

UPM half year financial report 2026

CEO Massimo Reynaudo

July 23, 2026



Q2 2026 – improved results in all businesses, portfolio change progressing



- Sales from continuing operations totaled €2,355 million (2,341 million in Q2 2025)
- Comparable EBIT from continuing operations increased by 71% to €212 million, 9.0% of sales (124 million, 5.3%)
- All businesses improved their results y-o-y
- UPM and Sappi signed a definitive agreement on the graphic paper Joint Venture
- The Board approved a plan to demerge the Plywood business into a new listed company. The EGM to decide on the demerger plan will be held on August 31, 2026

UPM Plywood is presented as discontinued operations

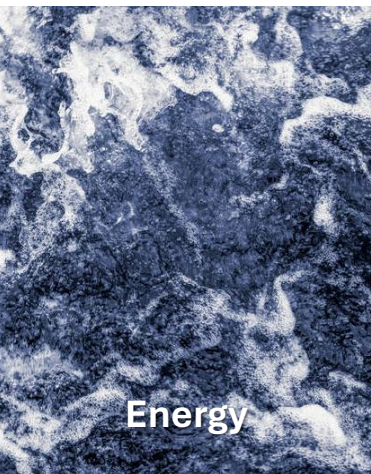
Decarbonization solutions: strong results in Biofuels, ramp-up in Biochemicals, Energy improved y-o-y



Markets

Actions

Results



Energy

Electricity consumption growth continued in Finland, +5% LTM to May

Q2 followed normal seasonality

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

Maximize value in the volatile markets

Clean baseload electricity offering for large new demand

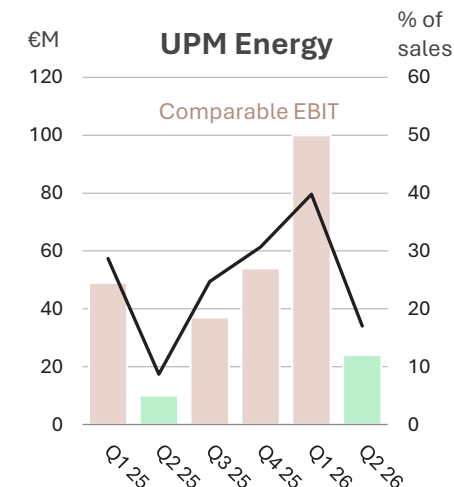
New renewable energy development pipeline

Sites suitable for data centers and other industrial actors

Q2 2026 comparable EBIT €24 million, 17% of sales

H1 2026 comparable EBIT €124 million, 32% of sales

OL1&2 maintenance shutdowns in Q2



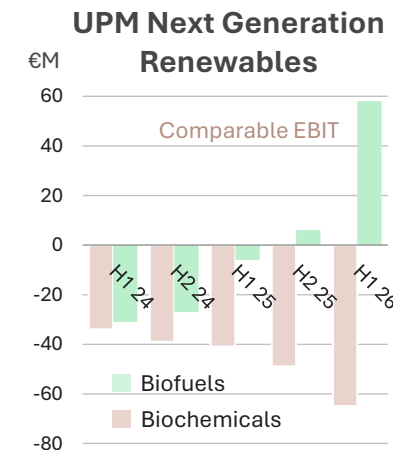
Good demand and healthy bio-premiums for advanced renewable fuels

Elevated fossil fuel prices in Q2

Capex-efficient debottlenecking Qualification process for SAF

Proprietary feedstock technologies development

Biofuels posted strong results, H1 2026 comparable EBIT €58 million, 35% of sales



Next Generation Renewables

Robust demand and sales pipeline for biochemicals products

Leuna: deliveries of industrial sugars have reached substantial volumes, deliveries of RFF and other lignin derivatives are expected to start during Q3

Biochemicals ramp-up ongoing, H1 2026 comparable EBIT €-65 million

Advanced materials: robust sales growth and results



Markets

Actions

Results



Adhesive
Materials

Strong Q2 label materials demand in Europe (+14% yoy) and Asia Pacific, with some support from stock buying

Slower demand growth (+1% yoy) in North America

Actions to sharpen competitiveness

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

Q2 2026 sales grew by 5% comparable EBIT €44 million, 10% of sales

H1 2026 comparable EBIT €70 million, 9% of sales



Specialty
Materials

Good Q2 demand for label, release base and packaging papers in Europe

The U.S. markets were softer

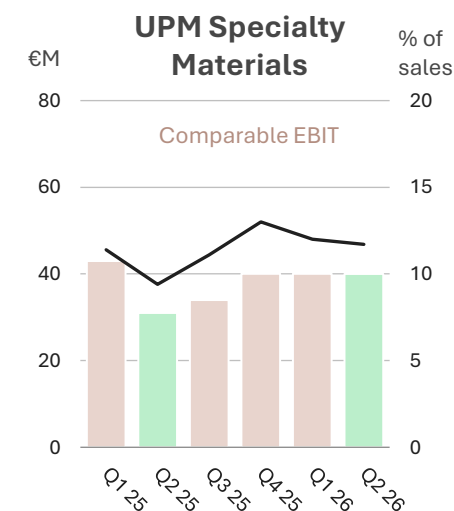
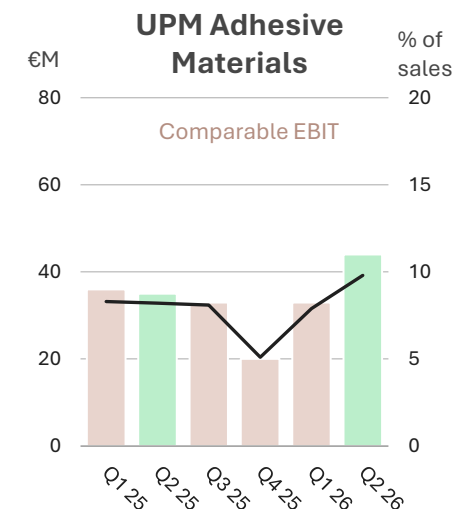
Specialty paper markets in Asia were good, fine paper markets competitive

Barrier papers' product development pipeline strengthened

Capacity to grow with low investments

Q2 2026 sales grew by 4%, comparable EBIT €40 million, 12% of sales

H1 2026 comparable EBIT €80 million, 12% of sales



Renewable fibres: further improved results in Fibres South, challenging markets and maintenance in Fibres North



Markets

Actions

Results



Global hardwood pulp shipments
-2% yoy in Apr-May/2026

Hardwood pulp market prices
increased gradually

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

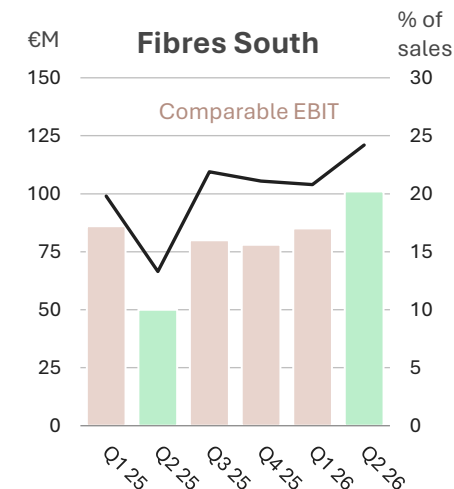
Planning capex-efficient
debottlenecking

World-class competitiveness

Fully offset increases in
logistics and other costs

Q2 2026 comparable EBIT
€101 million, 24% of sales

H1 2026 comparable EBIT
€187 million, 23% of sales



Global softwood pulp shipments
+4% yoy in Apr-May/2026

Low softwood pulp market prices
continued

Pulpwood market prices in
Finland stabilized in H1, at
approx. 30% lower yoy

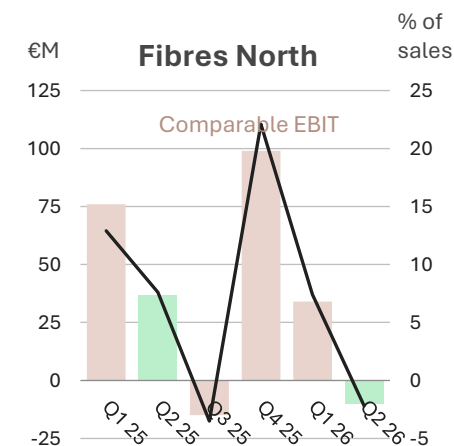
Temporary shut-downs planned
for H2 2026 to optimize
production and wood sourcing,
and ensure profitability

Wood costs decreased, sales
prices and currencies weaker

UPM Pietarsaari maintenance
shutdown in Q2

Q2 2026 comparable EBIT €-10
million

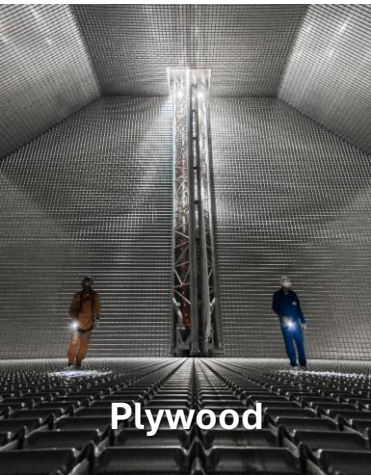
H1 2026 comparable EBIT €24
million, 3% of sales



