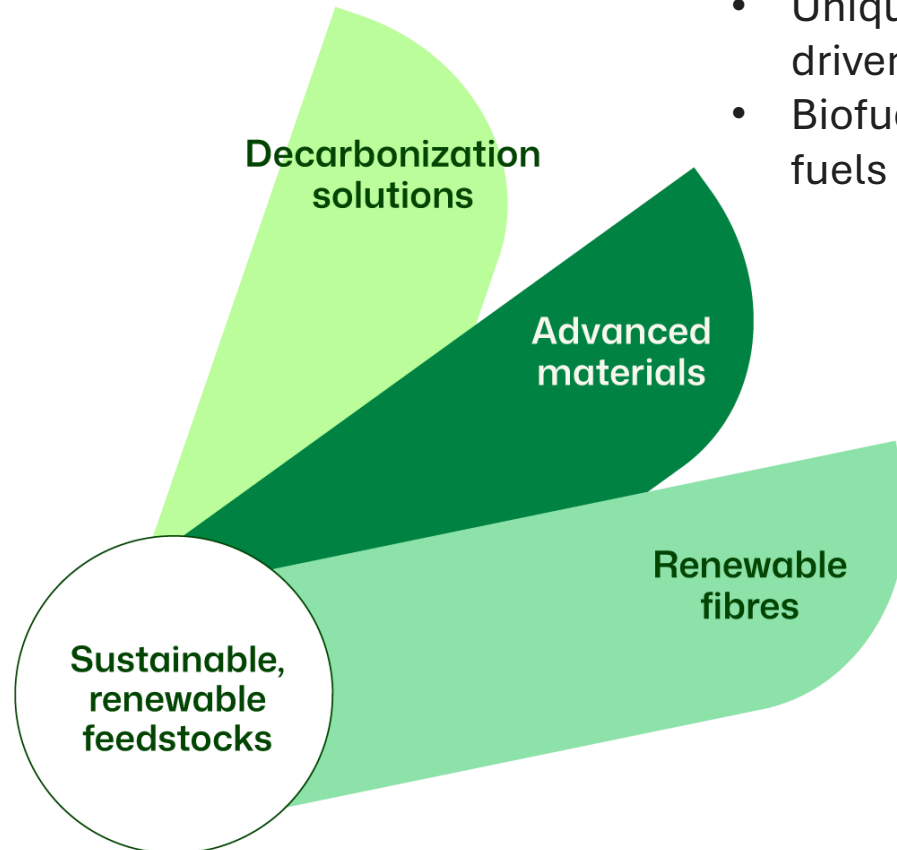
Combined enterprise value, excl. synergies

Enterprise value

€ million

1,420

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



High growth potential and unique position

- Unique offering for new large electricity consumers, growth driven by electrification, datacenters and green industries
- Biofuels and Biochemicals help reduce dependence on fossil fuels and lower CO₂ emissions

Predictable, profitable, capital-efficient growth

- Accelerate growth in high-performance packaging applications (labels, liners, graphics, recyclable packaging)
- Expansion in higher margin products, higher growth regions

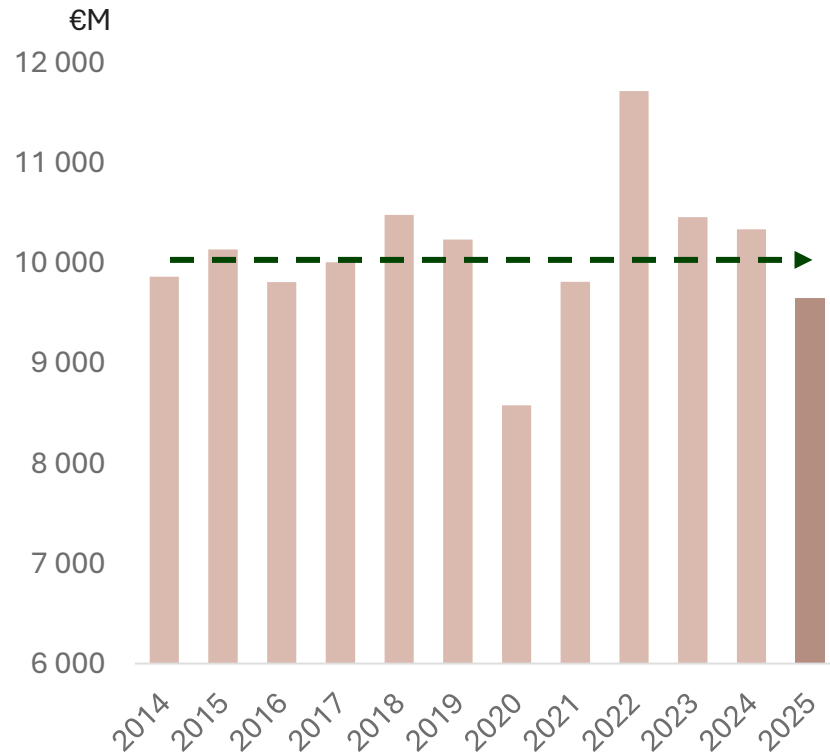
Maximizing value creation and cash flow

- World-class low-cost platform in Uruguay, with further cost optimization and capex-efficient debottlenecking potential
- Flexible platform in Finland

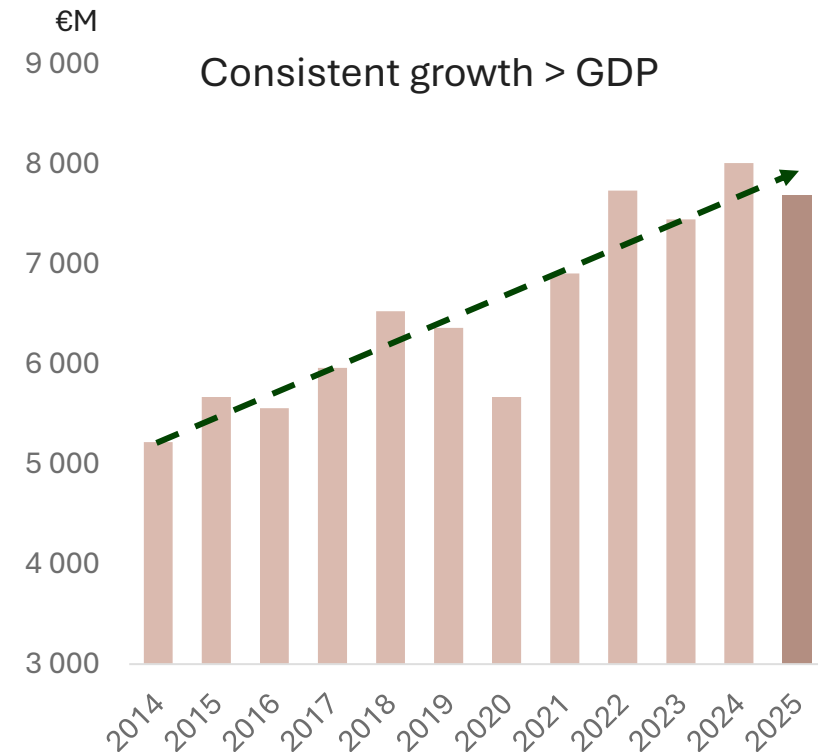
A focused portfolio to enable accelerated growth in the coming years



