# TRANSFORMING TOGETHER

## UPM FINANCIAL STATEMENTS RELEASE 2024

UPM

# UPM financial statements release 2024:

## Decisive actions to improve performance, accelerate growth and deliver value

## Q4 2024 highlights

- Sales increased by 4% to EUR 2,632 million (2,531 million in Q4 2023)
- Comparable EBIT increased by 29% to EUR 418 million, 15.9% of sales (323 million, 12.8%)
- Operating cash flow was EUR 570 million (456 million)
- UPM Biochemicals initiated the commissioning and start-up of the biorefinery, integrated commercial production to start in H2 2025
- UPM Fibres established a streamlined operating model in Finland to protect profitability of the Finnish platform
- UPM Raflatac simplified its organisation and decided to consolidate production from the Kaltenkirchen site to other units
- UPM Communication Papers closed the fine paper machine 3 at Nordland Papier, Germany
- UPM was listed as the only forest and paper industry company in the Dow Jones Global and European Sustainability Indices (DJSI) for the years 2024–2025

## 2024 highlights

- Sales decreased by 1% to EUR 10,339 million (10,460 million in 2023)
- Comparable EBIT increased by 21% to EUR 1,224 million (1,013 million), and was 11.8% (9.7%) of sales
- Operating cash flow was EUR 1,352 million (2,269 million)
- Net debt increased to EUR 2,869 million (2,432 million) and the net debt to EBITDA ratio was 1.66 (1.55)
- Cash funds and unused committed credit facilities totalled EUR 3.2 billion at the end of Q4 2024
- The Board proposes a dividend of EUR 1.50 (1.50) per share for 2024, and commences UPM's first share buy-back program of approximately 1.1% of total number of shares
- UPM Paso de los Toros pulp mill reached full production
- UPM Raflatac acquired Grafityp in Belgium to accelerate growth in graphics solutions
- Shutdown of the Hürth paper mill, Germany and the sale of the Steyrermühl site, Austria
- CDP recognised UPM with double ‘A’ score for transparency on climate change and forests
- EcoVadis awarded UPM a platinum score for sustainability performance

### Key figures

| | Q4/2024 | Q4/2023 | Q3/2024 | Q1–Q4/2024 | Q1–Q4/2023 |
|---|---|---|---|---|---|
| Sales, EURm | 2,632 | 2,531 | 2,521 | 10,339 | 10,460 |
| Comparable EBITDA, EURm | 436 | 465 | 450 | 1,734 | 1,573 |
| % of sales | 16.5 | 18.4 | 17.9 | 16.8 | 15.0 |
| Operating profit (loss), EURm | -105 | 211 | 305 | 604 | 608 |
| Comparable EBIT, EURm | 418 | 323 | 291 | 1,224 | 1,013 |
| % of sales | 15.9 | 12.8 | 11.5 | 11.8 | 9.7 |
| Profit (loss) before tax, EURm | -131 | 180 | 271 | 500 | 464 |
| Comparable profit before tax, EURm | 392 | 293 | 257 | 1,123 | 934 |
| Profit (loss) for the period, EURm | -95 | 161 | 246 | 463 | 394 |
| Comparable profit for the period, EURm | 328 | 248 | 236 | 953 | 755 |
| Earnings per share (EPS), EUR | -0.19 | 0.30 | 0.44 | 0.82 | 0.73 |
| Comparable EPS, EUR | 0.61 | 0.46 | 0.42 | 1.74 | 1.40 |
| Return on equity (ROE), % | -3.4 | 5.5 | 8.9 | 4.0 | 3.2 |
| Comparable ROE, % | 11.5 | 8.5 | 8.5 | 8.3 | 6.2 |
| Return on capital employed (ROCE), % | -2.6 | 5.9 | 8.3 | 4.1 | 3.5 |
| Comparable ROCE, % | 11.1 | 8.9 | 7.9 | 8.2 | 6.4 |
| Operating cash flow, EURm | 570 | 456 | 242 | 1,352 | 2,269 |
| Operating cash flow per share, EUR | 1.07 | 0.85 | 0.45 | 2.54 | 4.25 |
| Equity per share at the end of period, EUR | 20.89 | 20.93 | 20.25 | 20.89 | 20.93 |
| Capital employed at the end of period, EURm | 15,452 | 14,916 | 15,072 | 15,452 | 14,916 |
| Net debt at the end of period, EURm | 2,869 | 2,432 | 2,804 | 2,869 | 2,432 |
| Net debt to EBITDA (last 12 months) | 1.66 | 1.55 | 1.59 | 1.66 | 1.55 |
| Personnel at the end of period | 15,827 | 16,573 | 16,245 | 15,827 | 16,573 |

UPM presents certain measures of performance, financial position and cash flows, which are alternative performance measures in accordance with the guidance issued by the European Securities and Markets Authority (ESMA). The definitions of alternative performance measures are presented in ***» UPM Annual Report 2023***

## Massimo Reynaudo, President and CEO, comments on the results:

"Our performance in 2024 improved from the previous year, supported by a good contribution from the new pulp mill in Uruguay and modestly improved volumes in the advanced materials businesses. However, the recovery in our product markets slowed down in the second half of the year. We implemented decisive measures to improve performance and were able to reduce fixed costs by EUR 103 million during the year. We will drive further fixed cost saving and margin improvement actions into 2025.

In Q4, our sales grew by 4% to EUR 2,632 million. The comparable EBIT was EUR 418 million, an increase of 29% when compared to Q4 2023. Excluding the fair value increase of our Finnish forest assets, totalling EUR 105 million, our business performance was on a similar level as in Q4 2023 or Q3 2024. Operating cash flow was strong at EUR 570 million, and our financial position is solid, with net debt to EBITDA ratio of 1.66 at the end of the year.

In Q4, UPM Fibres continued to increase pulp deliveries, but pulp sales prices were at a low level. The railway from UPM Paso de los Toros to the port of Montevideo was in full use by the end of the year and, thus, the new platform is now in complete operation. In UPM Raflatac, UPM Specialty Papers and UPM Plywood, the slow improvement in delivery volumes continued. In UPM Communication Papers, markets for graphic papers normalized and deliveries decreased. In UPM Energy, electricity prices increased from the previous quarters. The markets for advanced biofuels continued to be challenging.

We enter 2025 with a broad portfolio of attractive businesses and valuable assets. To enhance the value of the company in the current uncertain operating environment, we are acting on three fronts: accelerating growth in targeted areas, improving overall performance and considering opportunities in our business portfolio.

In renewable fibres, 2025 will be the first year of full production at the Paso de los Toros pulp mill in Uruguay. This will add approximately 300 000 tonnes of pulp production compared with 2024 and unlock further potential in our highly competitive Uruguayan platform. We expect a reduction in production costs in Uruguay in 2025 and plan for debottlenecking opportunities at the mills to increase production further in the medium term.

In Finland, the wood market continued to be structurally tight, keeping wood costs high and availability limited. In H2 2024, we established a new operating model that optimises the profitability of our Finnish Fibres platform. As a result, we have been able to operate our well-maintained pulp mills profitably despite the unsustainably high wood costs and low pulp price.

In advanced materials, UPM Raflatac has a strong number two position in the global labelling markets. With the acquisition of Metamark, combined with the recent acquisitions of Grafityp and AMC, we are expanding the graphics solutions business further, gaining a significant position in the attractive market. UPM Specialty Papers aims to capture growth in faster growing geographies and flexible packaging. In both businesses, we are taking action to sharpen competitiveness through fixed cost reduction, streamlining product portfolio and production optimisation. With these measures, we aim for the businesses to accelerate growth and get back to double-digit EBIT margins.

In decarbonisation solutions, UPM Biofuels had a clear negative impact on our 2024 result throughout the year due to the significant downturn in the renewable fuels market. The performance is now expected to improve with decreasing variable costs and somewhat improved market conditions.

In UPM Biochemicals, commercial interest for our products and side streams has been confirmed with customer agreements. We are managing a sales and customer qualification pipeline that is multiple times the annual capacity. This allows us to optimize the product mix.

At the Leuna Biorefinery, we initiated the commissioning and start-up in late 2024 and have made good progress in most units. However, during the quality assurance checks we identified certain corrective works required in the sugars-to-chemicals process. These works have been arranged and will take a few months. Meanwhile, the sequential start-up in the other units continues. The integrated commercial production of the site is expected to start in H2 2025.

Our positive view on the attractive business case in biochemicals remains unchanged.

The Leuna Biorefinery is a first-of-its-kind project, which has been implemented during a series of external crises, such as the COVID 19 pandemic and the war in Ukraine with subsequent resource and supply chain challenges. As we are approaching the completion of the project, we have made an impairment of EUR 373 million on the biorefinery assets resulting from the cost overruns and construction delays during the project. The book value of the refinery now reflects the estimated cost to construct a similar plant.

Finally, shaping the business portfolio is an ongoing strategic process. This analysis is especially important during times of uncertainty and major shifts in the global operating environment. In UPM Fibres, we have built a very strong platform in Uruguay, which we can leverage for growth. In UPM Raflatac, we decided to establish a strong position in the attractive graphics business through acquisitions. In biofuels we decided to take two years to thoroughly validate and test the business case prior to the next larger growth steps. During the same time we look forward to a successful launch of the biochemicals business and taking the learnings for next steps. We have also exited the biocomposites business and plan to exit biomedicals to focus our development work.

We are confident in UPM's ability to create value from our portfolio of businesses and our recent large investments. On this basis, the Board of Directors has today proposed a dividend of EUR 1.50 per share for 2024, representing a dividend yield of 5.6% at the end of 2024. The Board has also decided to initiate UPM's first share buy-back program. The maximum number of shares to be repurchased is 6,000,000, representing approximately 1.1% of the total number of shares, and the maximum amount to be used for the program is EUR 160 million."

## Profit guidance

UPM's comparable EBIT in H1 2025 is expected to be approximately in the range of EUR 400-625 million (EUR 515 million in H1 2024).

## Outlook

UPM's performance in H1 2025 is expected to benefit from higher delivery volumes and lower fixed costs, but be held back by lower sales margins, compared with H1 2024. The year 2025 starts with similar pulp prices and lower electricity price than 2024 started.

2025 will be the first year of full production at the UPM Paso de los Toros mill, which is expected to grow pulp deliveries. Deliveries are expected to continue to increase for labelling materials, specialty papers and plywood. Communication paper deliveries are expected to decrease.

UPM Biofuels is expected to improve its performance in H1 2025, compared with H1 2024.

There are significant uncertainties in geopolitics and the global business environment, which may impact the development of UPM's product deliveries, sales prices and various input cost factors.

## Sensitivity to pulp and electricity prices

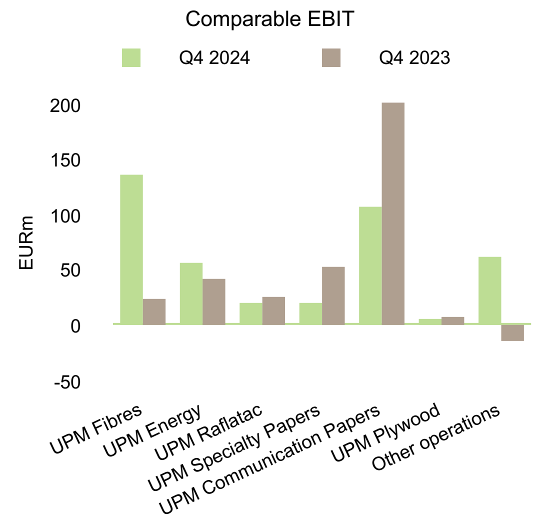
UPM's comparable EBIT is sensitive to pulp and electricity prices. The figures below represent Group earnings sensitivities on annual level.