Communication Papers and Plywood: solid Q2 performance, graphic paper Joint Venture, plywood demerger plans progress



Communication Papers



Plywood

Markets

European demand for graphic papers -3% yoy in Q2

North American demand for magazine and coated wood free papers in April-May flat yoy

Actions

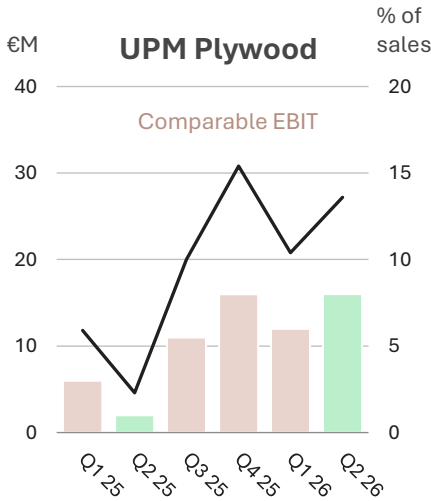
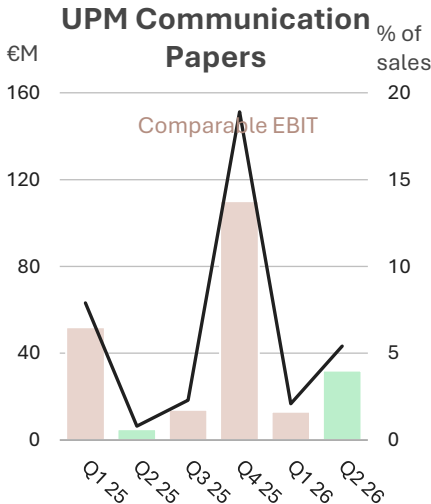
UPM and Sappi signed a definitive agreement on the graphic paper Joint Venture

Lower fixed costs, following the closures in Q4

Results

Q2 2026 comparable EBIT €32 million, 5% of sales

H1 2026 comparable EBIT €45 million, 4% of sales



Q2 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

Demerger plan of UPM Plywood announced

The EGM to decide on the plan will be held on August 31, 2026

Q2 2026 comparable EBIT €16 million, 14% of sales

H1 2026 comparable EBIT €29 million, 12% of sales

UPM Plywood is presented as discontinued operations

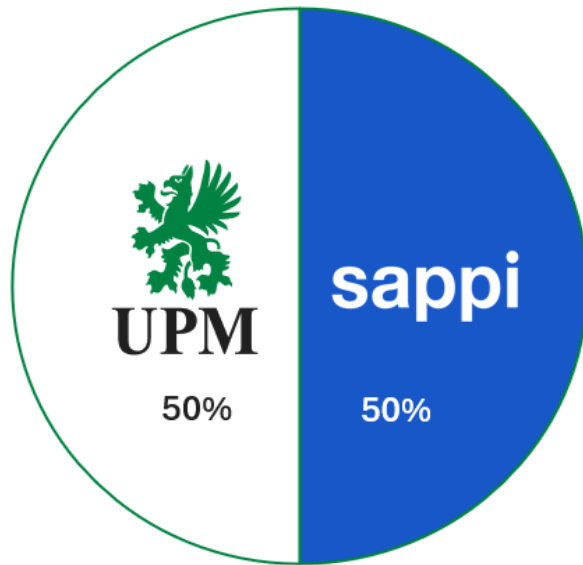


UPM Plywood demerger plan to separate it into a new independent listed company



- WISA Group Plc to be listed on Nasdaq Helsinki in early November, with initially the same shareholder base as UPM
- Demerger and listing prospectus available on www.upm.com/demerger
- The EGM to decide on the demerger plan will be held on August 31, 2026
- Financial targets for WISA Group
 - Sales over €550 million by 2030
 - Comparable EBIT, 13% of sales by 2030
 - Net debt / Comparable EBITDA under 1.5x
 - Dividend policy: around 50% of the profit for the financial year as a dividend
- Increase UPM shareholder value by
 - WISA Group solely pursuing its own strategic priorities and growth opportunities
 - Increasing visibility into key value drivers facilitates fair valuation of the business
 - Enhancing UPM's focus on its core businesses

Definitive agreement signed and financing secured for the planned graphic paper Joint Venture



- UPM Communication Papers and Sappi's graphic paper business in Europe
- Subject to merger control and other conditions
- 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

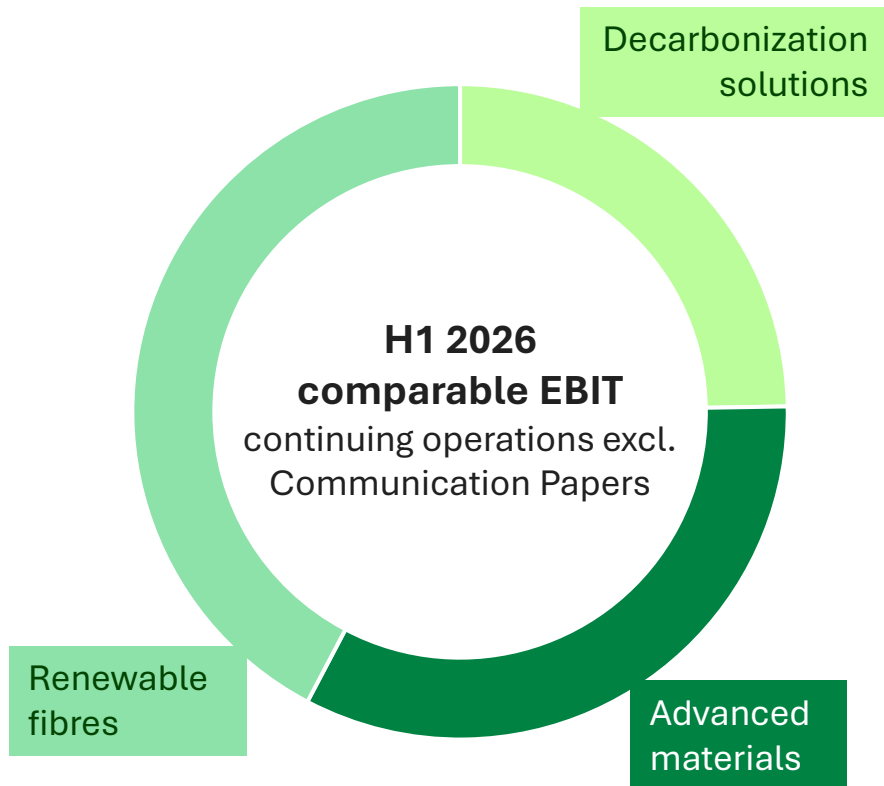
Combined enterprise value, excl. synergies

Enterprise value

€ million

1,420

With the portfolio initiatives, we 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 decrease CO₂ emissions

Healthy, predictable and profitable growth

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

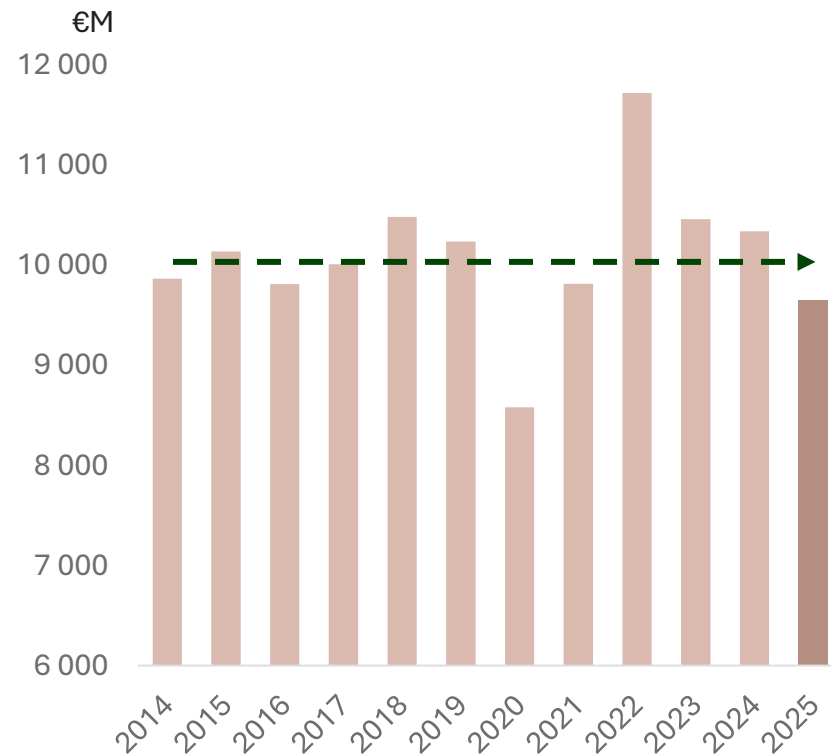
Maximizing value creation and cash flow

- World-class competitive platform in Uruguay, with further cost optimization and capex-efficient debottlenecking potential
- Multi-fibre offering through flexible platform in Finland