UPM sales



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



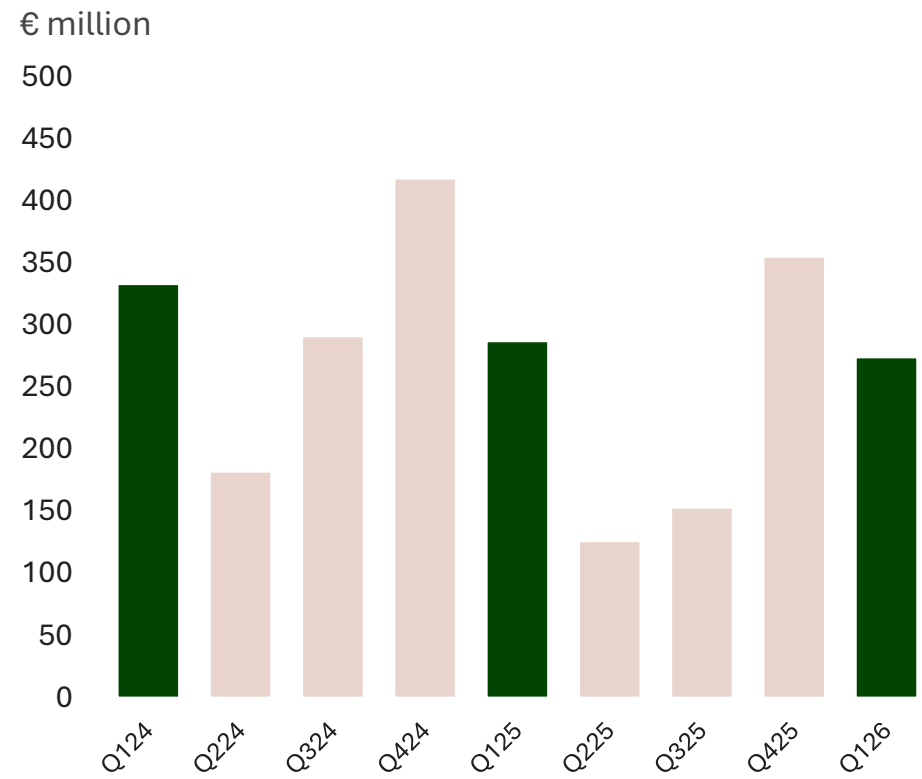
(* unconsolidated)

Q1 2026 in numbers

Sales and performance

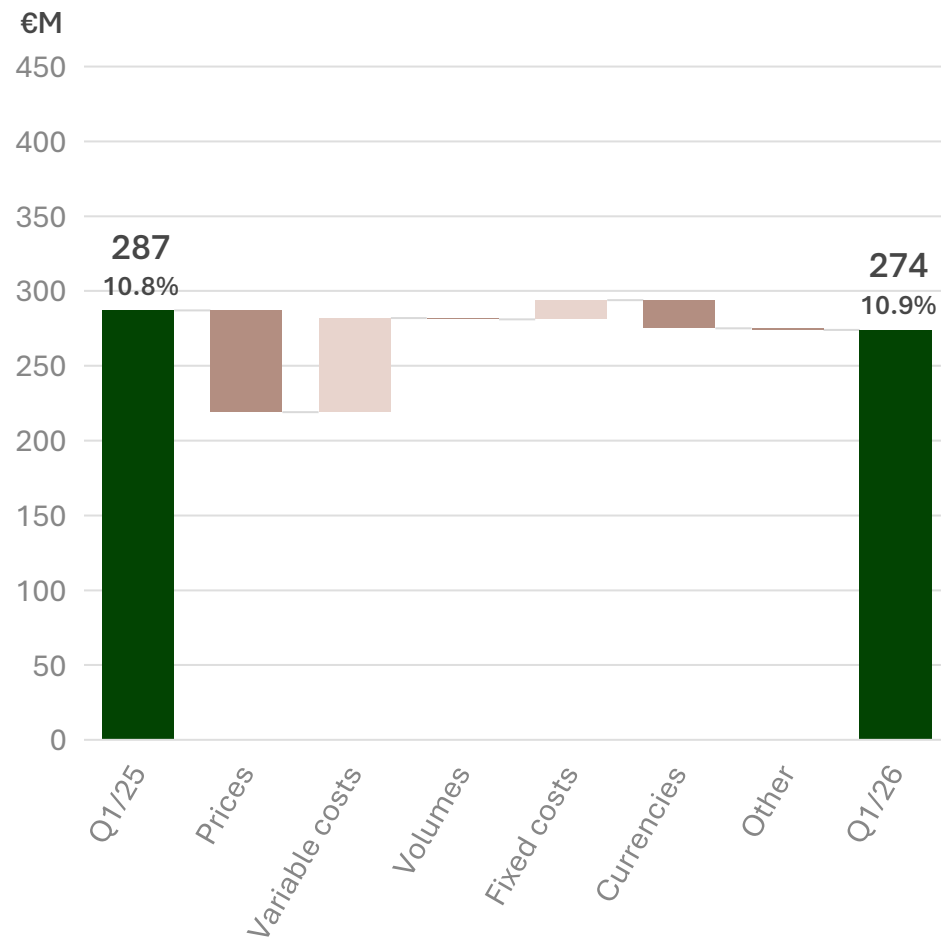
<p>Sales € million</p> <p>2,505</p> <p>-5%</p>	<p>Comparable EBIT € million</p> <p>274</p> <p>-5%</p>
<p>Operating cash flow € million</p> <p>89</p>	