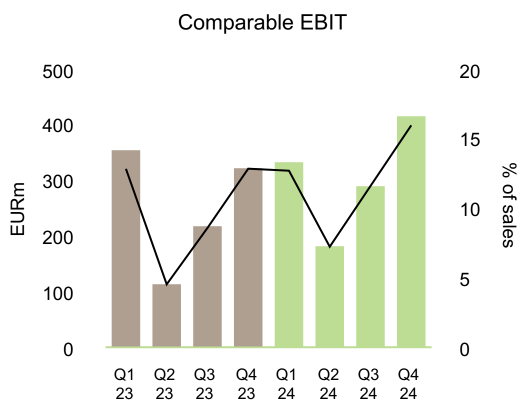
UPM is a large producer and consumer of chemical pulp. A EUR 50/tonne change in average pulp price would impact annual comparable EBIT by approximately EUR 170 million (net impact: assuming no correlation between pulp and paper prices) to approximately EUR 270 million (gross impact: assuming paper pricing would match changes in pulp costs).

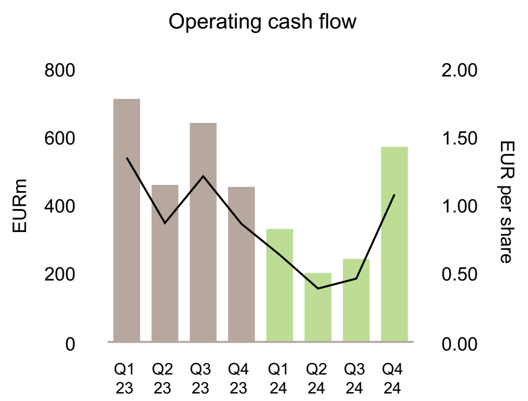
UPM is a large producer and consumer of electricity in Finland and separately hedges part of its electricity sales and purchases. Based on UPM's estimated unhedged net electricity sales position in Finland in 2025, a EUR 10/MWh change in average electricity market price in Finland would impact annual comparable EBIT by approximately EUR 30 million.

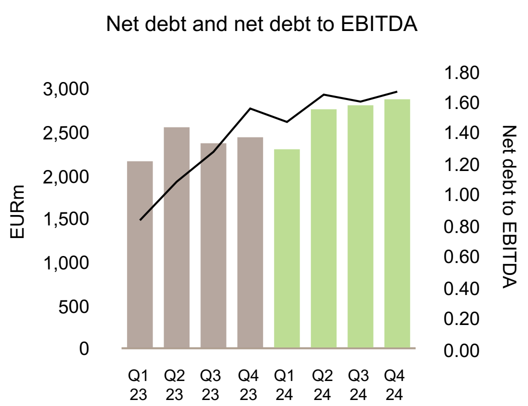
## Timing of significant maintenance shutdowns

| TIMING | UNIT |
|---|---|
| Q1-Q2/2024 | Olkiluoto nuclear power plant unit OL3 |
| Q2/2024 | Olkiluoto nuclear power plant units OL1 and OL2 |
| | UPM Paso de los Toros pulp mill |
| | UPM Fray Bentos pulp mill |
| | UPM Pietarsaari pulp mill |
| Q1-Q2/2025 | Olkiluoto nuclear power plant unit OL3 |
| Q2/2025 | Olkiluoto nuclear power plant units OL1 and OL2 |
| | UPM Paso de los Toros pulp mill |
| | UPM Kymi pulp mill |
| Q3/2025 | UPM Kaukas pulp mill |
| Q4/2025 | UPM Fray Bentos pulp mill |




# Results

## Q4 2024 compared with Q4 2023

Q4 2024 sales grew by 4% to EUR 2,632 million (2,531 million in Q4 2023). Sales increased the most in UPM Fibres, but also in UPM Plywood and UPM Raflatac. Sales decreased in other business areas, especially in UPM Communication Papers.

Comparable EBIT increased by 29% to EUR 418 million, which was 15.9 % of sales (323 million, 12.8%). The increase was mainly due to the fair value increase of forest assets.

On the group level, delivery volumes were slightly lower than in the previous year. This was more than offset by the EUR 32 million decrease in fixed costs. The impact of the changes in sales prices and variable costs was slightly negative.

Depreciation, amortisation and impairment charges excluding items affecting comparability totalled EUR 147 million (152 million), including depreciation of leased assets totalling EUR 23 million (23 million). The change in the fair value of forest assets net of wood harvested in comparable EBIT was EUR 130 million (10 million). In Q4 2024, the fair value of forest assets increased mainly due to higher long term wood price estimates in Finland.

Operating loss was EUR 105 million (operating profit 211 million). Items affecting comparability in operating loss totalled EUR -523 million in the period (-113 million). In Q4 2024, items affecting comparability include EUR 373 million impairment of assets in biochemicals refinery in Leuna resulting from cost overruns and construction delays during the first-of-its-kind project. The remaining book value of the refinery closely aligns with the estimated cost of constructing a comparable plant in the current economic environment. Additionally, items affecting comparability include EUR 5 million impairment of UPM Biochemicals goodwill, and EUR 113 million impairment of Pulp operations Finland goodwill resulting from high wood costs. Other items affecting comparability include EUR 10 million restructuring charges  and EUR 26 million impairment charges of fixed assets related to planned closure of UPM Raflatac Kaltenkirchen factory in Germany. In Q4 2023, items affecting comparability include an EUR 86 million decrease in the fair value of forest assets in Finland resulting from changes in estimates and increase in discount rate, EUR 10 million addition to restructuring charges related to the closure of the UPM Plattling paper mill in Germany and EUR 3 million charges related to the impairment of the Sierilä power plant project in Finland.

Net interest and other finance income and costs were EUR -24 million (-27 million). The exchange rate and fair value gains and losses were EUR -3 million (-3 million). Items affecting comparability in finance costs totalled EUR 0 million (0 million). Income taxes were EUR 35 million (-19 million). Items affecting comparability in taxes totalled EUR 100 million (26 million).

Loss for Q4 2024 was EUR 95 million (profit 161 million), and comparable profit was EUR 328 million (248 million).

## Q4 2024 compared with Q3 2024

Comparable EBIT increased by 44% to EUR 418 million, which was 15.9% of sales (291 million, 11.5%).

The increase in comparable EBIT was mainly due to the fair value increase of forest assets. Variable costs decreased, impacted by the timing of the energy related refunds. Sales prices declined, most notably for pulp.

Sales volumes on group level were slightly lower. Fixed costs increased by EUR 70 million, partly impacted by seasonal factors.

Depreciation, amortisation and impairment charges excluding items affecting comparability, totalled EUR 147 million (144 million). The change in the fair value of forest assets net of wood harvested in comparable EBIT was EUR 130 million (-16 million).

Operating loss was EUR 105 million (operating profit 305 million). Items affecting comparability in operating loss totalled EUR -523 million in the period (14 million).

**Full year 2024 compared with year 2023**

2024 sales were EUR 10,339 million, 1% lower than the EUR 10,460 million for 2023. Sales in UPM Fibres increased significantly with the completion of the ramp up of the Paso de los Toros pulp mill in Uruguay. Sales decreased in UPM Communication Papers, the Other operations reporting segment and UPM Specialty Papers.

Comparable EBIT increased by 21% to EUR 1,224 million, 11.8 % of sales (1,013 million, 9.7%), mainly driven by higher delivery volumes and lower fixed costs. On the group level, the change in sales prices had a negative impact, which was more than offset by the declining variable costs.

Delivery volumes increased in UPM Fibres, UPM Raflatac and UPM Plywood. In 2024, fixed costs were EUR 103 million lower than in the previous year.

Depreciation, amortisation and impairment charges excluding items affecting comparability, totalled EUR 590 million (543 million) including depreciation of leased assets totalling EUR 85 million (87 million). The change in the fair value of forest assets net of wood harvested was EUR 80 million (-17 million).

Operating profit totalled EUR 604 million (608 million). Items affecting comparability in operating profit totalled EUR -620 million in the period (-405 million). In 2024, items affecting comparability include EUR 373 million impairment of assets in biochemicals refinery in Leuna resulting from cost overruns and construction delays during the first-of-its-kind project. The remaining book value of the refinery closely aligns with the estimated cost of constructing a comparable plant in the current economic environment. Additionally, items affecting comparability include EUR 5 million impairment of UPM Biochemicals goodwill, and EUR 113 million impairment of Pulp operations Finland goodwill resulting from high wood costs. Other items affecting comparability include EUR 10 million restructuring charges and EUR 26 million impairment charges of fixed assets related to planned closure of UPM Raflatac Kaltenkirchen factory in Germany, EUR 40 million of restructuring and impairment charges related to the closure of Hürth newsprint mill in Germany, EUR 54 million restructuring and impairment charges related to the closure of Nordland fine paper machine 3 in Germany, EUR 4 million write down of inventory at the Raflatac mill, located in Western North Carolina, USA, which was impacted by Hurricane Helene, EUR 12 million restructuring and impairment charges related to the closure of the UPM Biocomposites business, a EUR 21 million capital gain on the sale of UPM-Kymmene Austria GmbH to HEINZEL GROUP, EUR 9 million capital gain on the sale of other non-current assets, EUR 12 million other restructuring costs and EUR 8 million related to prior capacity closures. In 2023, items affecting comparability include EUR 120 million restructuring charges and EUR 112 million impairment charges of fixed and leased assets related to the closure of the UPM Plattling paper mill in Germany and EUR 13 million restructuring charges and EUR 2 million impairment charges related to restructuring measures at the UPM Raflatac Nancy factory in France, EUR 86 million decrease in the fair value of forest assets in Finland resulting from changes in estimates and increase in discount rate, EUR 30 million restructuring charges relating to the closure of paper machine 6 at the UPM Schongau mill in Germany, EUR 10 million charges related to the sale of the Steyrermühl site in Austria, EUR 23 million of other restructuring charges, EUR 3 million charges related to Sierilä power plant project impairment in Finland, EUR 6 million capital loss resulting from the sale of Russian operations and EUR 5 million capital gains on sale of other non-current assets.

Net interest and other finance costs were EUR -97 million (-70 million). The exchange rate and fair value gains and losses were EUR -7 million (-74 million). Items affecting comparability in finance costs totalled EUR -3 million (-65 million). In 2023,items affecting comparability in finance costs include EUR 71 million exchange rate losses relating to the sale of Russian operations. Income  taxes totalled EUR -37 million (-71 million). Items affecting comparability in taxes totalled EUR 133 million (109 million).

Profit for 2024 was EUR 463 million (394 million), and comparable profit was EUR 953 million (755 million).

## Financing and cash flow

In 2024 cash flow from operating activities before capital expenditure and financing totalled EUR 1,352 million (2,269 million). Working capital increased by EUR 80 million (decreased by 417 million).

Net debt was EUR 2,869 million at the end of Q4 2024 (2,432 million). The gearing ratio as of 31 December 2024 was 25% (21%). The net debt to EBITDA ratio, based on the last 12 months' EBITDA, was 1.66 at the end of the period (1.55).

On 31 December 2024 UPM's cash funds and unused committed credit facilities totalled EUR 3.2 billion. The total amount of committed credit facilities was EUR 2.3 billion of which EUR 260 million maturing in 2026 and EUR 2.1 billion maturing in 2027 or beyond.

On 21 August 2024 UPM issued a new EUR 600 million Green Bond under its EMTN (Euro Medium Term Note) Programme and Green Finance Framework.

For the 2023 financial year, the dividend of EUR 1.50 per share was paid in two equal instalments. The first instalment of EUR 0.75 per share (totalling EUR 400 million) was paid on 16 April 2024 and the second instalment of EUR 0.75 per share was paid on 7 November 2024 (totalling EUR 400 million).

## Capital expenditure

In 2024, capital expenditure totalled EUR 550 million, which was 5.3% of sales (1,122 million, 10.7% of sales). Capital expenditure does not include additions to leased assets.

In 2025, UPM's total capital expenditure, excluding investments in shares, is expected to be about EUR 400 million.

In January 2020, UPM announced that it would invest in a 220,000 tonnes next-generation biochemicals biorefinery in Leuna, Germany. The commissioning and start-up was initiated in late 2024, and the total investment estimate is EUR 1,275 million.

## Personnel

In 2024 UPM had an average of 16,282 employees (17,109). At the beginning of the year, the number of employees was 16,573 and at the end of Q4 2024 it was 15,827.

## Biochemicals refinery investment

In January 2020 UPM announced that it would invest in a 220,000 tonnes next-generation biochemicals refinery in Leuna, Germany. The investment estimate is EUR 1,275 million.