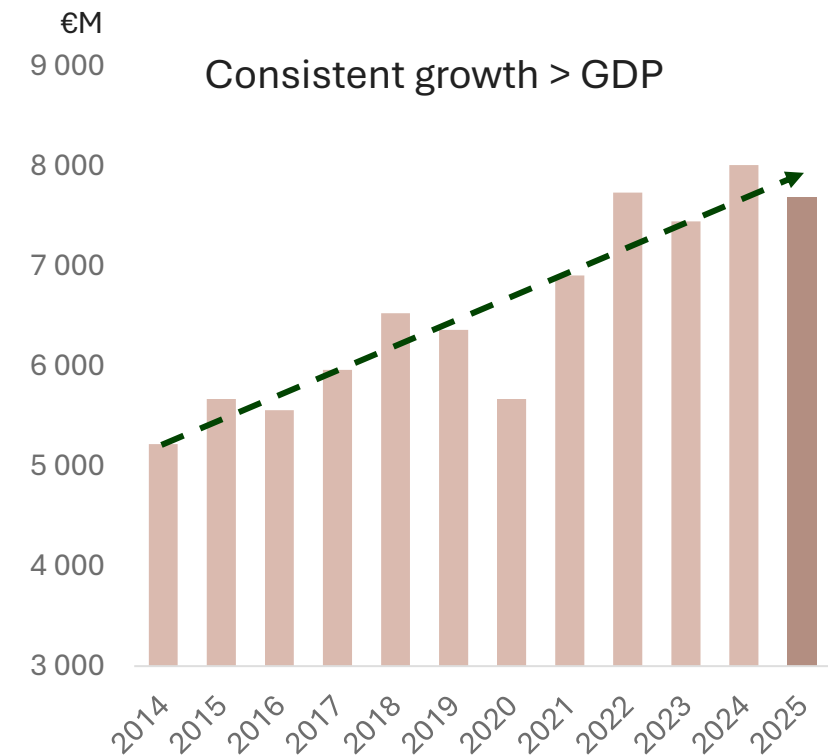
A focused portfolio to enable accelerated growth in the coming years



UPM sales



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



^(*) unconsolidated

Continuing and discontinued operations, UPM total in the Half year financial report 2026



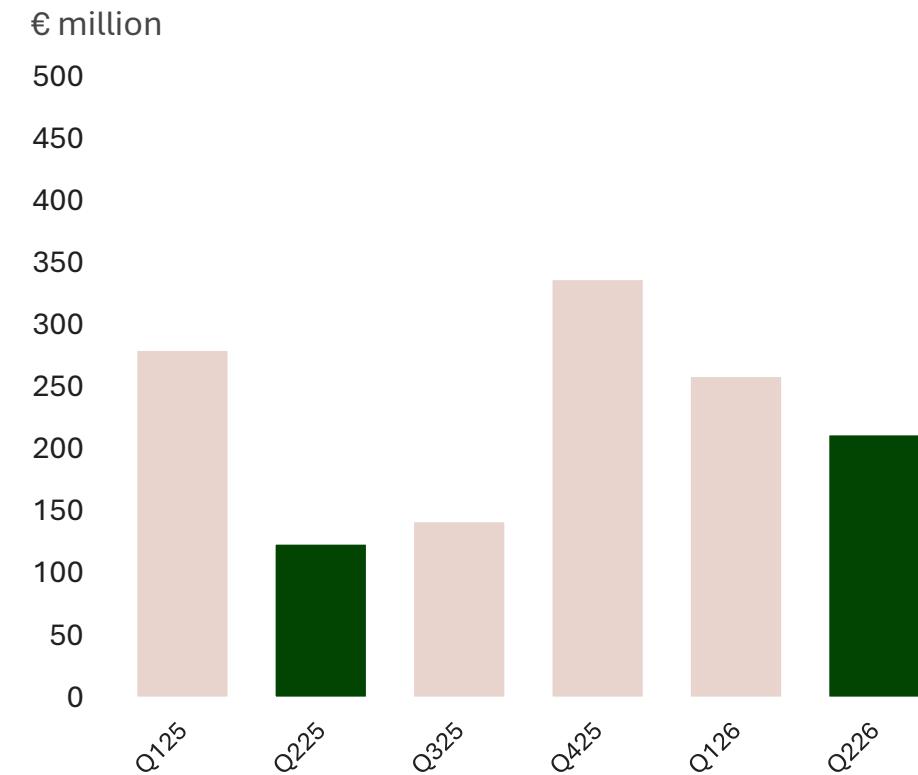
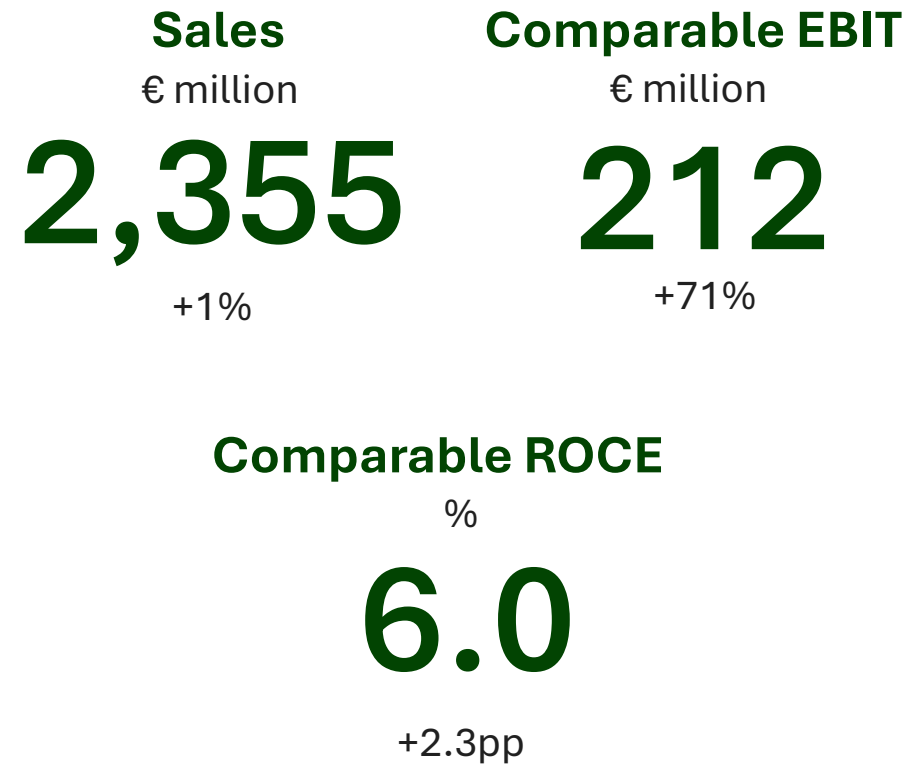
€ million	Q2 2026	Q2 2025	H1 2026	H1 2025	2025
Sales, continuing	2,355	2,341	4,781	4,914	9,392
Sales, discontinued operations	84	59	164	132	264
Sales, total	2,440	2,400	4,945	5,046	9,656
Comparable EBITDA, continuing	356	250	732	659	1,254
% of sales	15.1	10.7	15.3	13.4	13.4
Comparable EBITDA, discontinued operations	20	7	39	19	57
% of sales	23.3	11.9	24.0	14.8	21.5
Comparable EBITDA, total	376	257	771	678	1,311
% of sales	15.4	10.7	15.6	13.4	13.6
Comparable EBIT, continuing	212	124	471	404	883
% of sales	9.0	5.3	9.8	8.2	9.4
Comparable EBIT, discontinued operations	18	2	33	9	38
% of sales	21.4	3.2	20.2	6.9	14.4
Comparable EBIT, total	230	126	504	413	921
% of sales	9.4	5.2	10.2	8.2	9.5

- UPM Plywood is presented as discontinued operations due to the proposed demerger
- The financial information presented for discontinued operations is not representative of the historical or future profitability of the UPM Plywood business area as a stand-alone business