Comparable EBIT

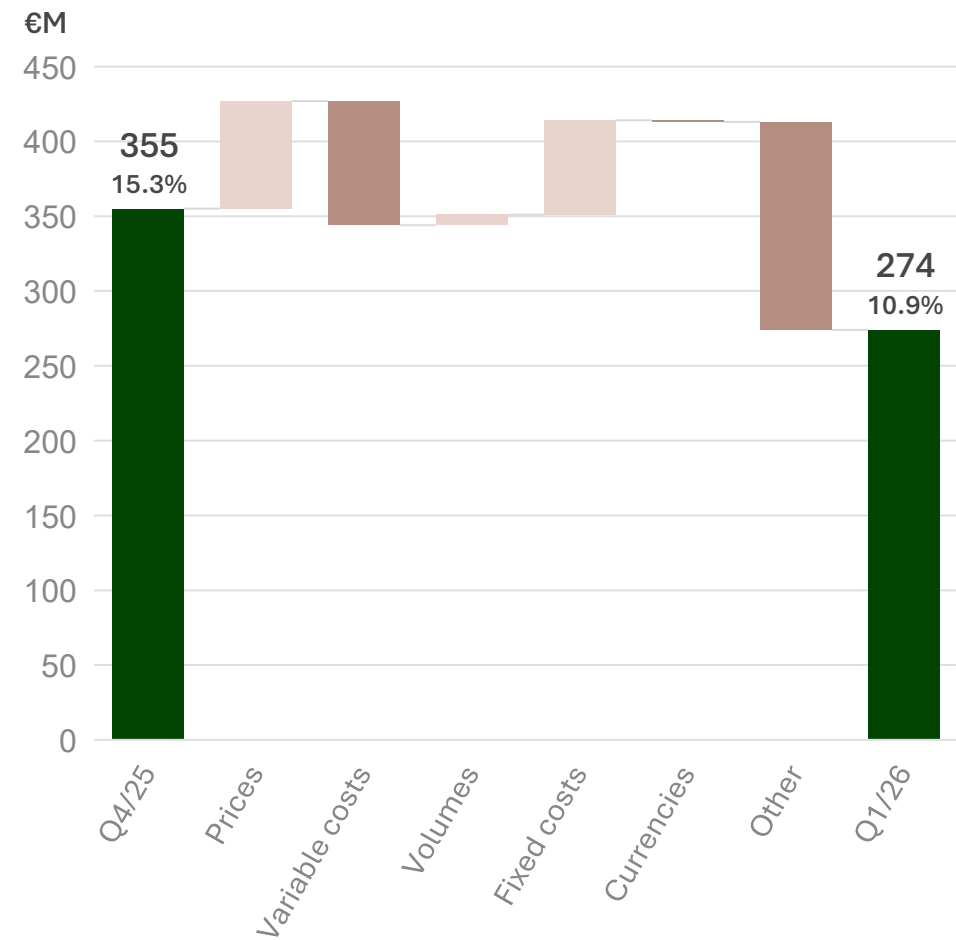


Comparable EBIT in Q1 2026

Q1 2026 vs. Q1 2025



Q1 2026 vs. Q4 2025



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 have 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 have been negative to comparable EBIT, compared with H1 2025.

Solid financial position



Balance sheet

Net debt

€ million March 31, 2026

2,962

Net debt / EBITDA ratio 2.30

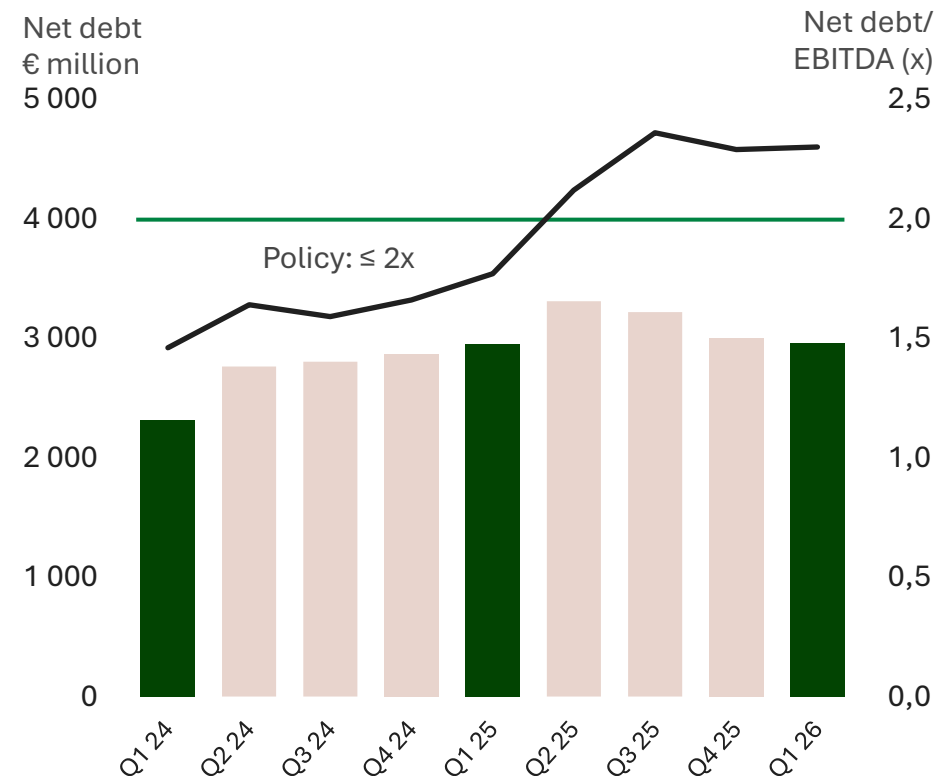
Cash funds

and unused credit facilities, € million

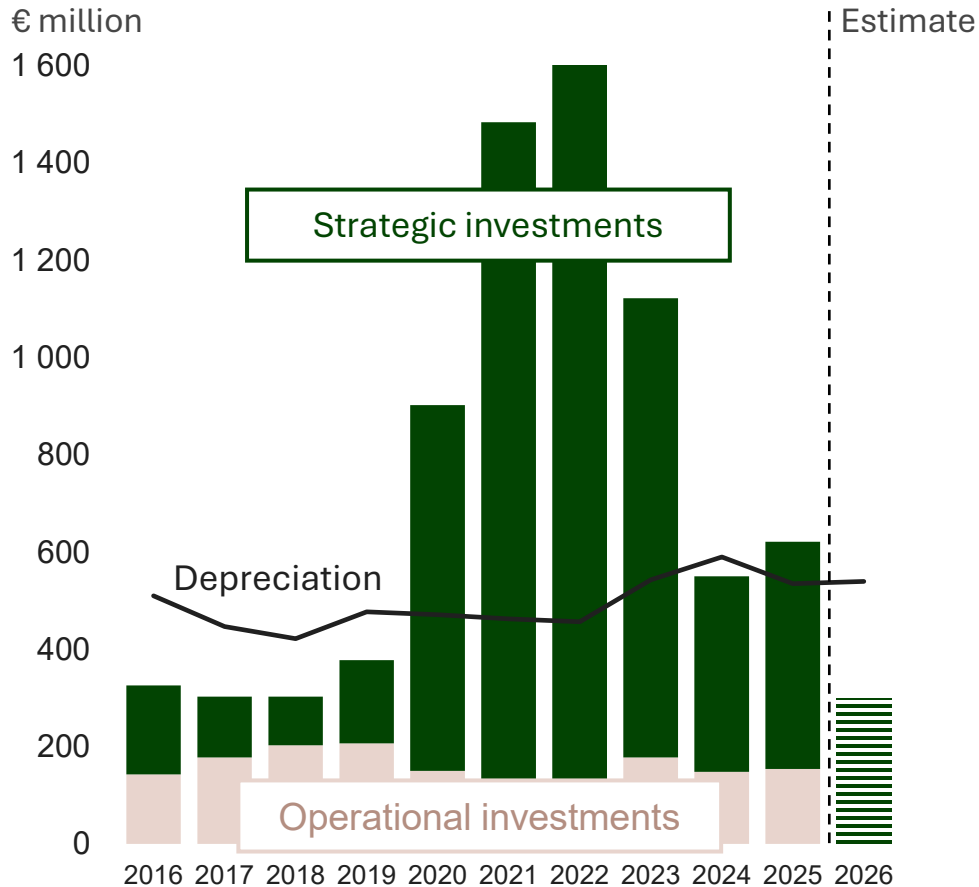
2,400

No financial covenants

Net debt and leverage



Low capital expenditure after the major investment cycle



Capital expenditure

Capex estimate for 2026
excl. acquisitions, € million

300

Operational investment needs consistently low



Summary



Good start to the year

- Excellent performance in decarbonization solutions
- Demerger plan announced for Plywood
- Preparations continue for the planned graphic paper Joint Venture
- With the portfolio initiatives, we aim to change the company profile, increasing its growth potential and margins



UPM

Foreign exchange exposure

Estimated 12-month net currency cash flow
at the end of Q1 2026, before hedging, € million