The commissioning and start-up was initiated in late 2024 and good progress has been made in most units. However, in the quality assurance checks certain corrective works required in the sugars-to-chemicals process were identified. These works have been arranged and will take a few months. Meanwhile, the sequential start-up in the other units continues. The integrated commercial production of the site is expected to start in H2 2025. The biorefinery is expected to reach full production and positive EBIT in 2027.

Meanwhile, the overall business readiness is ensured. All teams, business processes and systems are operational, we have secured the required materials to start and run the refinery as well as the infrastructure and capacity to ship our products. Commercial interest for the products and side-streams has been confirmed with customer contracts. We are managing a sales and customer qualification pipeline multiple times the annual capacity.

The biorefinery is the first of its kind and the process design as well as some of the technologies used are new to the world. We have full confidence in the technologies used and the viability of the process.

The biorefinery will produce a range of 100% wood-based biochemicals, which will enable a switch from fossil raw materials to sustainable alternatives in various consumer-driven end-uses. The investment opens up totally new markets for UPM, with large growth potential for the future.

The industrial scale biorefinery will convert solid wood into next generation biochemicals: bio-monoethylene glycol (BioMEG) and renewable functional fillers. In addition, the biorefinery will produce bio-monopropylene glycol (BioMPG) and industrial sugars. The ROCE target for the UPM Biochemicals business is 14%.

The combination of a sustainable wood supply, a unique technology concept, integration into existing infrastructure at Leuna and the proximity to customers will ensure the competitiveness of operations. The safety and sustainability of the value chain will be based on UPM's high standards.

InfraLeuna GmbH, in the state of Saxony-Anhalt, offers very competitive conditions for constructing a biorefinery with its logistics arrangements and infrastructure for various services and utilities. In October 2020, UPM entered into service agreements with InfraLeuna GmbH related to wood handling, wastewater treatment and other utilities, which will be recognised as lease assets and liabilities under IFRS 16 Leases upon the commencement date. The total amount of such lease assets and liabilities is estimated to be EUR 130 million.

The Leuna biorefinery is a first-of-its-kind project, which has been implemented during a series of external crises, such as the Corona pandemic and the war in Ukraine with subsequent resource and supply chain challenges. As the project is approaching completion, an impairment of EUR 373 million was booked in Q4 2024 on the biorefinery assets resulting from the cost overruns and construction delays during the project. The book value of the refinery now reflects the estimated cost to construct a similar plant.

## Biofuels business development

In January 2021, UPM started the basic engineering phase of a next generation biofuels refinery. The planning for the potential biorefinery in Rotterdam, the Netherlands, is based on annual capacity of up to 500,000 tonnes of high-quality renewable fuels including advanced biofuels and possibly sustainable jet fuels, as well as renewable chemicals. The products would significantly reduce the carbon footprint of road transport and aviation, as well as replace fossil raw materials with renewable alternatives in chemicals and bioplastics.

Feedstock sourcing would focus on UPM integrated feedstocks from the company's own ecosystem, including various wood-based residues and potential carbon farming.

The design for the potential biorefinery has progressed, and major part of the basic engineering has been completed. The chosen technology has been validated at a demonstration scale. Before the potential investment decision, the focus will be on testing the novel, proprietary technology at a larger scale and on flexible feedstock options that will ensure differentiation and support the long-term competitiveness of the business case. This work is expected to take approximately two years, until 2026.

If all preparations are concluded successfully, UPM would initiate the company's standard procedure of analysing and preparing an investment decision.

## Events during the reporting period

On 2 January, UPM announced that it had completed the sale of the Steyrermühl site and all related assets to HEINZEL GROUP, thereby closing the transaction announced in June 2022.

On 6 February, UPM announced that it had been recognised by the CDP, receiving a double 'A' score for transparency on climate change and forests.

On 4 April, UPM held its Annual General Meeting.

On 29 May, UPM announced plans to permanently close its Hürth newsprint mill and shut down one fine paper machine at Nordland Papier (PM 3) in Dörpen, Germany. Production at the Hürth mill ended in August and at Nordland Papier PM3 in December.

On 18 June, UPM announced plans to discontinue UPM Biocomposites business and close biocomposites production units in Lahti, Finland and in Bruchsal, Germany, by the end of 2024.

On 23 July, UPM announced the acquisition of Grafityp, a Belgian-based company to further accelerate UPM Raflatac's growth in graphics solutions.

On 22 August UPM announced it was temporarily adjusting production at the UPM Kaukas and UPM Kymi pulp mills in Finland to meet market conditions.

On 26 August UPM announced EcoVadis had awarded it a platinum score based on sustainability performance in four categories: Environment, Labour and Human Rights, Ethics and Sustainable Procurement. Only one percent of the 130,000 global companies assessed received a platinum rating.

On 16 October, UPM issued a profit warning on its Q3 results and lowered its outlook for 2024 due to lower deliveries in most businesses and decreased pulp prices.

On 27 November, UPM Raflatac announced the closure of the Kaltenkirchen factory in Germany to improve efficiency and productivity. The closure will take place in stages during 2025.

On 2 December, UPM Fibres announced that the change negotiations in Finland have been completed, resulting in a maximum reduction of 88 positions and possible temporary layoffs in the first half of 2025.

## Events after the balance sheet date

On 2 January 2025, UPM announced that it has been listed as the only forest and paper industry company in the Dow Jones Global and European Sustainability Indices (DJSI) for the years 2024–2025. The indices cover environmental, social and governance aspects of responsibility.

On 5 February 2025, UPM announced the acquisition of Metamark, a UK-based company to further accelerate UPM Raflatac's growth in Graphics business. The transaction will bring attractive synergies and make UPM Raflatac a significant player in the fast-growing, high value-added Graphics segment. The Enterprise Value of the transaction is GBP 146 million.

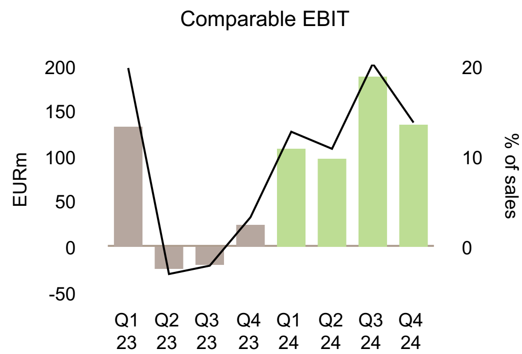
On 5 February 2025, the Board decided to commence UPM's first buy-back program of UPM's own shares. The maximum number of shares to be repurchased is 6,000,000, corresponding to approximately 1.1% of the total number of shares. The maximum monetary amount to be used for the program is EUR 160 million.

## Dividend proposal for 2024

The Board of Directors proposes to the Annual General Meeting convening on 27 March 2025 that a dividend of EUR 1.50 per share be paid in respect of the 2024 financial year (1.50). The proposed dividend represents 86% of UPM's comparable earnings per share for 2024. It is proposed that the dividend is paid in two equal instalments, the first instalment of EUR 0.75 per share on 8 April 2025 and the second instalment of EUR 0.75 per share on 7 November 2025. On 31 December 2024, the distributable funds of the parent company were EUR 2,870.8 million.

# UPM Fibres

UPM Fibres consists of pulp and timber businesses. UPM Pulp offers a versatile range of responsibly-produced pulp grades suitable for a wide range of end-uses. UPM Timber offers certified sawn timber. UPM has three pulp mills in Finland, two mills and plantation operations in Uruguay and operates four sawmills in Finland.




| | Q4/24 | Q3/24 | Q2/24 | Q1/24 | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q1–Q4/24 | Q1–Q4/23 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales EURm | 1,001 | 943 | 922 | 861 | 781 | 817 | 764 | 683 | 3,728 | 3,044 |
| Comparable EBITDA, EURm | 191 | 267 | 194 | 193 | 109 | 69 | 42 | 188 | 844 | 407 |
| % of sales | 19.0 | 28.3 | 21.0 | 22.4 | 13.9 | 8.4 | 5.5 | 27.5 | 22.6 | 13.4 |
| Change in fair value of forest assets and wood harvested, EURm | 26 | -1 | -8 | -5 | -1 | -5 | -8 | -6 | 11 | -20 |
| Share of results of associated companies and joint ventures, EURm | 1 | 1 | 0 | 0 | 1 | 1 | 1 | 0 | 2 | 2 |
| Depreciation, amortisation and impairment charges, EURm | -194 | -76 | -87 | -80 | -84 | -82 | -59 | -48 | -437 | -273 |
| Operating profit, EURm | 22 | 190 | 99 | 108 | 25 | -18 | -24 | 134 | 419 | 116 |
| % of sales | 2.2 | 20.1 | 10.7 | 12.6 | 3.1 | -2.2 | -3.1 | 19.6 | 11.2 | 3.8 |
| Items affecting comparability in operating profit, EURm [1] | -114 | — | — | — | — | — | — | — | -114 | — |
| Comparable EBIT, EURm | 136 | 190 | 99 | 108 | 25 | -18 | -24 | 134 | 533 | 116 |
| % of sales | 13.6 | 20.1 | 10.7 | 12.6 | 3.1 | -2.2 | -3.1 | 19.6 | 14.3 | 3.8 |
| Capital employed (average), EURm | 7,333 | 7,087 | 7,112 | 7,079 | 6,995 | 6,949 | 6,843 | 6,571 | 7,153 | 6,839 |
| Comparable ROCE, % | 7.4 | 10.7 | 5.6 | 6.1 | 1.4 | -1.0 | -1.4 | 8.2 | 7.5 | 1.7 |
| Pulp deliveries, 1000 t | 1,449 | 1,185 | 1,126 | 1,185 | 1,153 | 1,319 | 974 | 692 | 4,945 | 4,139 |

[1] Q4 2024 items affecting comparability include EUR 113 million goodwill impairment related to Pulp Finland and minor restructuring charges.

Pulp mill maintenance shutdowns: Q2 2024 UPM Paso de los Toros, UPM Fray Bentos and UPM Pietarsaari. Q3-Q4 2023 UPM Kaukas, Q2 2023 UPM Kymi.

- In 2024, the completed ramp up of the Uruguayn platform increased production and improved cost efficiency
- In the Finnish platform, UPM pulp mills operated profitably in the challenging markets

## Results

### Q4 2024 compared with Q4 2023

Comparable EBIT for UPM Fibres increased due to higher pulp sales prices and higher delivery volumes.

The average price in euro for UPM's pulp deliveries increased by 6%.

### Q4 2024 compared with Q3 2024

Comparable EBIT decreased due to lower pulp sales prices. Deliveries increased, and variable costs decreased. Ramp up of Uruguay railway operations contributed to lower variable costs.

The average price in euro for UPM's pulp deliveries decreased by 11%.

### Full year 2024 compared with year 2023

Comparable EBIT increased significantly due to higher delivery volumes and sales prices as well as lower variable costs. The completed ramp-up of UPM Paso de los Toros increased delivery volumes significantly. Fixed costs increased due to higher scheduled maintenance activities.

The average price in euro for UPM's pulp deliveries increased by 5%.

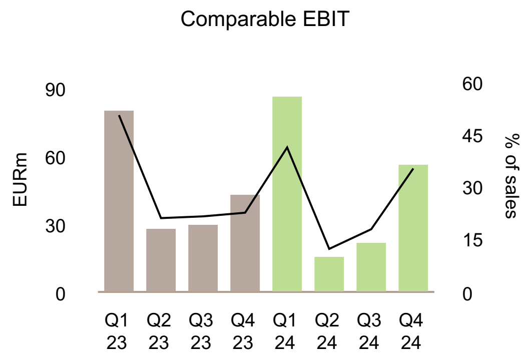
## Market environment

- In 2024, chemical pulp demand was lower in China and solid in other main markets. Demand varied depending on end-use in all the main markets.
- In Europe, the market price for northern bleached softwood kraft (NBSK) pulp and for bleached hardwood kraft pulp (BHKP) decreased during Q4.
- In China, the market price for northern bleached softwood kraft (NBSK) pulp and bleached hardwood kraft pulp (BHKP) decreased in Q4 2024 compared with Q3 2024.
- In 2024, the average European market price in euro was 17% higher for NBSK and 18% higher for BHKP, compared with 2023. In China, the average market price in US dollars was 2% higher for NBSK and 6% higher for BHKP, compared with 2023.
- In 2024, demand for sawn timber was still subdued due to low construction activity in many areas. Prices recovered compared to 2023 but were offset by strongly increasing wood costs.