Q2 2026 in numbers, continuing operations

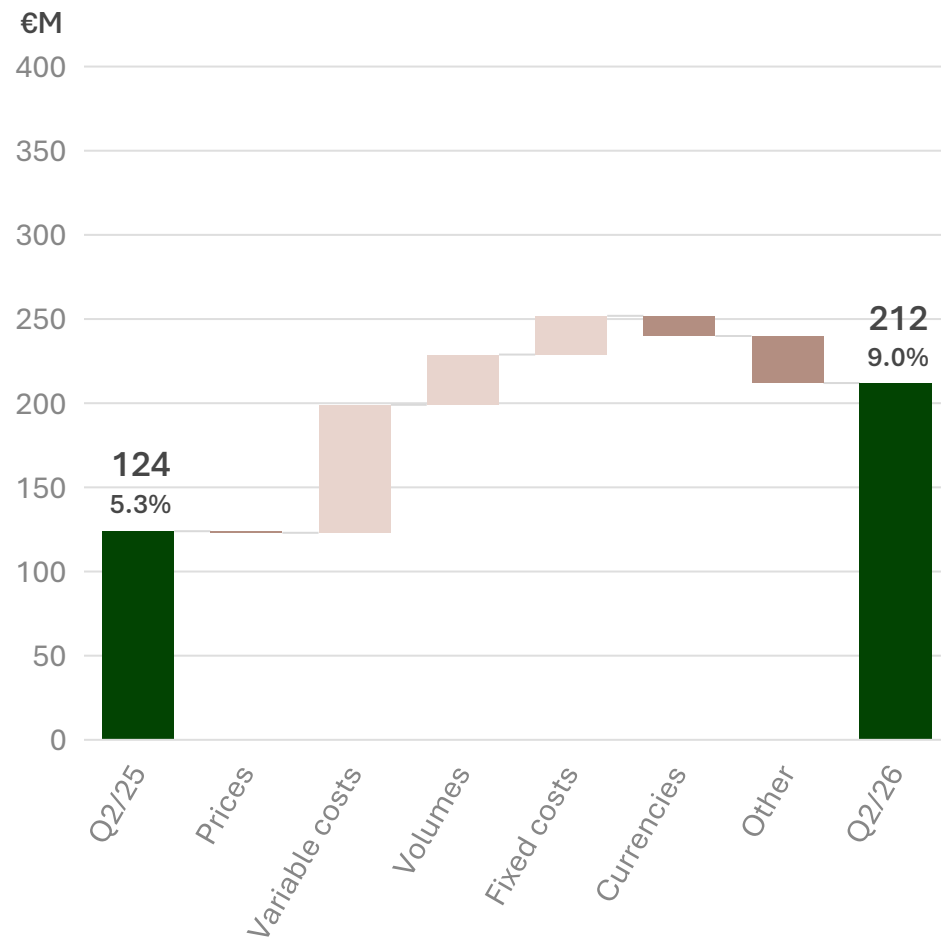
Sales and performance

Comparable EBIT

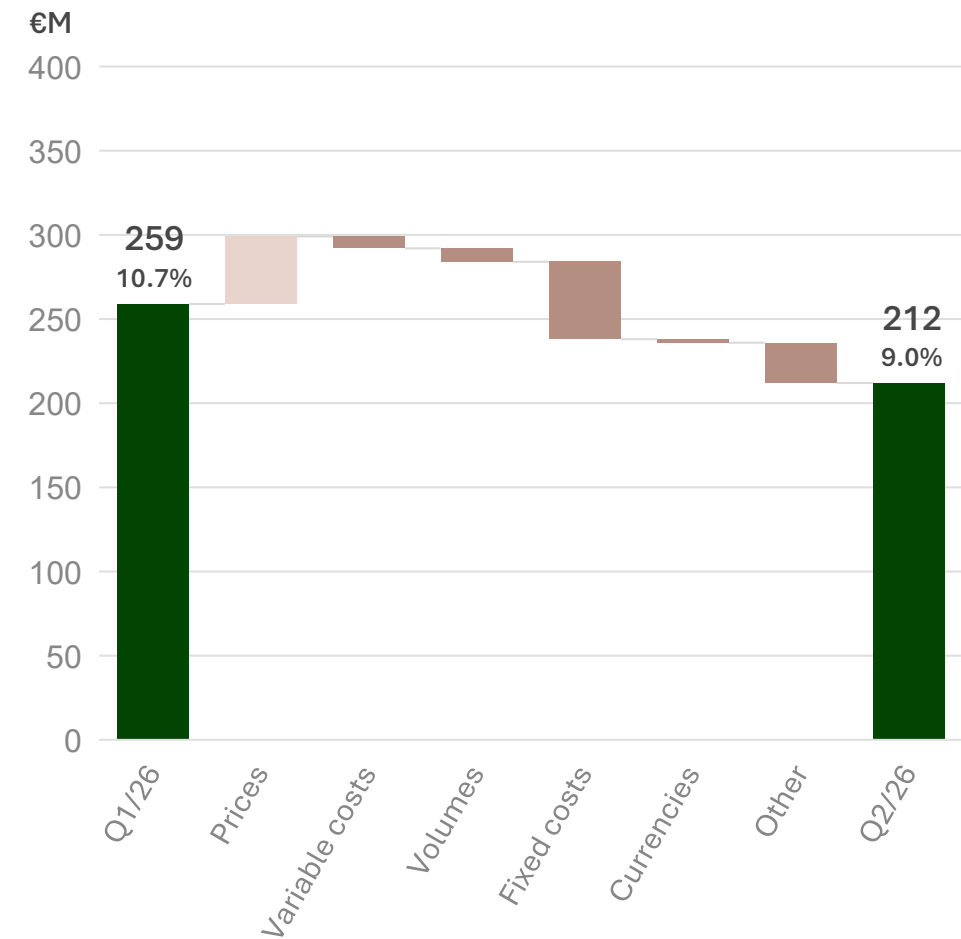


Comparable EBIT in Q2 2026, continuing operations

Q2 2026 vs. Q2 2025



Q2 2026 vs. Q1 2026



H1 2026 operating cash flow temporarily impacted by working capital, items affecting comparability

Cash flow ⁽¹⁾

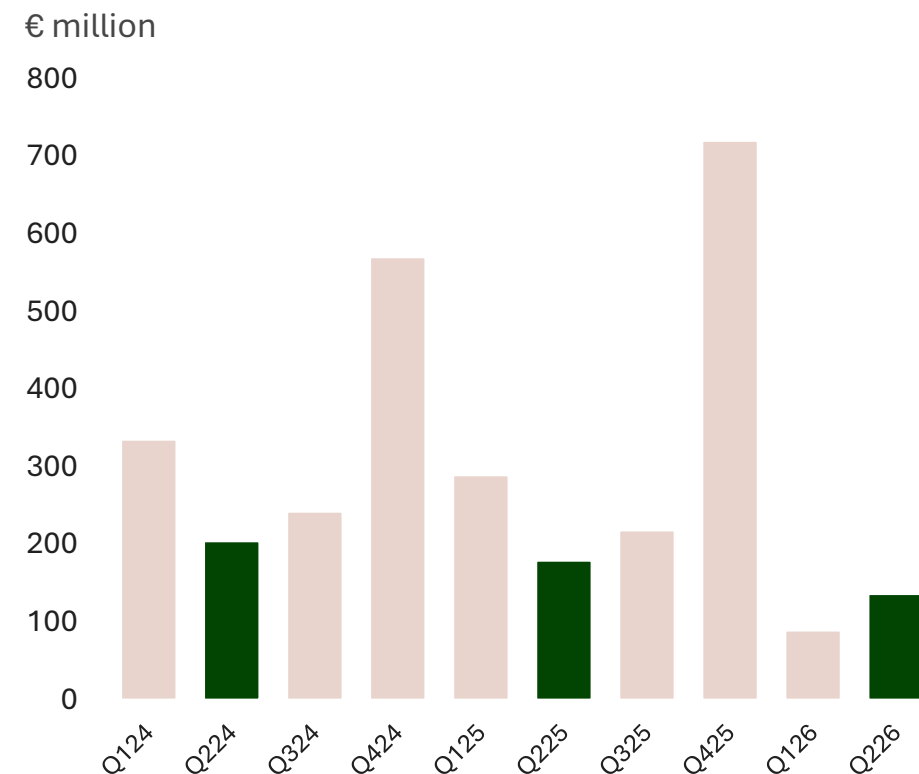
€ million	Q1-Q2 2026	Change yoy
Comparable EBITDA	771	+93
Utilised provisions	-67	-16
Other adjustments	5	-73
Change in working capital	-339	-242
Finance costs, taxes	-145	-4
Operating cash flow	225	-242
Investing cash flow	-115	+191
Free cash flow	110	-51

Working capital outflow partly seasonal, partly driven by the 7% higher sales achieved from H2 2025 to H1 2026.

Significant restructuring in H2 2025 with cash impact now.

Other adjustments include items affecting comparability, e.g. related to the transformational projects.

Operating cash flow ⁽¹⁾



⁽¹⁾ includes continuing and discontinued operations

Solid financial position

Balance sheet

Net debt ⁽¹⁾

€ million June 30, 2026

3,313

Net debt / EBITDA ratio 2.36

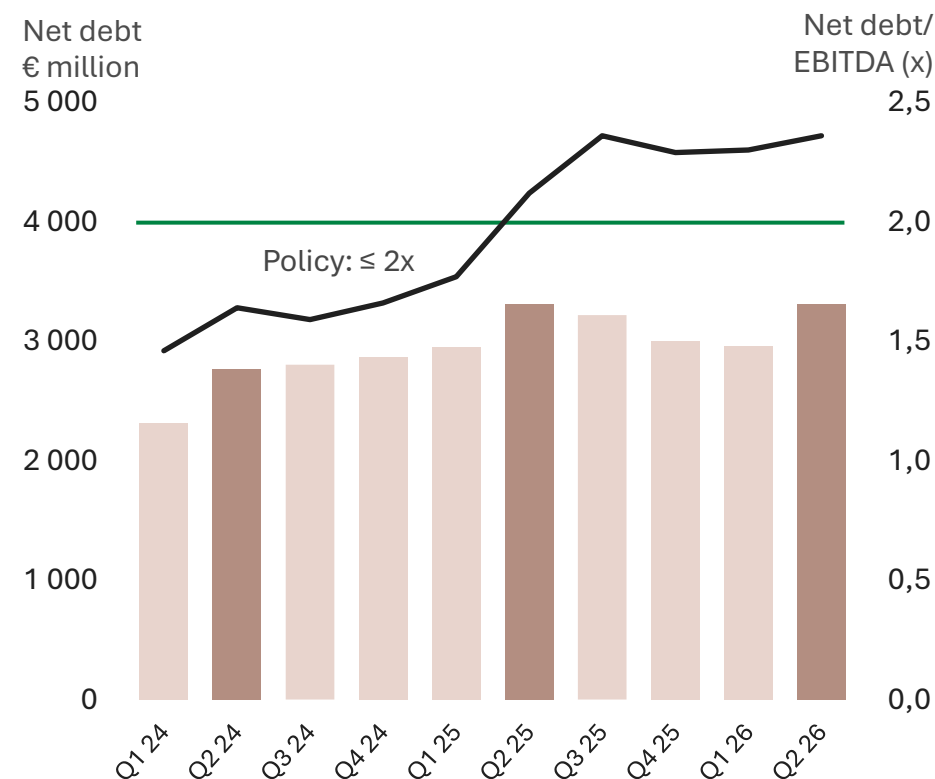
Cash funds

and unused credit facilities, € million

2,300

No financial covenants

Net debt and leverage ⁽¹⁾



⁽¹⁾ includes continuing and discontinued operations

Outlook (*)