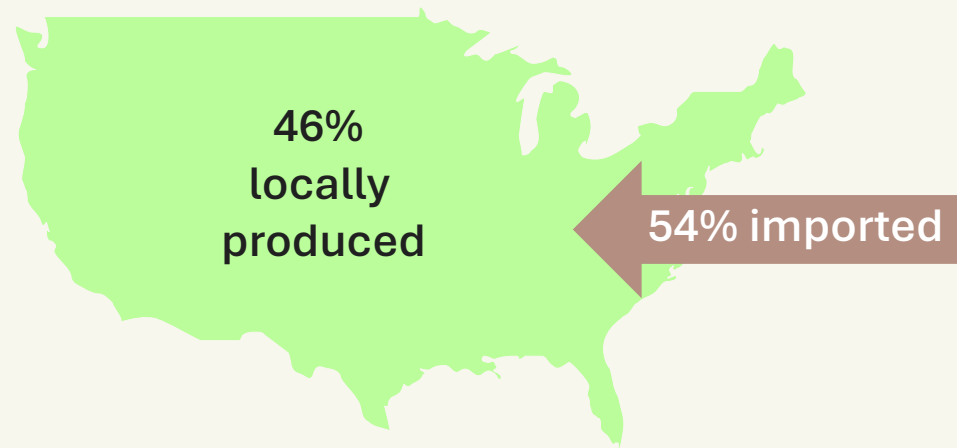
USD	1,395
UYU	-299
GBP	136
JPY	102
CNY	108
Others	127
Total	1,569

- At the end of Q1 2026, UPM's estimated net currency cash flows for the next 12 months totaled approximately €1,569 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

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.

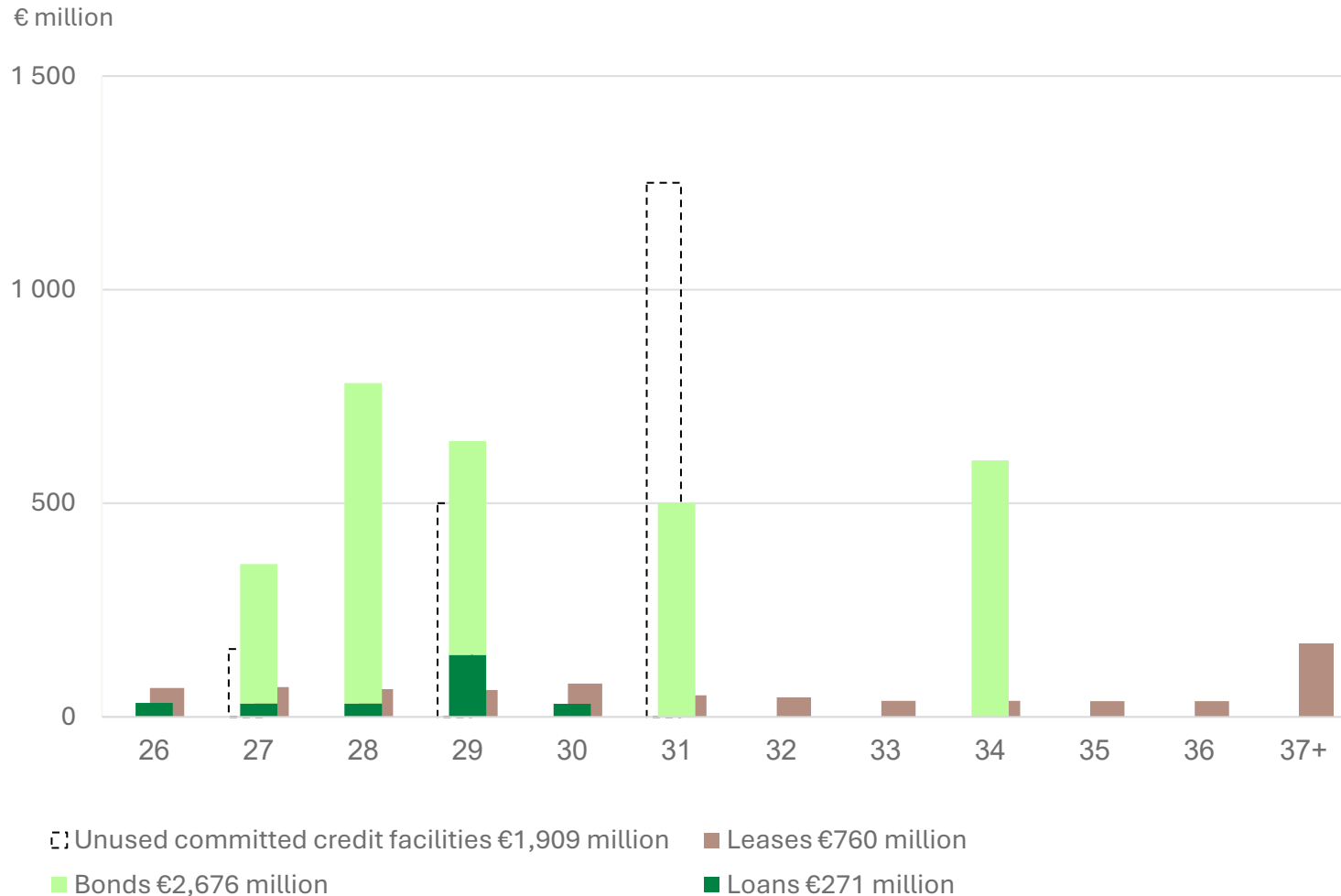
Maintenance shutdowns in 2026

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 31 March 2026 was €2.6 billion (cash funds and unused committed credit facilities)

UPM's committed credit facilities:

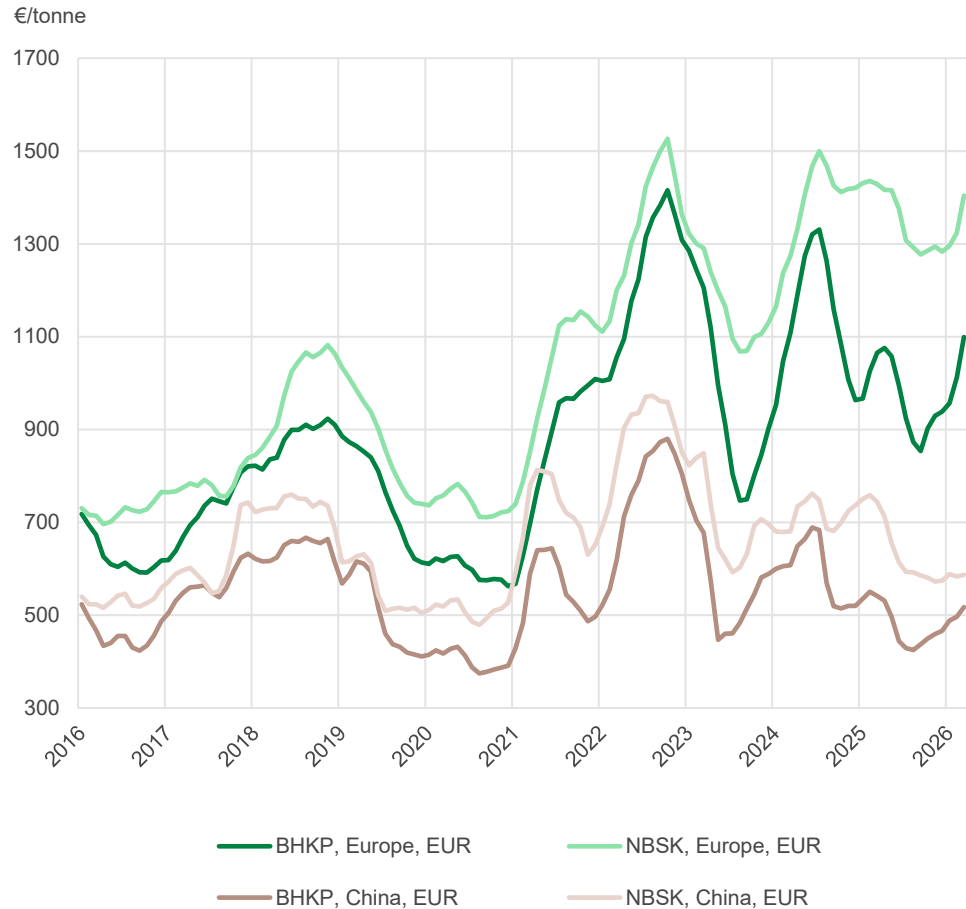
- €159 million rolling committed overdraft facility maturing 2027
- €500 million bilateral revolving credit facilities maturing 2029
- €1,250 million committed syndicated revolving credit facility maturing 2031