Sources: FOEX, UPM

# UPM Energy

UPM Energy generates cost competitive, zero-carbon electricity. Operations also include physical electricity and financial portfolio management as well as services to industrial electricity consumers. UPM Energy is the second largest electricity producer in Finland. UPM's power generation capacity consists of hydropower, nuclear power and thermal power.




| | Q4/24 | Q3/24 | Q2/24 | Q1/24 | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q1–Q4/24 | Q1–Q4/23 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales EURm | 161 | 125 | 130 | 210 | 192 | 142 | 134 | 159 | 627 | 628 |
| Comparable EBITDA, EURm | 59 | 24 | 17 | 88 | 45 | 32 | 30 | 82 | 188 | 189 |
| % of sales | 36.4 | 19.1 | 13.4 | 42.0 | 23.5 | 22.7 | 22.3 | 51.6 | 30.0 | 30.2 |
| Depreciation, amortisation and impairment charges, EURm | -2 | -2 | -2 | -2 | -2 | -2 | -2 | -2 | -7 | -7 |
| Operating profit, EURm | 57 | 22 | 16 | 87 | 40 | 30 | 31 | 80 | 181 | 182 |
| % of sales | 35.2 | 17.7 | 12.1 | 41.2 | 21.0 | 21.3 | 23.4 | 50.5 | 28.9 | 29.1 |
| Items affecting comparability in operating profit, EURm [1)] | — | — | — | — | -3 | — | 3 | — | — | — |
| Comparable EBIT, EURm | 57 | 22 | 16 | 87 | 43 | 30 | 28 | 80 | 181 | 182 |
| % of sales | 35.2 | 17.7 | 12.1 | 41.2 | 22.5 | 21.4 | 20.9 | 50.5 | 28.9 | 29.0 |
| Capital employed (average), EURm | 2,464 | 2,405 | 2,362 | 2,471 | 2,645 | 2,770 | 3,112 | 3,640 | 2,426 | 3,042 |
| Comparable ROCE, % | 9.2 | 3.7 | 2.6 | 14.0 | 6.5 | 4.4 | 3.6 | 8.8 | 7.5 | 6.0 |
| Electricity deliveries, GWh | 3,032 | 2,819 | 2,532 | 2,945 | 3,480 | 3,019 | 3,056 | 2,504 | 11,328 | 12,059 |

[1)] Q4 2023 items affecting comparability include charges related to impairment of the Sierilä power plant project. Q2 2023 includes EUR 3 million capital gain on the sale of other non-current assets.

- In 2024, nuclear power generation was lower due to long maintenance shutdowns

## Results

### Q4 2024 compared with Q4 2023

Comparable EBIT for UPM Energy increased. The impact of lower costs offset lower electricity sales price.

UPM's electricity sales price decreased by 8% to EUR 49.2/MWh (53.5/MWh).

### Q4 2024 compared with Q3 2024

Comparable EBIT increased due to higher electricity sales price and increased volume.

UPM's average electricity sales price increased by 18% to EUR 49.2/MWh (41.7/MWh).

### Full year 2024 compared with year 2023

Comparable EBIT remained at the same level. Deliveries decreased, impacted by longer than expected maintenance shutdowns at the Olkiluoto nuclear power plant units.

UPM's average electricity sales price increased by 4% to EUR 51.4/MWh (49.2/MWh).

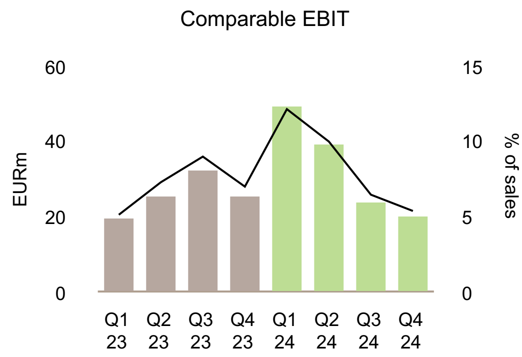
## Market environment

- The Nordic hydrological balance was well above the long-term average at the end of December. In Finland, the hydrological situation was close the long-term average.
- The $CO_2$ emission daily future price of EUR 70.95/tonne at the end of Q4 2024 was lower than at the end of Q4 2023 (EUR 77.25/tonne).
- The average Finnish area spot price on the Nordic electricity exchange in Q4 2024 was EUR 41.6/MWh, 48% higher than in Q3 2024 (EUR 28.1/MWh) and 32% lower than in Q4 2023 (EUR 61.1/MWh).
- The average Finnish area spot price on the Nordic electricity exchange in 2024 was EUR 45.6/MWh, 19% lower than in 2023 (EUR 56.5/MWh).
- The front-year forward electricity price for the Finnish area closed at EUR 47.0/MWh in December, 11% lower than at the end of Q3 2024 (EUR 53.0/MWh).

Sources: The Norwegian Water Resources and Energy Directorate, Svensk Energi, Finnish Environment Institute, Nord Pool, NASDAQ OMX, ICE, UPM

# UPM Raflatac

UPM Raflatac offers high-quality self-adhesive paper and film products including label materials, graphics solutions and removable self-adhesive products. UPM Raflatac is the second-largest producer of self-adhesive label materials worldwide.




| | Q4/24 | Q3/24 | Q2/24 | Q1/24 | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q1–Q4/24 | Q1–Q4/23 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales EURm | 382 | 374 | 397 | 409 | 367 | 367 | 357 | 395 | 1,562 | 1,485 |
| Comparable EBITDA, EURm | 32 | 35 | 50 | 60 | 36 | 43 | 36 | 30 | 177 | 146 |
| % of sales | 8.3 | 9.3 | 12.7 | 14.6 | 9.9 | 11.8 | 10.2 | 7.7 | 11.3 | 9.8 |
| Depreciation, amortisation and impairment charges, EURm | -38 | -11 | -11 | -11 | -11 | -13 | -12 | -10 | -71 | -47 |
| Operating profit, EURm | -16 | 15 | 39 | 51 | 26 | 13 | 23 | 19 | 88 | 81 |
| % of sales | -4.3 | 4.1 | 9.8 | 12.4 | 7.2 | 3.6 | 6.4 | 4.8 | 5.6 | 5.5 |
| Items affecting comparability in operating profit, EURm [1)] | -37 | -9 | — | 1 | 1 | -19 | -3 | -1 | -44 | -22 |
| Comparable EBIT, EURm | 20 | 24 | 39 | 49 | 25 | 33 | 26 | 20 | 132 | 103 |
| % of sales | 5.3 | 6.4 | 9.9 | 12.0 | 6.9 | 8.9 | 7.2 | 5.0 | 8.5 | 7.0 |
| Capital employed (average), EURm | 727 | 733 | 723 | 707 | 704 | 716 | 746 | 784 | 722 | 737 |
| Comparable ROCE, % | 11.1 | 13.0 | 21.7 | 27.9 | 14.4 | 18.2 | 13.7 | 10.1 | 18.3 | 14.0 |

1) Q4 2024 items affecting comparability include EUR 11 million restructuring charges and EUR 26 million impairment charges related to the planned closure of Kaltenkirchen factory, EUR 3 million insurance compensation related to Raflatac inventory in USA impacted by Hurricane Helene and EUR 3 million addition to restructuring charges related to other restructurings. Q3 2024 items affecting comparability include EUR 6 million write down of inventory at the Raflatac factory, located in Western North Carolina, USA, which was impacted by Hurricane Helene and EUR 3 million relating to restructuring measures. Q1 2024 items affecting comparability relate to restructuring measures. Q4 2023 items affecting comparability include EUR 2 million income relating to restructuring measures in Nancy factory in France and EUR 1 million other restructuring charges. Q3 2023 includes restructuring charges of EUR 16 million and impairment charges of EUR 2 million relating to restructuring measures in Nancy factory in France and EUR 1 million other restructuring costs. Q2 2023 and Q1 2023 include restructuring costs.

- Decision to move the production of the Kaltenkirchen factory in stages during 2025 to factories in Poland, Finland and Belgium
- Product mix and cost reduction actions to improve competitiveness and profitability

## Results

### Q4 2024 compared with Q4 2023

Comparable EBIT for UPM Raflatac decreased. Delivery volumes increased, but this positive impact was more than offset by lower sales prices and higher fixed costs.

### Q4 2024 compared with Q3 2024

Comparable EBIT decreased. Delivery volumes increased, but this impact was more than offset by lower sales prices and less favourable sales mix.

### Full year 2024 compared with year 2023

Comparable EBIT increased mainly due to higher delivery volumes and stable margins. Fixed costs increased.

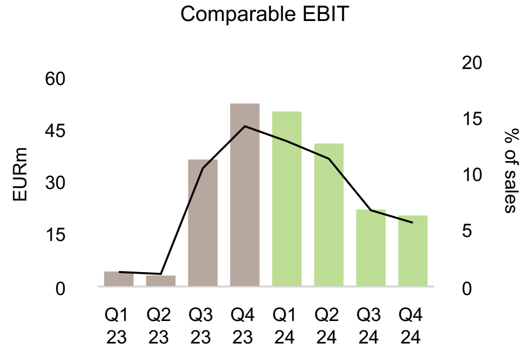
## Market environment

- In Q4 2024, the European market for self-adhesive label materials grew modestly sequentially, while the North American market showed a modest sequential decline.
- In 2024, the global market for self-adhesive label materials grew from the low level in 2023, most notably in Europe.

Sources: UPM, FINAT, TLMI

# UPM Specialty Papers

UPM Specialty Papers offers labelling and packaging materials as well as office and graphic papers for labelling, commercial siliconising, packaging, office use and printing. The production plants are located in China, Finland and Germany.




| | Q4/24 | Q3/24 | Q2/24 | Q1/24 | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q1–Q4/24 | Q1–Q4/23 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales EURm | 368 | 335 | 367 | 397 | 374 | 357 | 349 | 404 | 1,467 | 1,485 |
| Comparable EBITDA, EURm | 38 | 40 | 58 | 72 | 71 | 55 | 22 | 24 | 208 | 172 |
| % of sales | 10.4 | 12.0 | 15.8 | 18.2 | 19.0 | 15.5 | 6.3 | 5.9 | 14.2 | 11.6 |
| Depreciation, amortisation and impairment charges, EURm | -18 | -18 | -17 | -21 | -18 | -18 | -19 | -19 | -74 | -74 |
| Operating profit, EURm | 21 | 22 | 38 | 51 | 53 | 37 | 4 | 5 | 132 | 98 |
| % of sales | 5.7 | 6.7 | 10.3 | 12.8 | 14.1 | 10.4 | 1.0 | 1.2 | 9.0 | 6.6 |
| Items affecting comparability in operating profit, EURm [1)] | 1 | — | -3 | — | — | — | — | — | -3 | — |
| Comparable EBIT, EURm | 20 | 22 | 41 | 51 | 53 | 37 | 4 | 5 | 135 | 98 |
| % of sales | 5.6 | 6.7 | 11.2 | 12.8 | 14.1 | 10.4 | 1.0 | 1.2 | 9.2 | 6.6 |
| Capital employed (average), EURm | 777 | 777 | 796 | 806 | 828 | 863 | 855 | 954 | 789 | 875 |
| Comparable ROCE, % | 10.5 | 11.5 | 20.7 | 25.2 | 25.5 | 17.2 | 1.7 | 2.0 | 17.1 | 11.2 |
| Paper deliveries, 1000 t | 368 | 316 | 358 | 387 | 370 | 371 | 327 | 340 | 1,429 | 1,407 |

[1)] Q4 2024 items affecting comparability relate to restructuring measures. Q2 2024 items affecting comparability relate to restructuring measures.

- In 2024, deliveries of specialty grades increased
- Variable costs declined more than sales prices

## Results

### Q4 2024 compared with Q4 2023

Comparable EBIT for UPM Specialty Papers decreased due to increased input costs and lower sales prices. Deliveries were lower in fine grades, and increased for specialty grades.