- **Profit guidance:** UPM's comparable EBIT in H2 2026 from continuing operations is expected to be approximately in the range of €375-575 million (€479 million in H2 2025, and €471 million in H1 2026). These figures exclude UPM Plywood, which is classified as discontinued operations.
- **Outlook:** In H2 2026, compared with H1 2026, UPM's performance is expected to be supported by moderately higher sales prices. Variable costs are expected to increase moderately. Energy refunds are expected to support UPM Communication Papers' result in Q4. Maintenance activity is expected to increase from the comparison period. The production ramp-up at UPM Leuna is expected to increase costs.
- In H2 2026, compared with H2 2025, UPM's performance is expected to benefit from higher sales prices. Variable costs are expected to increase moderately. Fair value change of forest assets is expected to have a significantly smaller impact on comparable EBIT in H2 2026 than in H2 2025 (€131 million). The energy refunds to be booked in UPM Communication Papers in Q4 are anticipated to have a somewhat smaller positive impact than in 2025. Maintenance activity is expected to increase from the comparison period. The production ramp-up at UPM Leuna is expected to increase costs.

(*) see UPM Half Year Financial Report 2026
for the full Guidance, Outlook and sensitivities



Summary



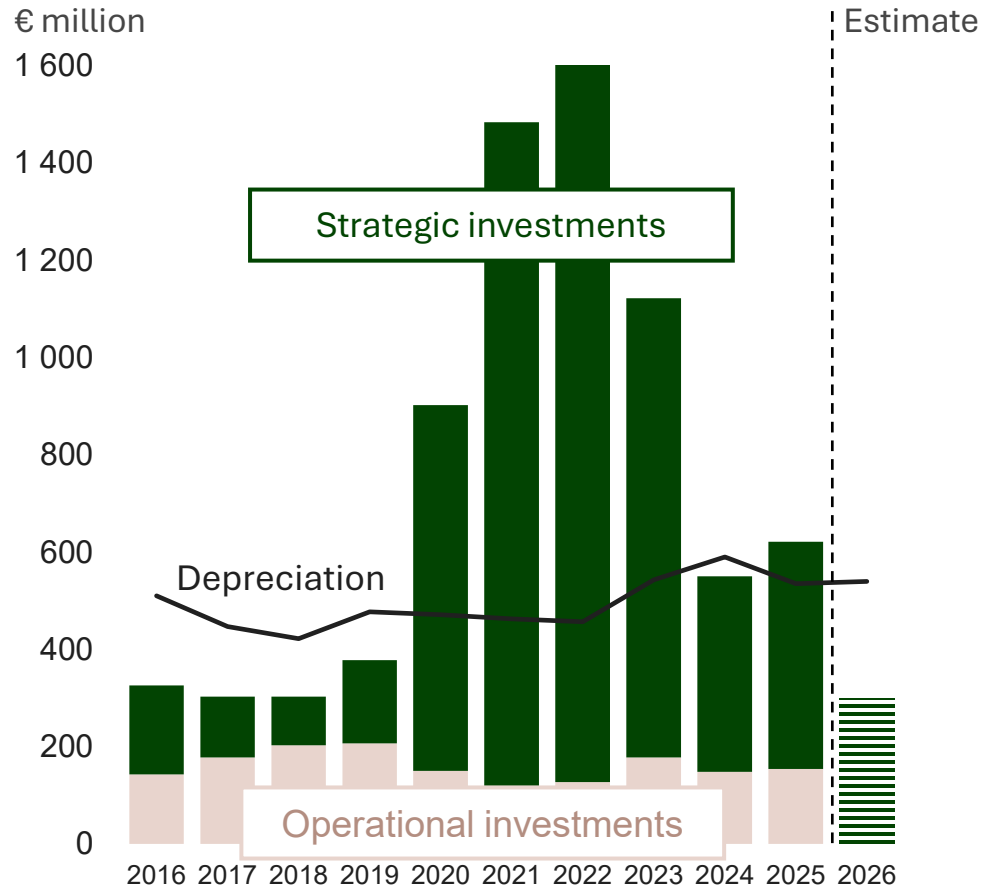
Improved Q2 results in all businesses, portfolio change progressing

- Increased volumes, margin management and efficiency measures supported profitability in the inflationary business environment
- Demerger plan announced for Plywood. The EGM to decide on the demerger plan will be held on August 31, 2026
- Preparations continue for the graphic paper Joint Venture, definitive agreement signed
- With the portfolio initiatives, we aim to change the company profile, increasing its growth potential and margins



UPM

Low capital expenditure after the major investment cycle



Capital expenditure

Capex estimate for 2026

excl. acquisitions, € million

300

**Operational investment
needs consistently low**

Estimated 12-month net currency cash flow
at the end of Q2 2026, before hedging, € million

USD	1,380
UYU	-308
GBP	141
JPY	108
CNY	85
Others	113
Total	1,519

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 Q2 2026, UPM's estimated net currency cash flows for the next 12 months totaled approximately €1,519 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

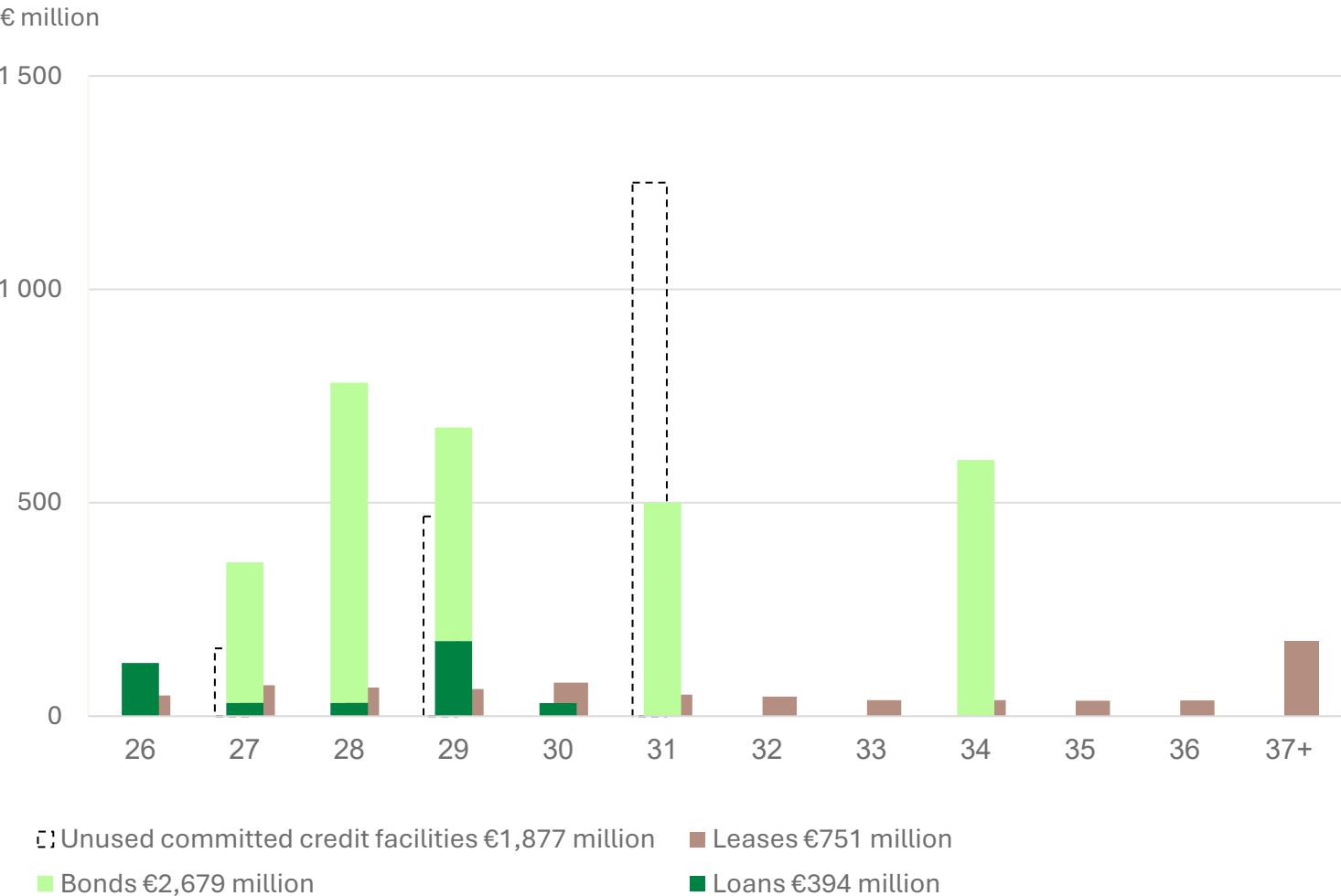
Maintenance shutdowns in 2026

Timing	Unit
Q2/26	Olkiluoto nuclear power plant units OL1 and OL2 UPM Pietarsaari pulp mill
Q3/26	UPM Lappeenranta biorefinery
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 30 June 2026 was €2.3 billion (cash funds and unused committed credit facilities)