No financial covenants

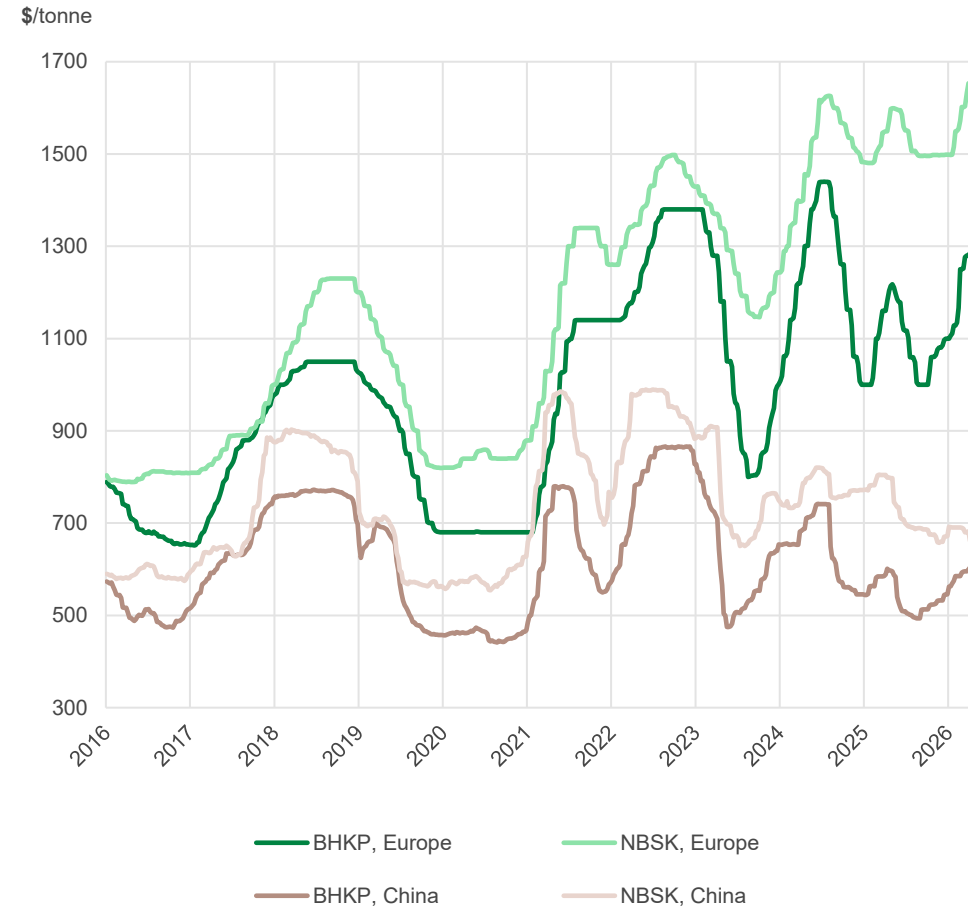


UPM Fibres: Chemical pulp market prices