### Q4 2024 compared with Q3 2024

Comparable EBIT decreased. The impact of lower sales prices more than offset the impact of lower input costs. Deliveries increased in fine grades.

### Full year 2024 compared with year 2023

Comparable EBIT increased. The positive impact of lower input costs more than offset the negative impact of lower sales prices. Delivery volumes increased for specialty grades, and decreased for fine grades.

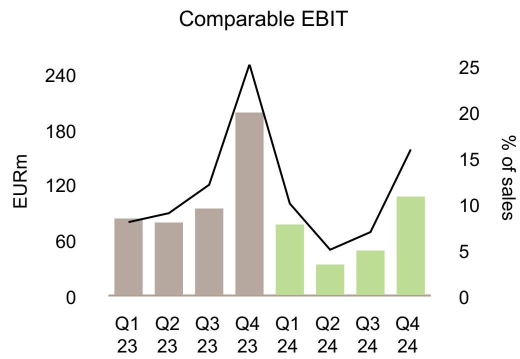
## Market environment

- In Q4 2024, as in the whole year, demand for label, release base and packaging papers was solid.
- Weak fine paper markets in China and the rest of the Asia-Pacific region showed modest signs of recovery in Q4.
- In 2024, market prices decreased compared to 2023.

Sources: UPM, RISI, AFRY, AWA

# UPM Communication Papers

UPM Communication Papers offers an extensive product range of sustainably produced graphic papers for advertising and publishing as well as home and office uses. The business has extensive low-cost operations consisting of 10 efficient paper mills in Europe and the United States, a global sales network and an efficient logistic system. The main customers are publishers, cataloguers, retailers, printers and merchants.




| | Q4/24 | Q3/24 | Q2/24 | Q1/24 | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q1–Q4/24 | Q1–Q4/23 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales EURm | 688 | 751 | 711 | 802 | 799 | 807 | 909 | 1,083 | 2,953 | 3,598 |
| Comparable EBITDA, EURm | 126 | 71 | 51 | 95 | 218 | 119 | 101 | 105 | 344 | 544 |
| % of sales | 18.3 | 9.5 | 7.2 | 11.9 | 27.3 | 14.8 | 11.1 | 9.7 | 11.6 | 15.1 |
| Share of results of associated companies and joint ventures, EURm | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1 |
| Depreciation, amortisation and impairment charges, EURm | -18 | -9 | -57 | -16 | -20 | -134 | -21 | -20 | -100 | -195 |
| Operating profit, EURm | 106 | 61 | -77 | 100 | 185 | -127 | 67 | 49 | 190 | 174 |
| % of sales | 15.4 | 8.2 | -10.9 | 12.5 | 23.1 | -15.7 | 7.4 | 4.6 | 6.4 | 4.8 |
| Items affecting comparability in operating profit, EURm [1] | -3 | 10 | -112 | 21 | -15 | -223 | -13 | -36 | -83 | -288 |
| Comparable EBIT, EURm | 109 | 51 | 35 | 79 | 200 | 96 | 80 | 85 | 273 | 462 |
| % of sales | 15.8 | 6.8 | 4.9 | 9.9 | 25.0 | 11.9 | 8.8 | 7.9 | 9.3 | 12.8 |
| Capital employed (average), EURm | 1,128 | 1,142 | 1,120 | 1,215 | 1,291 | 1,318 | 1,459 | 1,627 | 1,151 | 1,424 |
| Comparable ROCE, % | 38.5 | 17.9 | 12.4 | 26.1 | 61.9 | 29.2 | 22.0 | 20.9 | 23.8 | 32.4 |
| Paper deliveries, 1000 t | 757 | 838 | 790 | 879 | 856 | 839 | 885 | 947 | 3,263 | 3,528 |

[1] Q4 2024 items affecting comparability include EUR 8 million addition to restructuring charges related to the closure of Plattling mill in 2023, EUR 7 million reversal of impairment charges related to the closure of Hürth newsprint mill and the closure of Nordland fine paper machine 3 in Germany and other minor restructuring charges. Q3 2024 items affecting comparability include EUR 11 million reversal of impairment charges related to the closure of Hürth newsprint mill and the closure of Nordland fine paper machine 3 in Germany and other minor restructuring charges. Q2 2024 items affecting comparability include EUR 72 million restructuring charges and EUR 40 million impairment charges related to the closure of Hürth newsprint mill and planned closure of paper machine 3 at Nordland in Germany. Q1 2024 items affecting comparability include EUR 21 million capital gain on sale of UPM-Kymmene Austria GmbH. Q4 2023 items affecting comparability include EUR 9 million addition to restructuring charges and EUR 1 million impairment charges related to closure of UPM Plattling paper mill in Germany, EUR 5 million addition to restructuring charges related to closure of paper machine 6 at UPM Schongau mill in Germany, EUR 2 million income related to restructuring charges in Steyrermühl site in Austria and EUR 2 million other restructuring charges. Q3 2023 includes EUR 111 million restructuring charges and EUR 111 million impairments of fixed and leased assets related to closure of Plattling mill, EUR 2 million of capital gains on sale of non-current assets and EUR 3 million restructuring charges. Q2 2023 includes EUR 9 million restructuring charges, EUR 2 million charges related to sale of Steyrermühl site, EUR 1 million impairment charges and EUR 1 million charges related to prior capacity closures. Q1 2023 includes EUR 26 million restructuring charges related to closure of paper machine 6 at UPM Schongau mill, EUR 9 million charges related to sale of Steyrermühl site and EUR 1 million charges related to prior capacity closures.

- Paper production at UPM Hürth ended in August and at UPM Nordland Papier PM 3 in December.

## Results

### Q4 2024 compared with Q4 2023

Comparable EBIT for UPM Communication Papers decreased due to lower volumes and increased variable costs. Fixed costs decreased.

The average price in euro for UPM's paper deliveries decreased by 2%.

### Q4 2024 compared with Q3 2024

Comparable EBIT increased. Variable costs were lower mainly due to the energy related refunds in Europe. Deliveries decreased.

The average price in euro for UPM's paper deliveries increased by 2%.

### Full year 2024 compared with year 2023

Comparable EBIT decreased. Sales prices decreased more than variable costs. Delivery volumes decreased, but this impact was more than offset by decreased fixed costs.

The average price in euro for UPM's paper deliveries decreased by 11%.

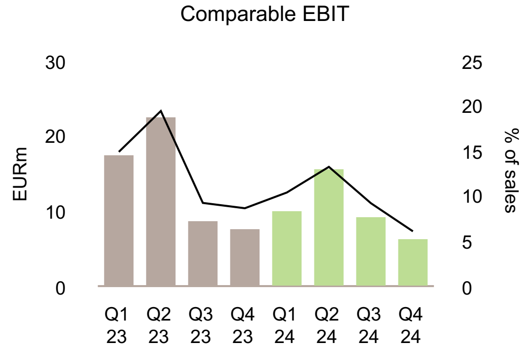
## Market environment

- In 2024, demand for graphic papers in Europe was 1% higher than in 2023. Newsprint demand increased by 1%, magazine papers decreased by 5% and fine papers increased by 5%.
- In Q4 2024, demand for graphic papers in Europe was 5% lower than in Q4 2023. Newsprint demand decreased by 2%, magazine papers by 5% and fine papers by 8%.
- In Q4 2024, publication paper prices in Europe remained stable compared to Q3 and were 3% lower compared to Q4 2023. Fine paper prices in Europe were 1% lower compared to Q3 and 1% higher compared to Q4 2023.
- In 2024, publication paper prices in Europe were 12% lower and fine paper prices 3% lower compared to 2023.
- In 2024, demand for magazine papers in North America were at same level compared to 2023. The average price in US dollars for magazine papers in Q4 2024 remained stable compared to Q3 and decreased by 2% compared to Q4 2023. In 2024, the average price in US dollars for magazine papers decreased by 3% compared to 2023.

Sources: PPI/RISI, Euro-Graph, PPPC

# UPM Plywood

UPM Plywood offers high quality WISA® plywood and veneer products for construction, vehicle flooring, LNG shipbuilding, parquet manufacturing and other industrial applications.




| | Q4/24 | Q3/24 | Q2/24 | Q1/24 | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q1–Q4/24 | Q1–Q4/23 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales EURm | 109 | 103 | 120 | 98 | 91 | 96 | 117 | 118 | 430 | 422 |
| Comparable EBITDA, EURm | 13 | 15 | 21 | 16 | 13 | 14 | 28 | 23 | 65 | 77 |
| % of sales | 11.9 | 14.6 | 17.6 | 15.8 | 14.3 | 14.7 | 23.8 | 19.1 | 15.0 | 18.4 |
| Depreciation, amortisation and impairment charges, EURm | -6 | -6 | -5 | -5 | -5 | -5 | -5 | -5 | -23 | -21 |
| Operating profit, EURm | 6 | 9 | 16 | 10 | 8 | 9 | 21 | 12 | 42 | 50 |
| % of sales | 6.0 | 9.1 | 13.1 | 10.4 | 9.0 | 9.1 | 18.2 | 10.3 | 9.7 | 11.9 |
| Items affecting comparability in operating profit, EURm [1)] | — | — | — | — | — | — | -1 | -5 | — | -6 |
| Comparable EBIT, EURm | 6 | 9 | 16 | 10 | 8 | 9 | 22 | 17 | 42 | 56 |
| % of sales | 6.0 | 9.1 | 13.1 | 10.3 | 8.5 | 9.1 | 19.3 | 14.8 | 9.7 | 13.4 |
| Capital employed (average), EURm | 248 | 240 | 241 | 243 | 249 | 252 | 258 | 255 | 243 | 254 |
| Comparable ROCE, % | 10.4 | 15.6 | 26.1 | 16.6 | 12.5 | 13.9 | 34.8 | 27.4 | 17.1 | 22.2 |
| Plywood deliveries, 1000 $m^3$ | 120 | 113 | 139 | 110 | 97 | 97 | 118 | 117 | 482 | 429 |

1) Q2 2023 items affecting comparability relate to restructuring costs. Q1 2023 includes EUR 5 million capital loss resulting from sale of Russian operations.

- Birch plywood capacity was almost at full use in 2024. Deliveries of spruce plywood increased, and efficiency measures were taken

## Results

### Q4 2024 compared with Q4 2023

Comparable EBIT for UPM Plywood decreased. Delivery volumes increased. Sales prices were lower and variable costs higher than a year ago.

### Q4 2024 compared with Q3 2024

Comparable EBIT decreased due to higher variable and fixed costs. Deliveries increased.

### Full year 2024 compared with year 2023

Comparable EBIT decreased. The positive impact of higher delivery volumes was more than offset by lower sales prices.

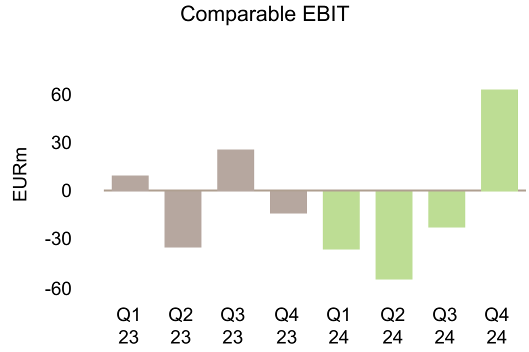
## Market environment

- In 2024, demand for spruce plywood in panel trading and veneer continued to be slow in the soft construction markets.
- In 2024, demand for birch plywood in panel trading was solid and mitigated lower demand from industrial end uses such as vehicle flooring.
- Demand for LNG end-use birch plywood was robust. Market deliveries depend on project schedules.
- EU anti-dumping investigation against Chinese hardwood plywood is ongoing.