UPM's committed credit facilities:

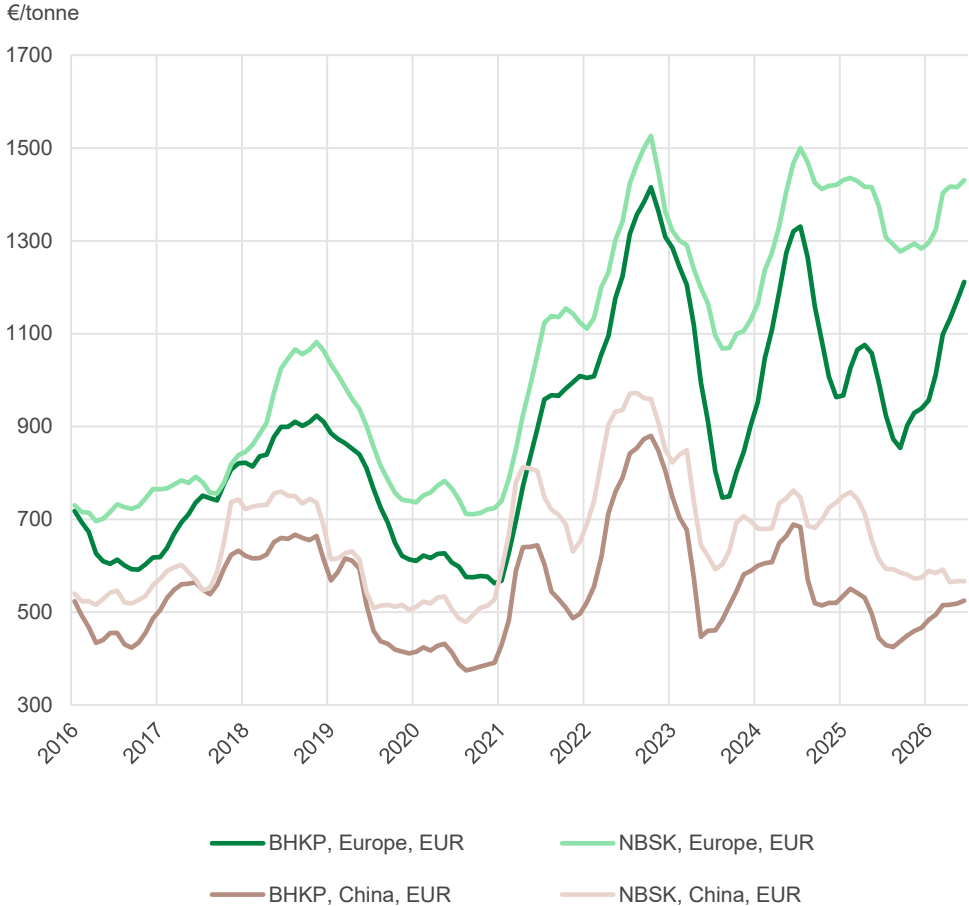
- €159 million rolling committed overdraft facility maturing 2027
- €500 million bilateral revolving credit facilities maturing 2029
- €1,250 million committed syndicated revolving credit facility maturing 2031