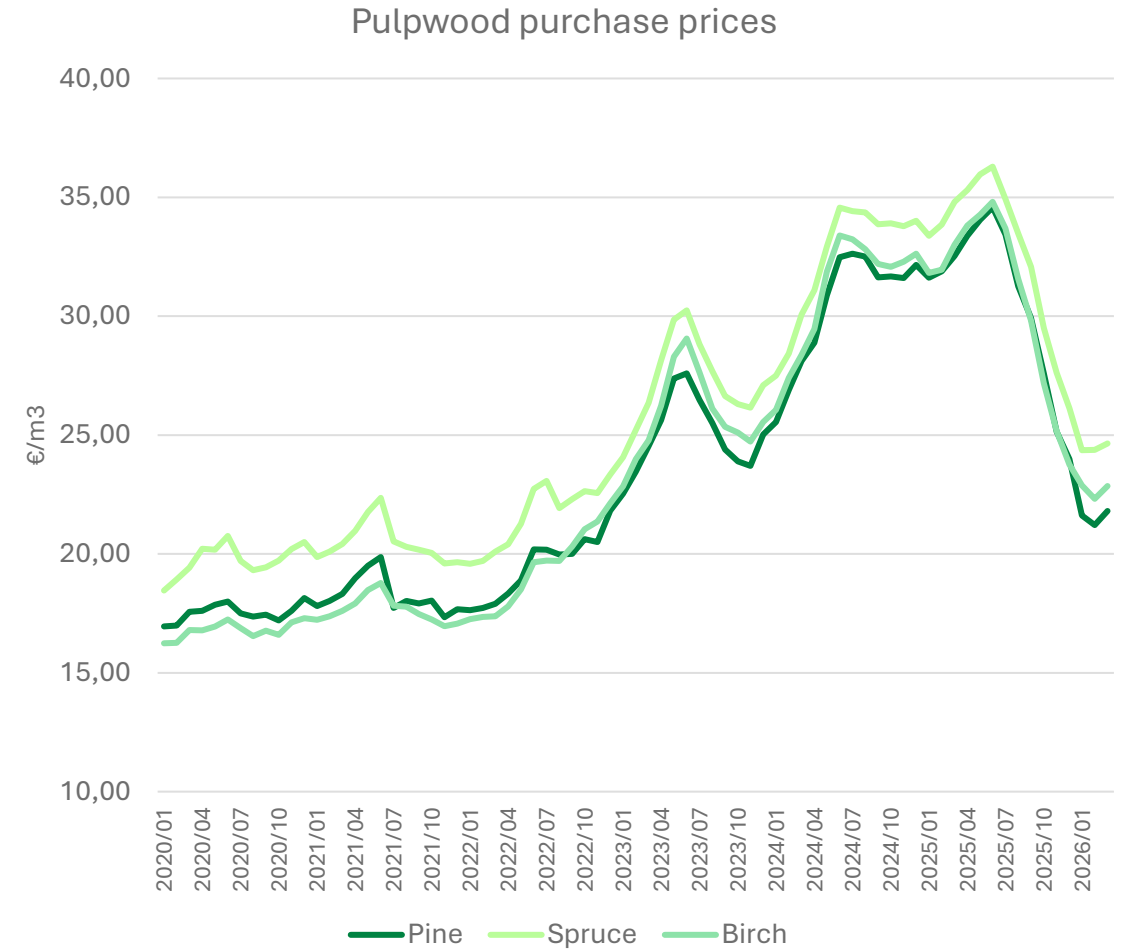
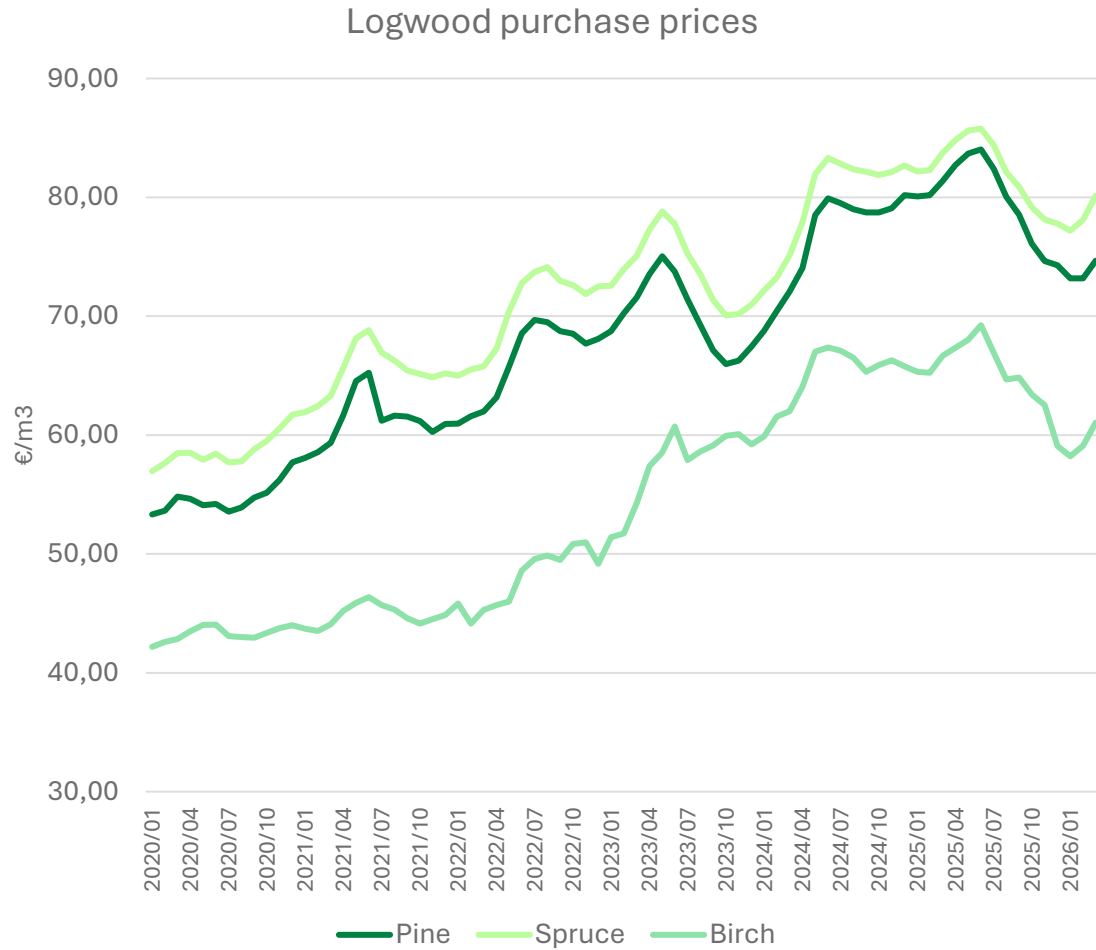
Pulp market prices, euros