Source: UPM

# Other operations

Other Operations includes UPM Forest, UPM Biofuels, UPM Biochemicals, UPM Biomedicals and UPM Biocomposites business units as well as biofuels development and group services. UPM Forest secures competitive wood and biomass for UPM businesses and manages UPM-owned and privately-owned forests in North Europe. In addition, UPM Forest offers forestry services to forest owners and forest investors. UPM Biofuels produces wood-based renewable diesel for all diesel engines and renewable naphtha that can be used as a biocomponent for gasoline or for replacing fossil raw materials in petrochemical industry. UPM operates one biorefinery in Finland.




| | Q4/24 | Q3/24 | Q2/24 | Q1/24 | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q1–Q4/24 | Q1–Q4/23 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales EURm | 157 | 141 | 172 | 153 | 192 | 251 | 158 | 200 | 623 | 802 |
| Comparable EBITDA, EURm | -30 | 3 | -24 | -20 | -11 | 36 | -16 | 21 | -72 | 29 |
| Change in fair value of forest assets and wood harvested, EURm | 105 | -15 | -19 | -3 | -76 | 1 | -8 | 1 | 68 | -82 |
| Share of results of associated companies and joint ventures, EURm | -1 | 0 | 0 | -1 | 0 | 0 | 0 | -2 | -1 | -2 |
| Depreciation, amortisation and impairment charges, EURm | -389 | -11 | -15 | -12 | -12 | -11 | -10 | -11 | -427 | -44 |
| Operating profit, EURm | -316 | -24 | -61 | -34 | -100 | 25 | -35 | 8 | -434 | -101 |
| Items affecting comparability in operating profit, EURm [1)] | -378 | 0 | -6 | 2 | -86 | -1 | — | -1 | -382 | -87 |
| Comparable EBIT, EURm | 62 | -23 | -55 | -36 | -14 | 26 | -35 | 9 | -52 | -14 |
| Capital employed (average), EURm | 3,155 | 3,176 | 3,115 | 3,070 | 3,002 | 2,994 | 2,832 | 2,858 | 3,129 | 2,922 |
| Comparable ROCE, % | 7.9 | -3.0 | -7.0 | -4.7 | -1.8 | 3.4 | -4.9 | 1.3 | -1.7 | -0.5 |

[1)] Q4 2024 items affecting comparability include EUR 5 million impairment of UPM Biochemicals goodwill and EUR 373 million impairment on assets in biochemicals refinery in Leuna resulting from cost overruns and construction delays, EUR 1 million addition to UPM Biocomposites restructuring charges and EUR 1 million gain on asset sales in UPM Biocomposites. Q2 2024, items affecting comparability include EUR 6 million addition to restructuring charges and EUR 6 million impairment charges related to plans to close UPM Biocomposites business, and EUR 5 million capital gain on sale of non-current assets. Q1 2024, items affecting comparability include EUR 2 million capital gain on sale of non-current assets. Q4 2023 items affecting comparability include EUR 86 million decrease in the fair value of forest assets in Finland resulting from changes in estimates and increase in discount rate. Q3 2023 includes transaction costs of acquisition of SunCoal Industries shares. Q1 2023 includes EUR 1 million capital loss resulting from sale of Russian operations.

- Fair value of UPM's Finnish forest assets increased by EUR 105 million in Q4 2024 mainly due to higher long term wood price estimates

## Results

### Q4 2024 compared with Q4 2023

Comparable EBIT for Other operations increased. The change in the fair value of forest assets net of wood harvested was EUR 105 million (-76 million). The change in the fair value of forest assets was EUR 140 million (-47 million) mainly due to higher long term wood price estimates in Finland. The cost of wood harvested from UPM forests was EUR 35 million (29 million).

Biofuels sales prices were lower.

### Q4 2024 compared with Q3 2024

Comparable EBIT increased. The change in the fair value of forest assets net of wood harvested was EUR 105 million (-15 million). The change in the fair value of forest assets was EUR 140 million (19 million) mainly due to higher long term wood price estimates in Finland. The cost of wood harvested from UPM forests was EUR 35 million (34 million).

Biofuels sales prices remained low.

### Full year 2024 compared with year 2023

Comparable EBIT decreased. The change in the fair value of forest assets net of wood harvested was EUR 68 million (-82 million). The change in the fair value of forest assets was EUR 195 million (5 million) mainly due to higher long term wood price estimates in Finland. The cost of wood harvested from UPM forests was EUR 126 million (88 million).

Biofuels sales prices decreased significantly.

## Market environment

- In Q4 2024, the European market for advanced renewable fuels remained weak as imports continued to supply the market, decreasing somewhat towards the end of the year. Germany decided on regulation to suspend the use of GHG surplus to fulfill 2025 and 2026 targets.
- In 2024, interest in bio-based MEG and renewable functional fillers continued strong. Demand for bio-based glycols and renewable functional fillers is driven by strong consumer and brand owner interest in more sustainable solutions.

Source: UPM

## Risks and near-term uncertainties

The main uncertainties in UPM's earnings relate to the sales prices and delivery volumes of the Group's products, as well as changes to the main input cost items and currency exchange rates. Most of these items depend on general economic developments.

In 2023–2024 many of UPM's product markets experienced a severy downturn, impacted by destocking, muted consumer demand, low industrial production and construction, particularly in Europe. Although the markets started to moderately recover in 2024, it remains uncertain how quickly consumer spending and demand for various UPM products will recover. In a potential persistent low-demand environment it is also possible that pressure on unit margins would increase, impacting UPM's earnings.

Geopolitical tensions, including Russia's ongoing war in Ukraine, the conflicts in the Middle East, and tensions between major economies, e.g. China and the US continue to cause high uncertainty in the operating environment, which may impact economic growth, inflation and global trade. In addition, it is uncertain what kind of trade or other policies the new administration in the US will undertake. The early indications and decisions point to likelihood of increasing trade tensions with the US. The EU and US sanctions on Russia, potential escalation in global geopolitical and trade tensions and the resulting impacts on the global economy may all affect UPM's operations and the supply chain, demand, supply and pricing of UPM's products, inputs or resources, or the progress of UPM's large investment projects.

The crises in the Middle East have added to geopolitical tensions and reintroduced uncertainty related to global logistics and supply chains. This may increase logistics costs, but it may also disrupt trade flows and supply chains and possibly impact the supply-demand dynamics of various globally traded products and commodities in different markets. Bottlenecks in global logistics could impact the delivery of UPM's products, the sourcing of raw materials for UPM's businesses and the delivery of equipment for UPM's investments projects.

The halting of wood imports from Russia, combined with investments by competitors have impacted the wood markets in the Baltic Rim. It is possible that wood raw material costs in Finland could stay elevated even if product markets were slow to recover.

Changes to the monetary policies of major central banks may significantly impact various currencies that directly or indirectly affect UPM.

UPM's business operations depend on the availability of supporting information systems and network services. Unplanned interruptions in critical information system services can cause disruptions to the continuity of operations. The information systems may be exposed to a cyber-intrusion that could cause leaks of sensitive information, violation of data privacy regulations, theft of intellectual property, AI-generated misinformation or disinformation, production outages or damage to reputation.

In Finland, UPM indirectly owns approximately 31% of the new nuclear power plant unit, Olkiluoto 3 EPR (OL3), through its shareholdings in Pohjolan Voima Oyj. Pohjolan Voima Oyj is a majority shareholder of Teollisuuden Voima Oyj (TVO), holding 58.5% of its shares.

TVO supplies electricity to its shareholders on a cost-price principle (Mankala-principle), which is widely applied in the Finnish energy industry. Under the Mankala-principle electricity and/or heat is supplied to shareholders in proportion to ownership, and each shareholder is, pursuant to the specific stipulations of the respective articles of association, responsible for its respective share of the production costs of the energy company concerned.

TVO procured OL3 as a fixed-price turnkey project from a consortium (Plant Supplier) formed by Areva GmbH, Areva NP SAS and Siemens AG. As stipulated in the Plant Contract, the consortium companies have joint and several liability for the contractual obligations. According to TVO's financial statements from 2023, total investment in OL3 was approximately EUR 5.8 billion

According to TVO, the provisional takeover of the plant unit was confirmed in April 2023. The final takeover of the plant unit will take place after the conclusion of the two-year warranty period, i.e. in April 2025. Even after this, the Plant Supplier's liabilities under the warranty will remain in force up to a maximum of eight (8) years to a certain extent.

A Global Settlement Agreement (GSA) was signed in March 2018 and amended in June 2021 concerning the completion of the OL3 project and related disputes. During 2023, the fund mechanism established in accordance with the GSA and funded by the Areva companies has been used to cover costs incurred to the Areva companies for the completion of the OL3 project in accordance with the GSA. Plant Supplier has still warranty period activities to be completed at OL3 but the funds reserved for their completion in the fund mechanism were depleted in the autumn of 2024. Areva and Siemens have made a decision to recapitalise the fund with more than EUR 80 million.

TVO has announced that regular electricity production, which started after the conclusion of the test operation programme in April 2023, and commercial operation, which started in May 2023, transferred the responsibility for OL3 to TVO. The Plant Supplier retains the responsibilities according to the Plant Contract for warranty periods and for the unfinished work, which has been agreed to be done later at the Plant Supplier's expense.

According to TVO, during 2023, several risk management measures have been taken in relation to the OL3's warranty period that improve the process flow during the warranty period and ensure that the prerequisites for the warranty period under the Plant Contract are met. TVO is closely monitoring compliance with the conditions set in the Settlement Agreement signed in March 2018 and supplemented in June 2021 and the progress of the OL3 warranty period and ascertaining that actions are taken in accordance with the Plant Supplier's schedule while ensuring financial and technical resources.

TVO has announced that even though there have been few interruptions to electricity generation at OL3 following the conclusion of the test operation programme, there are uncertainties related to the availability of OL3 during the first operating cycles due to the possibility of unexpected events. These uncertainties are managed by means of systematic maintenance and monitoring of the plant unit.

According to TVO, if OL3 fails to achieve the planned load factor or operating cost structure, the Finnish national grid limits its power level, or the costs incurred by TVO due to grid load limitation make it unprofitable to operate at full power, there is a risk of production costs exceeding TVO's target.

The main earnings sensitivities and the Group's cost structure are presented on pages 178–179 of the Annual Report 2023. Risks and opportunities are discussed on pages 34–35, and risks and risk management are presented on pages 133–137.

## Impact of Russia's war in Ukraine

In response to Russia´s attack on Ukraine, the European Union as well as the United States, the United Kingdom, and other countries imposed extensive sanctions on Russia, the breakaway regions of Donetsk and Luhansk and the oblasts of Zaporizhzhia and Kherson, and Belarus. Since 21 February 2022, these measures have included for example asset freezes and travel restrictions on individuals and entities, economic sanctions targeting sectors of the Russian and Belarusian economies, and diplomatic restrictions. Russia has also implemented several countermeasures affecting especially foreign companies' operations within Russia and with Russian counterparties. While the sanctions primarily target Russia's ability to finance its military operations in Ukraine and impose economic and political costs on the people responsible for them, peaceful resolution to the war in Ukraine remains uncertain. Economic and geopolitical uncertainty and inflation accelerated around the world which resulted in a spike in interest rates that moderated in 2024 but have remained higher compared to pre-invasion levels.

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*Impact on UPM businesses*

The economic sanctions and Russia's countermeasures have rendered it unviable for UPM to continue operations in Russia or trade with Russian counterparties. UPM businesses have suspended deliveries to Russia as well as wood sourcing in and from Russia. In Q1 2023 UPM completed a full withdrawal of its businesses from Russia by selling all its Russian operations, including the Chudovo plywood mill.

The potential further impacts for UPM are likely to differ for each business and depend on the pace, scope and duration of sanctions, market price reactions, supply chain development, and the length of the war in Ukraine and whether there is any geographic escalation of the war. UPM is monitoring the situation closely and preparing plans to adjust its operations in different scenarios accordingly.

## Shares

In 2024, UPM shares worth a total of EUR 7,936 million (8,752 million) were traded on the Nasdaq Helsinki stock exchange. This is estimated to represent approximately 70% of the total trading volume in UPM shares. The highest listing was EUR 35.77 in May and the lowest was EUR 24.78 in November.

The Annual General Meeting held on 4 April 2024 authorised the Board of Directors to resolve on the repurchase of a maximum of 50,000,000 of the Company's own shares. The authorisation will be valid for 18 months from the date of the AGM's resolution.