No financial covenants

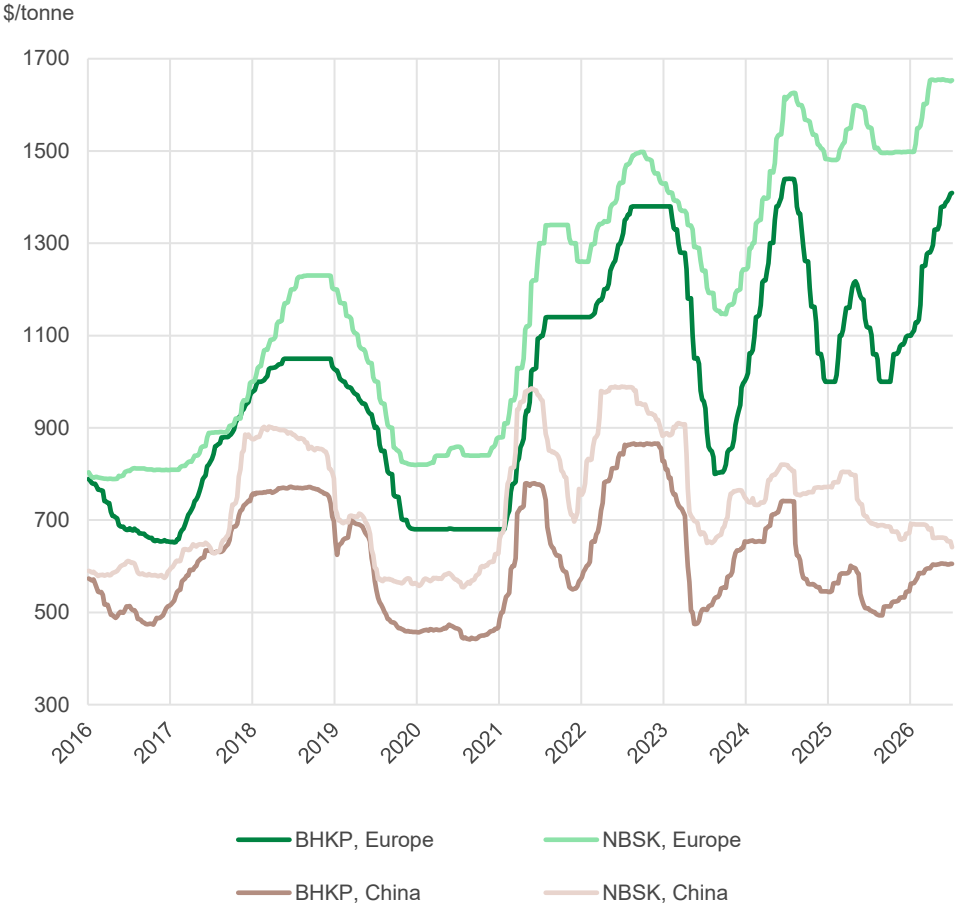
UPM Fibres: Chemical pulp market prices



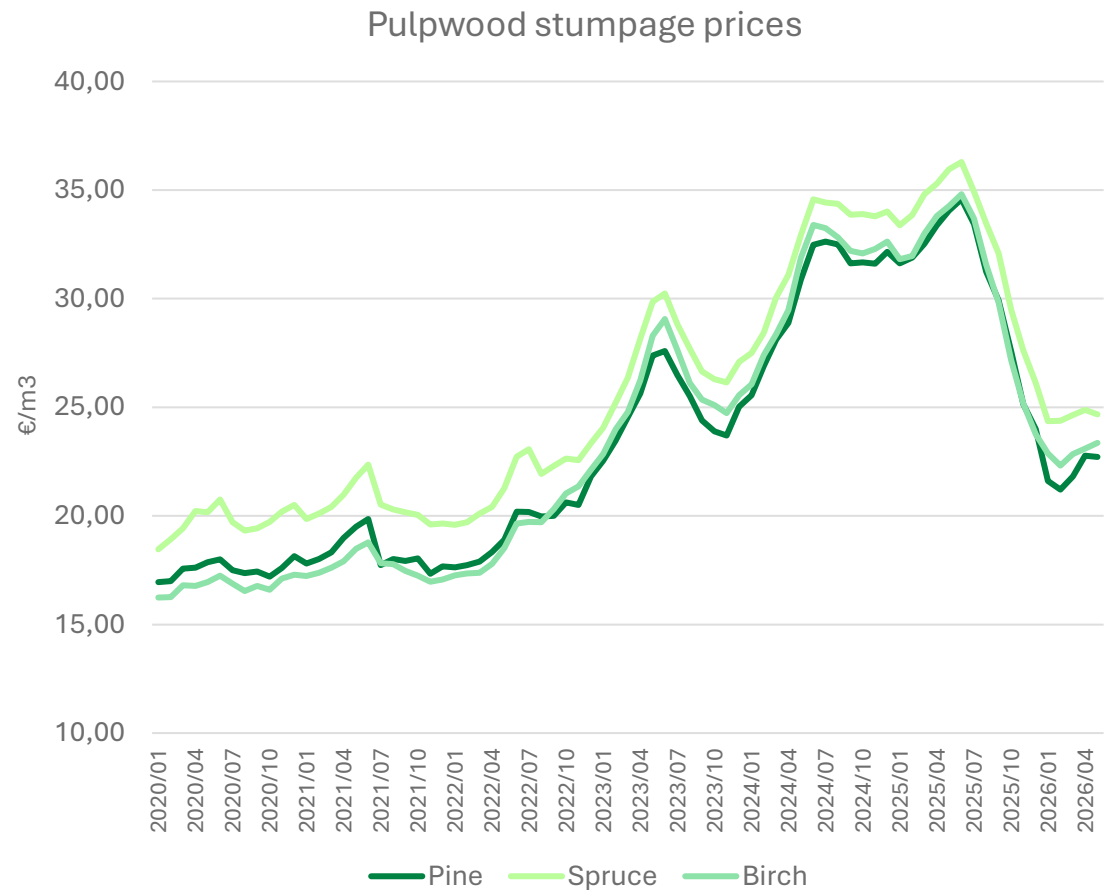
Pulp market prices, euros



Pulp market prices, U.S. dollars

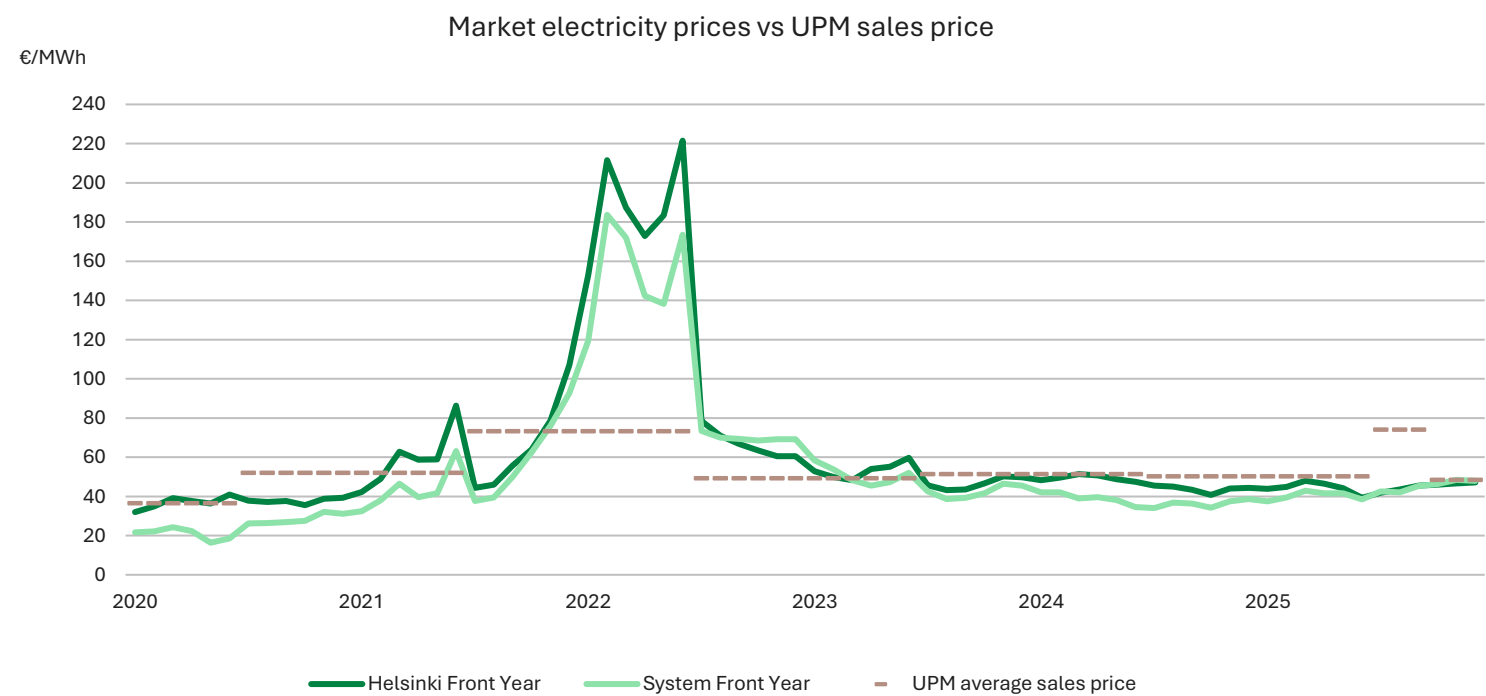


Wood market prices in Finland



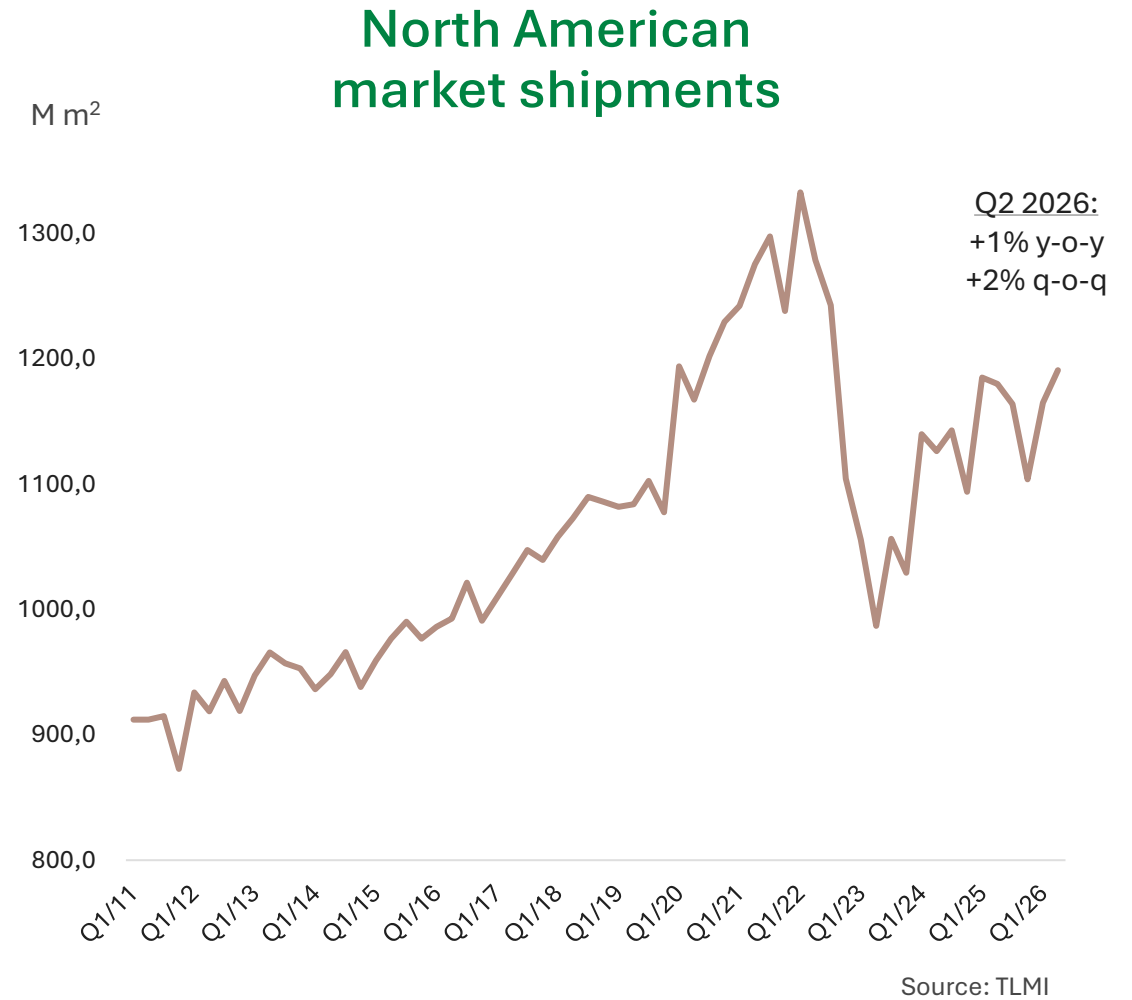
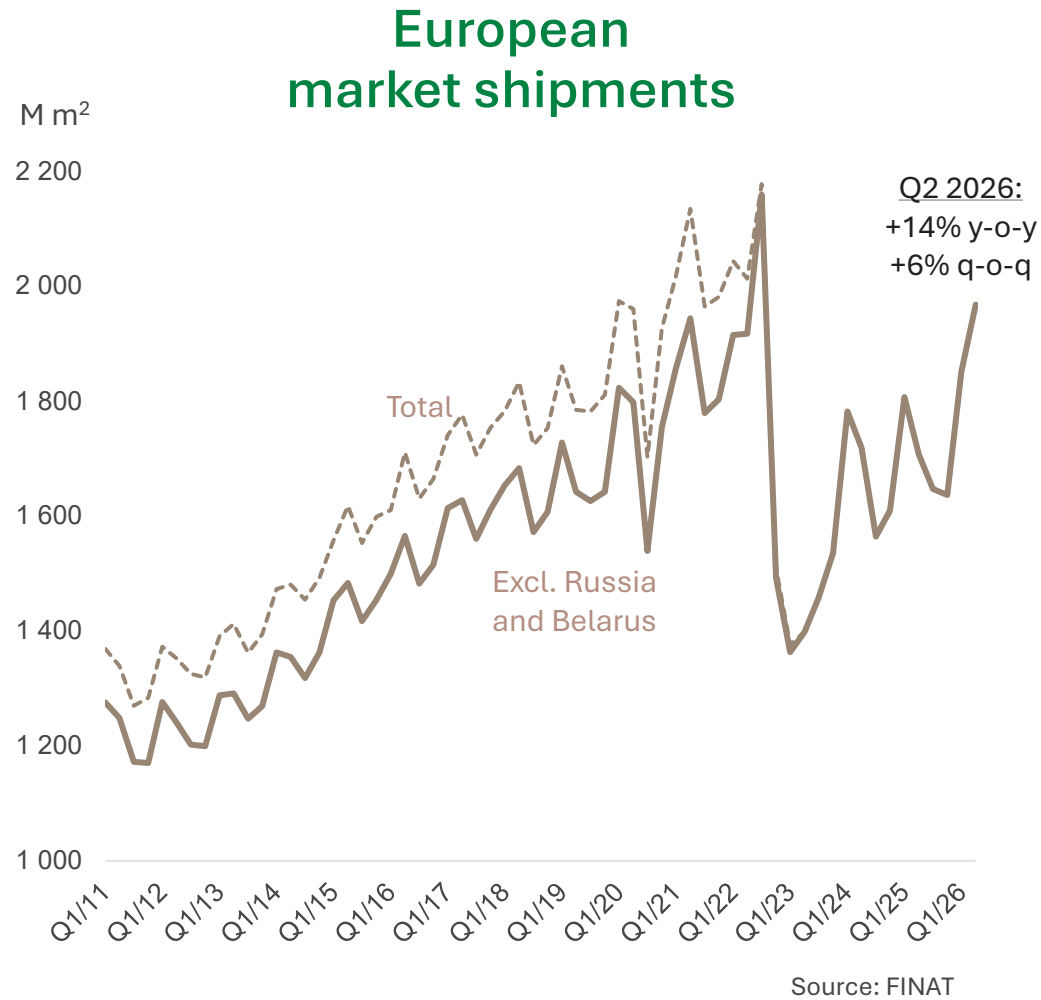
Source: Natural Resources Institute Finland, standing sales