Pulp market prices, U.S. dollars

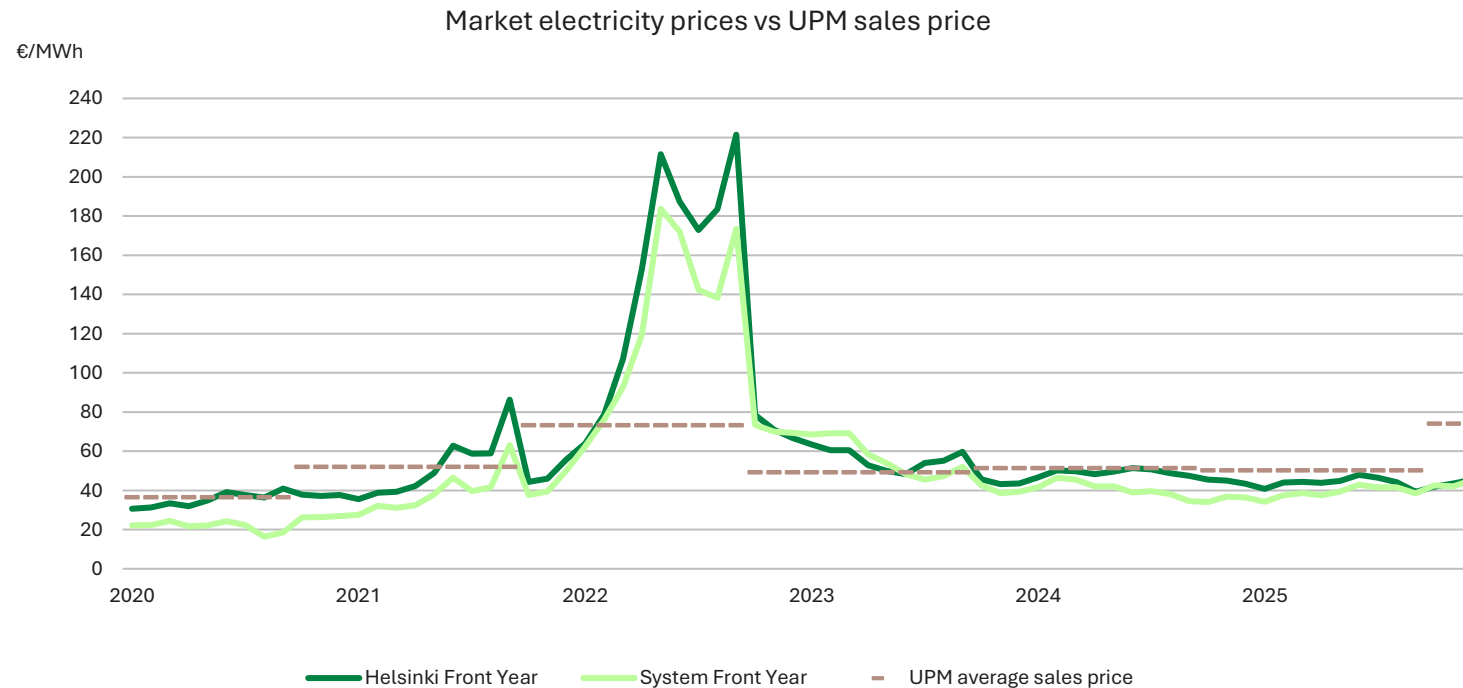


Market prices for wood in Finland have decreased



Source: Natural Resources Institute Finland

UPM Energy: Electricity market prices

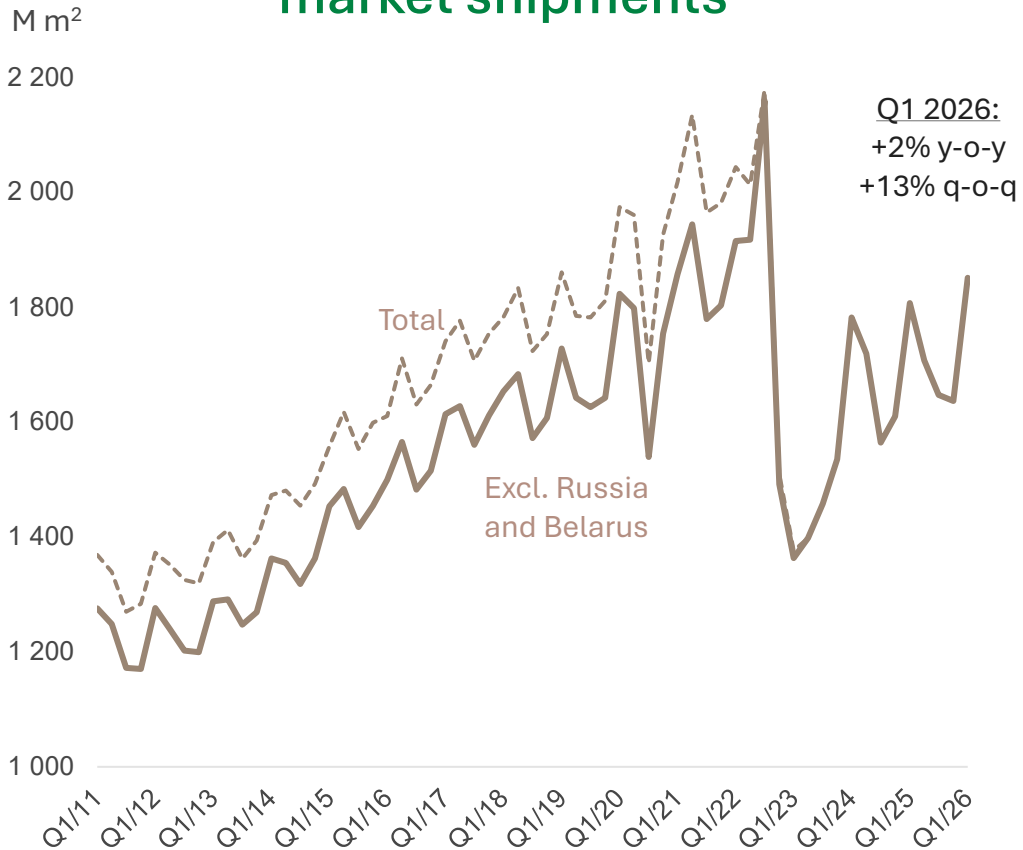


UPM Energy profitability	2021	2022	2023	2024	2025	Q1 2026
Comparable EBIT, EURm	270	381	182	181	151	100
% of sales	51.3	52.0	29.0	28.9	24.5	39.8



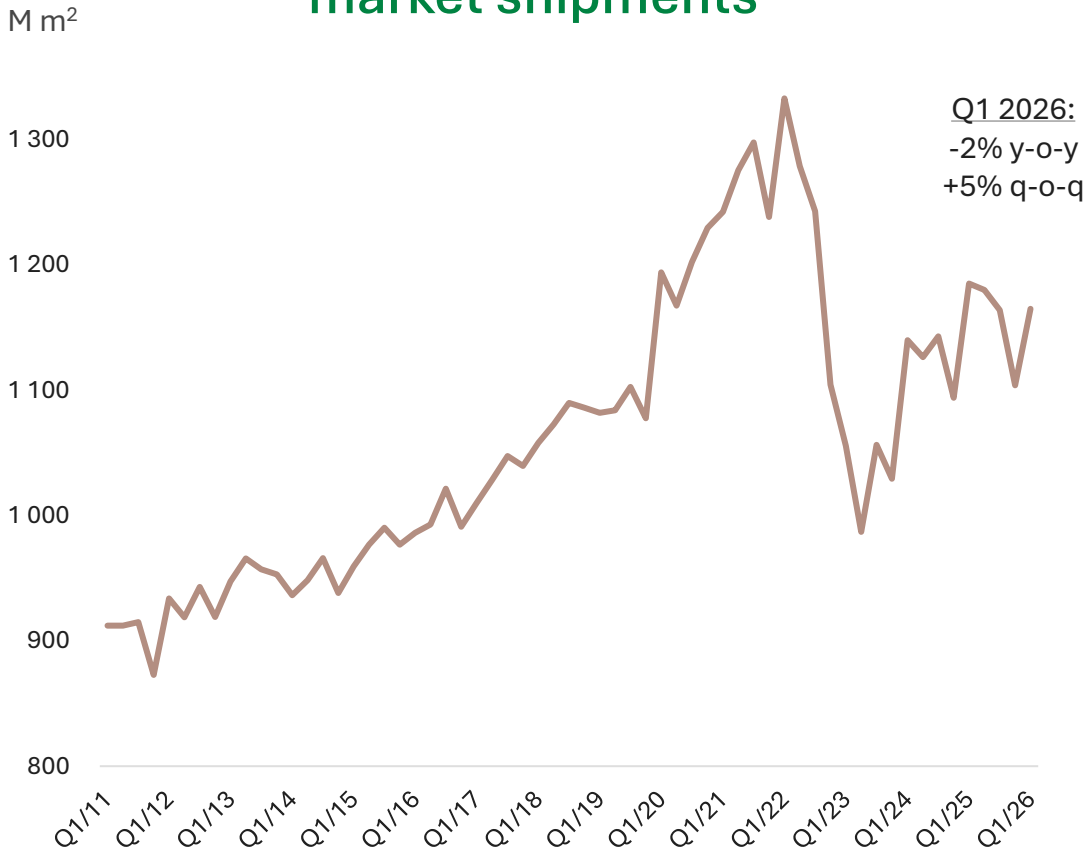
UPM Adhesive Materials: label materials demand