The Annual General Meeting held on 4 April 2024 authorised the Board of Directors to resolve on the issuance of new shares, transfer of treasury shares and issuance of special rights entitling to shares in proportion to the shareholders' existing holdings in the Company, or in a directed share issue, deviating from the shareholder's pre-emptive subscription right. The Board of Directors may also decide on a share issue without payment to the Company itself. The aggregate maximum number of new shares that may be issued and treasury shares that may be transferred is 25,000,000 including also the number of shares that can be received on the basis of the special rights. The authorisation is valid for 18 months from the date of the AGM resolution.

Aside from the above, the Board of Directors has no current authorisation to issue shares, convertible bonds or share options.

The number of shares entered in the Trade Register on 31 December 2024 was 533,735,699. Through the issuance authorisation, the number of shares may increase to a maximum of 558,735,699.

On 31 December 2024, the Company held 411,653 of its own shares, representing approximately 0.08% of the total number of Company shares and voting rights. The Board of Directors may decide to retain, transfer or cancel the treasury shares.

## Legal proceedings

The Group's management is not aware of any significant litigation at the end of Q4 2024.

Helsinki, 5 February 2025
**UPM-Kymmene Corporation**
Board of Directors

# Financial statement information

## Consolidated income statement

| EURm | Q4/2024 | Q4/2023 | Q1–Q4/2024 | Q1–Q4/2023 |
|---|---|---|---|---|
| **Sales** (Note 3) | 2,632 | 2,531 | 10,339 | 10,460 |
| Other operating income | 50 | 40 | 130 | 228 |
| Costs and expenses | -2,253 | -2,132 | -8,806 | -9,316 |
| Change in fair value of forest assets and wood harvested | 130 | -76 | 80 | -103 |
| Share of results of associated companies and joint ventures | 0 | 0 | 1 | -1 |
| Depreciation, amortisation and impairment charges | -664 | -153 | -1,139 | -660 |
| **Operating profit (loss)** | -105 | 211 | 604 | 608 |
| | | | | |
| Exchange rate and fair value gains and losses | -3 | -3 | -7 | -74 |
| Interest and other finance costs, net | -24 | -27 | -97 | -70 |
| **Profit (loss) before tax** | -131 | 180 | 500 | 464 |
| | | | | |
| Income taxes | 35 | -19 | -37 | -71 |
| **Profit (loss) for the period** | -95 | 161 | 463 | 394 |
| | | | | |
| **Attributable to:** | | | | |
| Owners of the parent company | -99 | 160 | 436 | 388 |
| Non-controlling interests | 4 | 1 | 27 | 6 |
| | -95 | 161 | 463 | 394 |
| | | | | |
| **Earnings per share for profit attributable to owners of the parent company** | | | | |
| Basic earnings per share, EUR | -0.19 | 0.30 | 0.82 | 0.73 |
| Diluted earnings per share, EUR | -0.19 | 0.30 | 0.82 | 0.73 |

## Consolidated statement of comprehensive income

| EURm | Q4/2024 | Q4/2023 | Q1–Q4/2024 | Q1–Q4/2023 |
|---|---|---|---|---|
| **Profit (loss) for the period** | -95 | 161 | 463 | 394 |
| | | | | |
| **Other comprehensive income for the period, net of tax** | | | | |
| **Items that will not be reclassified to income statement:** | | | | |
| Actuarial gains and losses on defined benefit obligations | -1 | -39 | 4 | -10 |
| Changes in fair value of energy shareholdings | 76 | -172 | -47 | -1,351 |
| **Items that may be reclassified subsequently to income statement:** | | | | |
| Translation differences | 399 | -195 | 346 | -120 |
| Net investment hedge | -23 | 5 | -13 | 6 |
| Cash flow hedges | 11 | -42 | 78 | 539 |
| **Other comprehensive income for the period, net of tax** | 462 | -443 | 368 | -936 |
| **Total comprehensive income for the period** | 367 | -282 | 831 | -542 |
| | | | | |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the parent company | 335 | -268 | 781 | -536 |
| Non-controlling interests | 32 | -14 | 50 | -7 |
| | 367 | -282 | 831 | -542 |

# Consolidated balance sheet

| EURm | 31 DEC 2024 | 31 DEC 2023 |
|---|---|---|
| **ASSETS** | | |
| Goodwill | 174 | 283 |
| Other intangible assets | 580 | 715 |
| Property, plant and equipment (Note 4) | 7,085 | 7,053 |
| Leased assets | 847 | 683 |
| Forest assets | 2,517 | 2,355 |
| Energy shareholdings (Note 5) | 2,247 | 2,283 |
| Other non-current financial assets | 44 | 60 |
| Deferred tax assets | 526 | 431 |
| Net retirement benefit assets | 1 | 1 |
| Investments in associates and joint ventures | 20 | 23 |
| Other non-current assets | 21 | 26 |
| **Non-current assets** | 14,062 | 13,913 |
| | | |
| Inventories | 2,104 | 1,948 |
| Trade and other receivables | 1,929 | 1,782 |
| Other current financial assets | 69 | 64 |
| Income tax receivables | 40 | 27 |
| Cash and cash equivalents | 892 | 632 |
| **Current assets** | 5,034 | 4,454 |
| Assets classified as held for sale (Note 9) | — | 106 |
| | | |
| **Assets** | 19,096 | 18,473 |
| | | |
| **EQUITY AND LIABILITIES** | | |
| Share capital | 890 | 890 |
| Treasury shares | -2 | -2 |
| Translation reserve | 657 | 347 |
| Other reserves | 1,678 | 1,655 |
| Reserve for invested non-restricted equity | 1,273 | 1,273 |
| Retained earnings | 6,644 | 6,998 |
| **Equity attributable to owners of the parent company** | 11,139 | 11,161 |
| **Non-controlling interests** | 401 | 370 |
| **Equity** | 11,540 | 11,531 |
| | | |
| Deferred tax liabilities | 673 | 616 |
| Net retirement benefit liabilities | 496 | 502 |
| Provisions (Note 8) | 89 | 170 |
| Non-current debt | 3,747 | 3,056 |
| Other non-current financial liabilities | 158 | 157 |
| **Non-current liabilities** | 5,162 | 4,501 |
| | | |
| Current debt | 166 | 327 |
| Trade and other payables | 1,938 | 1,883 |
| Provisions (note 8) | 165 | 96 |
| Other current financial liabilities | 108 | 51 |
| Income tax payables | 18 | 28 |
| **Current liabilities** | 2,395 | 2,385 |
| Liabilities related to assets classified as held for sale (Note 9) | — | 56 |
| **Liabilities** | 7,556 | 6,942 |
| | | |
| **Equity and liabilities** | 19,096 | 18,473 |

# Consolidated statement of changes in equity

| EURm | SHARE CAPITAL | TREASURY SHARES | TRANSLATION RESERVE | OTHER RESERVES | RESERVE FOR INVESTED NON-RESTRICTED EQUITY | RETAINED EARNINGS | EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|---|---|
| **Value at 1 January 2024** | 890 | -2 | 347 | 1,655 | 1,273 | 6,998 | 11,161 | 370 | 11,531 |
| Profit for the period | — | — | — | — | — | 436 | 436 | 27 | 463 |
| Translation differences | — | — | 322 | — | — | — | 322 | 23 | 346 |
| Cash flow hedges - reclassified to income statement, net of tax | — | — | — | 6 | — | — | 6 | — | 6 |
| Cash flow hedges - changes in fair value, net of tax | — | — | — | 72 | — | — | 72 | — | 72 |
| Net investment hedge, net of tax | — | — | -13 | — | — | — | -13 | — | -13 |
| Energy shareholdings - changes in fair value, net of tax | — | — | — | -51 | — | 4 | -47 | — | -47 |
| Actuarial gains and losses on defined benefit plans, net of tax | — | — | — | — | — | 4 | 4 | — | 4 |
| **Total comprehensive income for the period** | — | — | 309 | 27 | — | 444 | 781 | 50 | 831 |
| Share-based payments, net of tax | — | — | — | -4 | — | 2 | -2 | — | -2 |
| Dividend distribution | — | — | — | — | — | -800 | -800 | -19 | -819 |
| Other items | — | — | — | — | — | -1 | -1 | — | -1 |
| Contributions by non-controlling interests | — | — | — | — | — | — | — | — | — |
| **Total transactions with owners for the period** | — | — | — | -4 | — | -799 | -803 | -19 | -822 |
| **Value at 31 December 2024** | 890 | -2 | 657 | 1,678 | 1,273 | 6,644 | 11,139 | 401 | 11,540 |
| | | | | | | | | | |
| **Value at 1 January 2023** | 890 | -2 | 449 | 2,460 | 1,273 | 7,433 | 12,502 | 376 | 12,879 |
| Profit for the period | — | — | — | — | — | 388 | 388 | 6 | 394 |
| Translation differences | — | — | -108 | — | — | — | -108 | -13 | -120 |
| Cash flow hedges - reclassified to income statement, net of tax | — | — | — | 94 | — | — | 94 | — | 94 |
| Cash flow hedges - reclassified to PPE | — | — | — | 1 | — | — | 1 | — | 1 |
| Cash flow hedges - changes in fair value, net of tax | — | — | — | 444 | — | — | 444 | — | 444 |
| Net investment hedge, net of tax | — | — | 6 | — | — | — | 6 | — | 6 |
| Energy shareholdings - changes in fair value, net of tax | — | — | — | -1,350 | — | -1 | -1,351 | — | -1,351 |
| Actuarial gains and losses on defined benefit plans, net of tax | — | — | — | — | — | -10 | -10 | — | -10 |
| **Total comprehensive income for the period** | — | — | -102 | -811 | — | 377 | -536 | -7 | -542 |
| Share-based payments, net of tax | — | — | — | 6 | — | -11 | -5 | — | -5 |
| Dividend distribution | — | — | — | — | — | -800 | -800 | -35 | -835 |
| Contributions by non-controlling interests | — | — | — | — | — | — | — | 35 | 35 |
| **Total transactions with owners for the period** | — | — | — | 6 | — | -811 | -805 | — | -805 |
| **Value at 31 December 2023** | 890 | -2 | 347 | 1,655 | 1,273 | 6,998 | 11,161 | 370 | 11,531 |

# Consolidated cash flow statement

| EURm | Q4/2024 | Q4/2023 | Q1–Q4/2024 | Q1–Q4/2023 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit (loss) for the period | -95 | 161 | 463 | 394 |
| Adjustments [1] | 514 | 216 | 1,223 | 1,760 |
| Interest received | 9 | 11 | 31 | 37 |
| Interest paid | -44 | -46 | -133 | -116 |
| Dividends received | 1 | 1 | 4 | 3 |
| Other financial items, net | -1 | -7 | -13 | -44 |
| Income taxes paid | 5 | -53 | -144 | -181 |
| Change in working capital | 181 | 172 | -80 | 417 |
| **Operating cash flow** | 570 | 456 | 1,352 | 2,269 |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Capital expenditure | -133 | -171 | -543 | -1,026 |
| Additions to forest assets | -10 | -14 | -53 | -54 |
| Acquisition of businesses and subsidiaries, net of cash acquired | 0 | 0 | -28 | -20 |
| Proceeds from sale of property, plant and equipment and intangible assets, net of tax | 3 | 1 | 10 | 7 |
| Proceeds from sale of forest assets, net of tax | 7 | 2 | 19 | 10 |
| Proceeds from disposal of businesses and subsidiaries and advances received | -2 | 0 | 16 | 1 |
| Proceeds from disposal of shares in associates and joint ventures | 0 | 1 | 1 | 1 |
| Proceeds from disposal of energy shareholdings | 0 | 0 | 5 | 0 |
| Net cash flows from net investment hedges | 0 | 0 | -1 | 10 |
| Change in other non-current assets | 0 | 1 | -10 | -5 |
| **Investing cash flow** | -135 | -180 | -586 | -1,076 |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Proceeds from non-current debt | 0 | 0 | 600 | 100 |
| Payments of non-current debt | -17 | -2 | -23 | -1,506 |
| Lease repayments | -27 | -24 | -105 | -99 |
| Change in current liabilities | -1 | 55 | -182 | -260 |
| Net cash flows from derivatives | -18 | 7 | -5 | 6 |
| Dividends paid to owners of the parent company | -400 | -399 | -801 | -799 |
| Dividends paid to non-controlling interests | 0 | 0 | -19 | -36 |
| Contributions paid by non-controlling interests | 0 | -2 | 0 | 35 |
| Other financing cash flow | 0 | -6 | -10 | -14 |
| **Financing cash flow** | -464 | -371 | -544 | -2,573 |
| | | | | |
| **Change in cash and cash equivalents** | -29 | -96 | 222 | -1,379 |
| | | | | |
| Cash and cash equivalents at the beginning of the period | 558 | 773 | 632 | 2,067 |
| Exchange rate effect on cash and cash equivalents | 3 | -6 | -2 | -16 |
| Change in cash and cash equivalents | -29 | -96 | 222 | -1,379 |
| Change in cash and cash equivalents classified as held for sale (Note 9) | 0 | -39 | 39 | -39 |
| **Cash and cash equivalents at the end of the period** | 892 | 632 | 892 | 632 |