UPM Energy: Electricity market prices

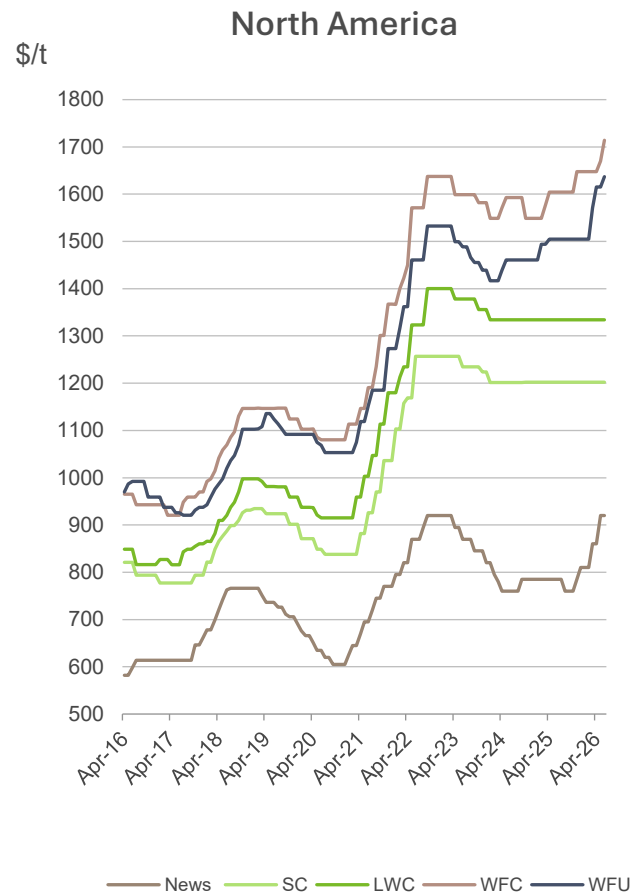
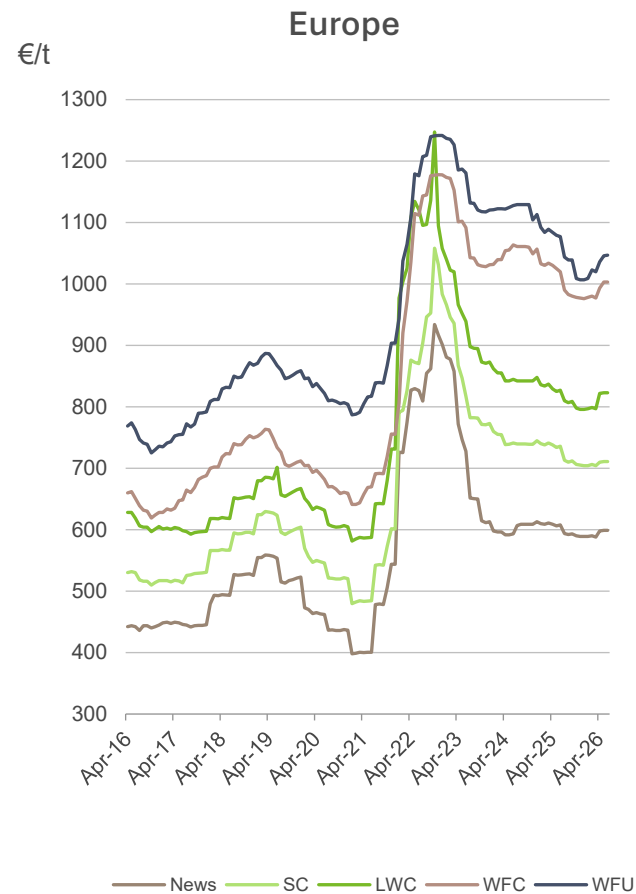


UPM Energy profitability	2021	2022	2023	2024	2025	H1 2026
Comparable EBIT, EURm	270	381	182	181	151	124
% of sales	51.3	52.0	29.0	28.9	24.5	31.7

UPM Adhesive Materials: label materials demand



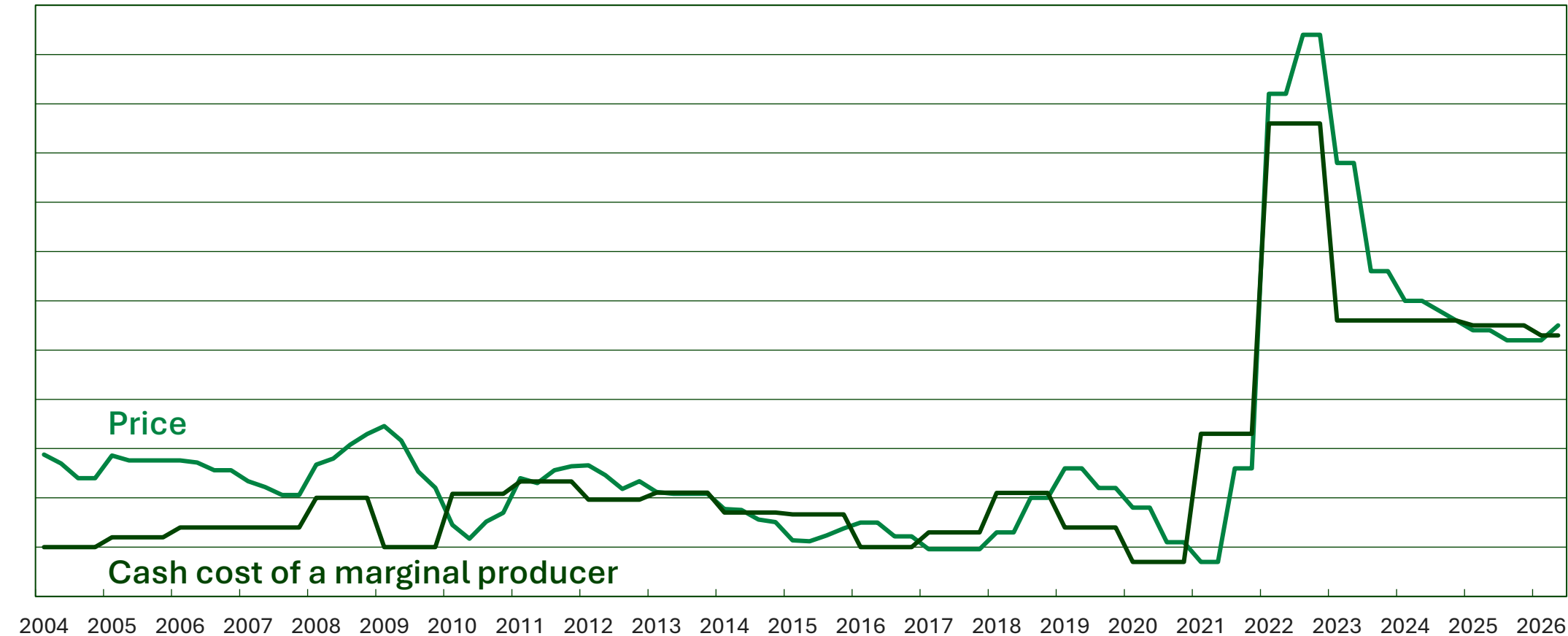
UPM Communication Papers: Graphic paper prices



Sources: PPI, RISI

Paper price vs. cash cost of marginal cost producer

€/tonne



Sources: UPM, PPI, Fastmarkets, AFRY



UPM