European market shipments



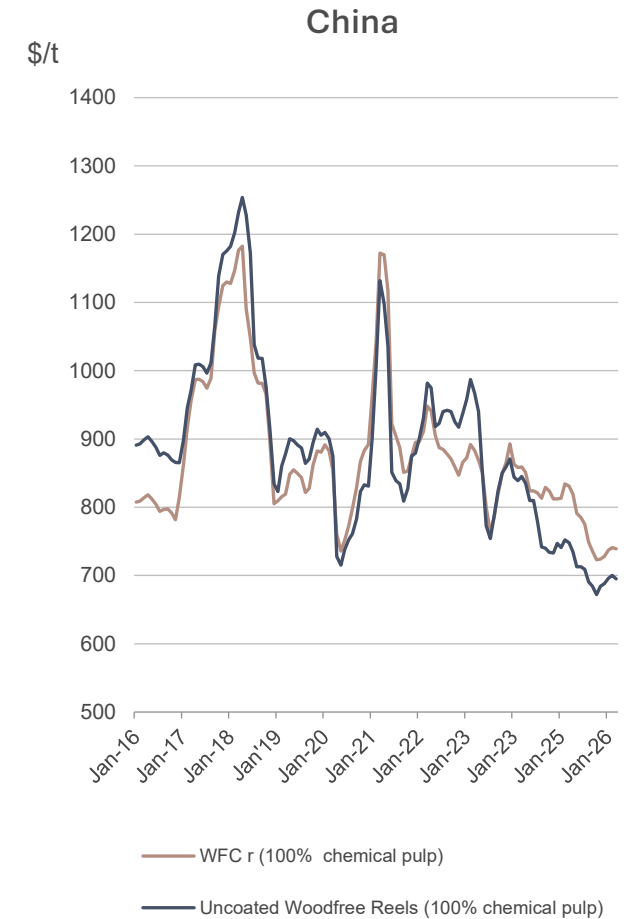
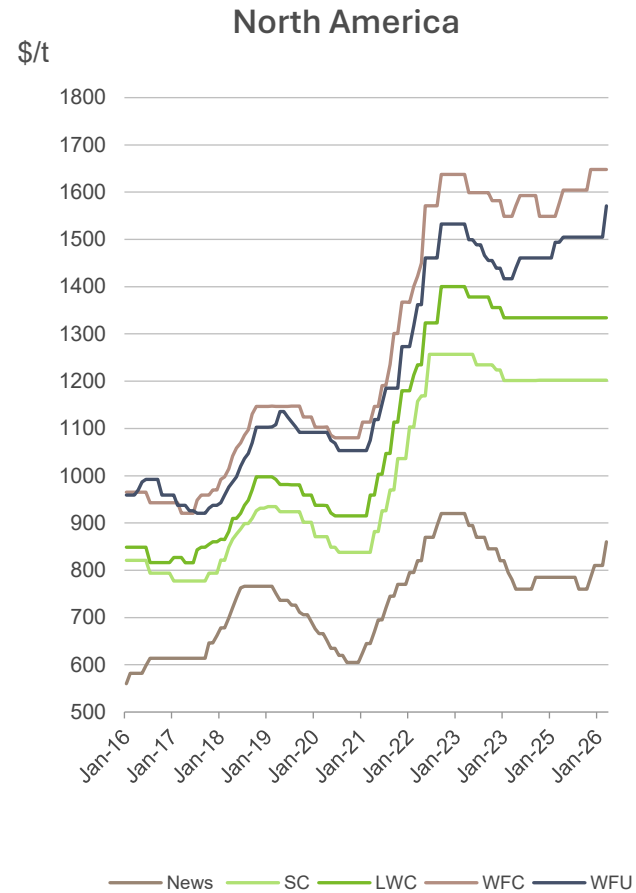
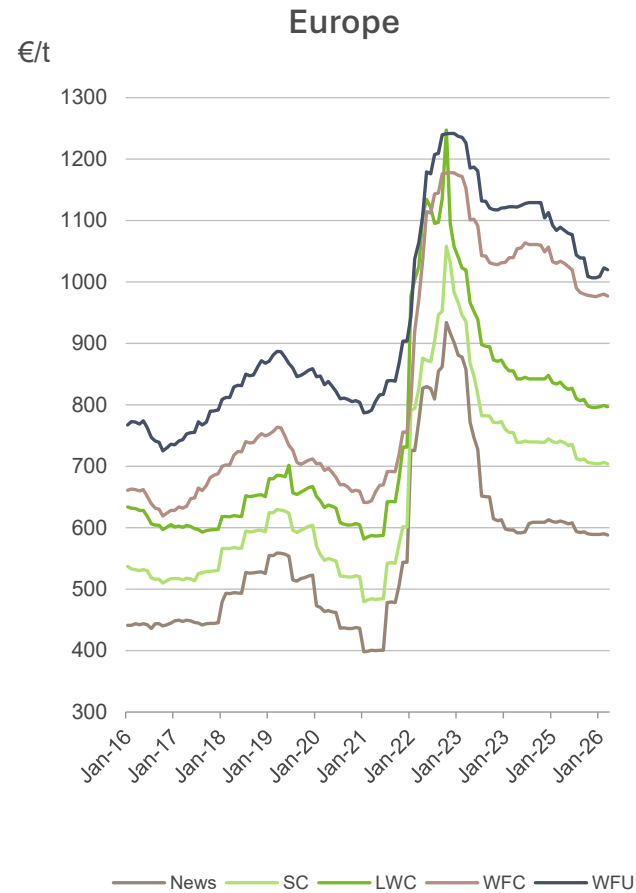
Source: FINAT

North American market shipments



Source: TLMI

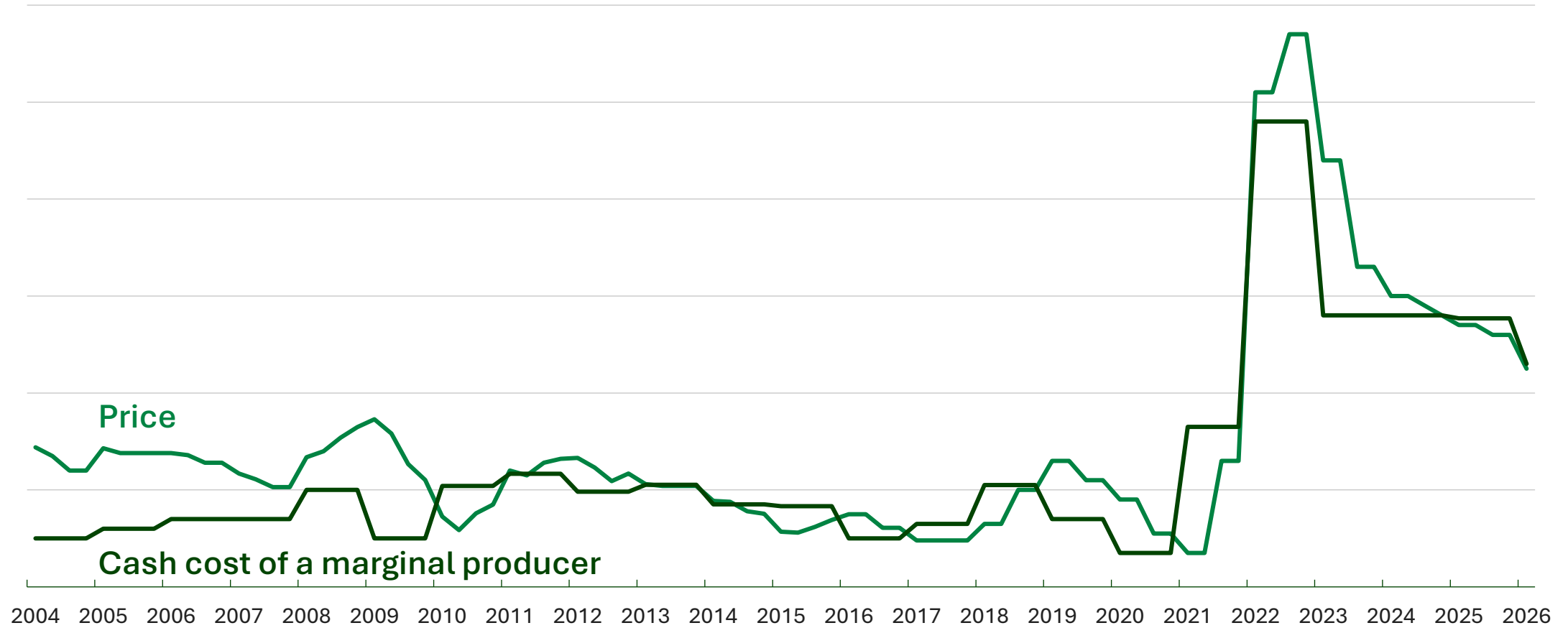
UPM Communication Papers: Graphic paper prices



Sources: PPI, RISI

Paper price vs. cash cost of marginal cost producer

EUR/tonne



Sources: UPM, PPI, Fastmarkets, AFRY



UPM