[1] **Adjustments**

| EURm | Q4/2024 | Q4/2023 | Q1–Q4/2024 | Q1–Q4/2023 |
|---|---|---|---|---|
| Change in fair value of forest assets and wood harvested | -130 | 76 | -80 | 103 |
| Share of results of associated companies and joint ventures | 0 | 0 | -1 | 1 |
| Depreciation, amortisation and impairment charges | 664 | 153 | 1,139 | 660 |
| Capital gains and losses on sale of non-current assets | -2 | -1 | -31 | -2 |
| Financial income and expenses | 26 | 30 | 104 | 144 |
| Income taxes | -35 | 19 | 37 | 71 |
| Utilised provisions | -34 | -27 | -121 | -42 |
| Non-cash changes in provisions | 16 | 7 | 101 | 179 |
| Other adjustments | 10 | -42 | 74 | 646 |
| **Total** | 514 | 216 | 1,223 | 1,760 |

# Notes to the financial statements

## 1 Basis of preparation and accounting policies

This unaudited interim report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and group's consolidated statements for 2023.

Alternative performance measures presented in this report should not be considered as a substitute for measures of performance in accordance with the IFRS Accounting Standards and may not be comparable to similarly titled amounts used by other companies.

Figures presented in this report have been rounded and therefore the sum of individual figures might deviate from the presented total figure. Key figures have been calculated using exact figures.

### Income tax – OECD Pillar Two model rules

The group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Finland in 2023, the jurisdiction in which UPM is incorporated, and came into effect from 1 January 2024. The group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The entities in scope will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The Pillar Two legislation had no impact on income taxes for the current reporting period. The assessment is based on currently available information and analysis regarding the interpretation of the rules, for which additional guidance is still being developed by the OECD. The group expects that the main jurisdiction for possible exposure to additional Pillar Two income taxes in the future will be Uruguay. The financial impact will depend on the results of the Uruguay subsidiaries and the decrease in the substance based income exclusion in accordance with the OECD Pillar Two model rules in subsequent years.

### Reclassification of provisions in the balance sheet

The group has reclassified current provisions to the current liabilities section. Previously both current and non-current provisions were presented within the non-current liabilities section of the balance sheet. This adjustment ensures better alignment with IFRS Accounting Standards accounting and facilitates a clearer understanding of short-term obligations. The comparative periods have been restated according to the new reporting principles. The reporting change has no impact on group financial result. Reclassification of provisions was reported on the group financial statements in 2023.

### Liabilities in the balance sheet

| As published | Q4/23 | Q3/23 | Q2/23 | Q1/23 |
|---|---|---|---|---|
| Deferred tax liabilities | 616 | 642 | 612 | 622 |
| Net retirement benefit liabilities | 502 | 445 | 453 | 495 |
| Provisions | 266 | 282 | 151 | 181 |
| Non-current debt | 3,056 | 3,090 | 3,176 | 3,098 |
| Other non-current financial liabilities | 157 | 189 | 207 | 95 |
| **Non-current liabilities** | 4,596 | 4,650 | 4,600 | 4,491 |
| Current debt | 327 | 271 | 452 | 493 |
| Trade and other liabilities | 1,883 | 2,237 | 2,354 | 2,046 |
| Provisions | — | — | — | — |
| Other current financial liabilities | 51 | 59 | 41 | 59 |
| Income tax payables | 28 | 46 | 42 | 79 |
| **Current liabilities** | 2,290 | 2,614 | 2,890 | 2,678 |
| Liabilities related to assets classified as held for sale | 56 | 38 | 38 | — |
| **Liabilities** | 6,942 | 7,302 | 7,527 | 7,168 |

| Restated | Q4/23 | Q3/23 | Q2/23 | Q1/23 |
|---|---|---|---|---|
| Deferred tax liabilities | 616 | 642 | 612 | 622 |
| Net retirement benefit liabilities | 502 | 445 | 453 | 495 |
| Provisions | 170 | 157 | 60 | 45 |
| Non-current debt | 3,056 | 3,090 | 3,176 | 3,098 |
| Other non-current financial liabilities | 157 | 189 | 207 | 95 |
| **Non-current liabilities** | 4,501 | 4,524 | 4,508 | 4,355 |
| Current debt | 327 | 271 | 452 | 493 |
| Trade and other liabilities | 1,883 | 2,237 | 2,354 | 2,046 |
| Provisions | 96 | 125 | 92 | 136 |
| Other current financial liabilities | 51 | 59 | 41 | 59 |
| Income tax payables | 28 | 46 | 42 | 79 |
| **Current liabilities** | 2,385 | 2,740 | 2,981 | 2,813 |
| Liabilities related to assets classified as held for sale | 56 | 38 | 38 | — |
| **Liabilities** | 6,942 | 7,302 | 7,527 | 7,168 |

# 2 Quarterly information by business area

| EURm, OR AS INDICATED | Q4/24 | Q3/24 | Q2/24 | Q1/24 | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q1–Q4/24 | Q1–Q4/23 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | | | | | | | | | | |
| UPM Fibres | 1,001 | 943 | 922 | 861 | 781 | 817 | 764 | 683 | 3,728 | 3,044 |
| UPM Energy | 161 | 125 | 130 | 210 | 192 | 142 | 134 | 159 | 627 | 628 |
| UPM Raflatac | 382 | 374 | 397 | 409 | 367 | 367 | 357 | 395 | 1,562 | 1,485 |
| UPM Specialty Papers | 368 | 335 | 367 | 397 | 374 | 357 | 349 | 404 | 1,467 | 1,485 |
| UPM Communication Papers | 688 | 751 | 711 | 802 | 799 | 807 | 909 | 1,083 | 2,953 | 3,598 |
| UPM Plywood | 109 | 103 | 120 | 98 | 91 | 96 | 117 | 118 | 430 | 422 |
| Other operations | 157 | 141 | 172 | 153 | 192 | 251 | 158 | 200 | 623 | 802 |
| Internal sales | -234 | -252 | -272 | -291 | -265 | -251 | -229 | -255 | -1,049 | -1,000 |
| Eliminations and reconciliation | 1 | 0 | -1 | -1 | -1 | -1 | -1 | 1 | -1 | -3 |
| **Sales, total** | 2,632 | 2,521 | 2,546 | 2,640 | 2,531 | 2,584 | 2,558 | 2,787 | 10,339 | 10,460 |
| | | | | | | | | | | |
| **Comparable EBITDA** | | | | | | | | | | |
| UPM Fibres | 191 | 267 | 194 | 193 | 109 | 69 | 42 | 188 | 844 | 407 |
| UPM Energy | 59 | 24 | 17 | 88 | 45 | 32 | 30 | 82 | 188 | 189 |
| UPM Raflatac | 32 | 35 | 50 | 60 | 36 | 43 | 36 | 30 | 177 | 146 |
| UPM Specialty Papers | 38 | 40 | 58 | 72 | 71 | 55 | 22 | 24 | 208 | 172 |
| UPM Communication Papers | 126 | 71 | 51 | 95 | 218 | 119 | 101 | 105 | 344 | 544 |
| UPM Plywood | 13 | 15 | 21 | 16 | 13 | 14 | 28 | 23 | 65 | 77 |
| Other operations | -30 | 3 | -24 | -20 | -11 | 36 | -16 | 21 | -72 | 29 |
| Eliminations and reconciliation | 8 | -4 | -8 | -15 | -16 | 7 | 12 | 5 | -20 | 8 |
| **Comparable EBITDA, total** | 436 | 450 | 359 | 489 | 465 | 376 | 255 | 477 | 1,734 | 1,573 |
| | | | | | | | | | | |
| **Operating profit** | | | | | | | | | | |
| UPM Fibres | 22 | 190 | 99 | 108 | 25 | -18 | -24 | 134 | 419 | 116 |
| UPM Energy | 57 | 22 | 16 | 87 | 40 | 30 | 31 | 80 | 181 | 182 |
| UPM Raflatac | -16 | 15 | 39 | 51 | 26 | 13 | 23 | 19 | 88 | 81 |
| UPM Specialty Papers | 21 | 22 | 38 | 51 | 53 | 37 | 4 | 5 | 132 | 98 |
| UPM Communication Papers | 106 | 61 | -77 | 100 | 185 | -127 | 67 | 49 | 190 | 174 |
| UPM Plywood | 6 | 9 | 16 | 10 | 8 | 9 | 21 | 12 | 42 | 50 |
| Other operations | -316 | -24 | -61 | -34 | -100 | 25 | -35 | 8 | -434 | -101 |
| Eliminations and reconciliation | 16 | 8 | -19 | -18 | -27 | 2 | 21 | 10 | -13 | 6 |
| **Operating profit, total** | -105 | 305 | 50 | 354 | 211 | -29 | 108 | 318 | 604 | 608 |
| % of sales | -4.0 | 12.1 | 2.0 | 13.4 | 8.3 | -1.1 | 4.2 | 11.4 | 5.8 | 5.8 |
| | | | | | | | | | | |
| **Items affecting comparability** | | | | | | | | | | |
| UPM Fibres | -114 | — | — | — | — | — | — | — | -114 | — |
| UPM Energy | — | — | — | — | -3 | — | 3 | — | — | — |
| UPM Raflatac | -37 | -9 | — | 1 | 1 | -19 | -3 | -1 | -44 | -22 |
| UPM Specialty Papers | 1 | — | -3 | — | — | — | — | — | -3 | — |
| UPM Communication Papers | -3 | 10 | -112 | 21 | -15 | -223 | -13 | -36 | -83 | -288 |
| UPM Plywood | — | — | — | — | — | — | -1 | -5 | 0 | -6 |
| Other operations | -378 | — | -6 | 2 | -86 | -1 | — | -1 | -382 | -87 |
| Eliminations and reconciliation [1)] | 8 | 12 | -10 | -3 | -10 | -5 | 8 | 5 | 7 | -2 |
| **Items affecting comparability in operating profit, total** | -523 | 14 | -132 | 21 | -113 | -249 | -5 | -38 | -620 | -405 |
| | | | | | | | | | | |
| **Comparable EBIT** | | | | | | | | | | |
| UPM Fibres | 136 | 190 | 99 | 108 | 25 | -18 | -24 | 134 | 533 | 116 |
| UPM Energy | 57 | 22 | 16 | 87 | 43 | 30 | 28 | 80 | 181 | 182 |
| UPM Raflatac | 20 | 24 | 39 | 49 | 25 | 33 | 26 | 20 | 132 | 103 |
| UPM Specialty Papers | 20 | 22 | 41 | 51 | 53 | 37 | 4 | 5 | 135 | 98 |
| UPM Communication Papers | 109 | 51 | 35 | 79 | 200 | 96 | 80 | 85 | 273 | 462 |
| UPM Plywood | 6 | 9 | 16 | 10 | 8 | 9 | 22 | 17 | 42 | 56 |
| Other operations | 62 | -23 | -55 | -36 | -14 | 26 | -35 | 9 | -52 | -14 |
| Eliminations and reconciliation | 8 | -4 | -8 | -15 | -16 | 7 | 12 | 5 | -20 | 8 |
| **Comparable EBIT, total** | 418 | 291 | 182 | 333 | 323 | 220 | 114 | 356 | 1,224 | 1,013 |
| % of sales | 15.9 | 11.5 | 7.2 | 12.6 | 12.8 | 8.5 | 4.5 | 12.8 | 11.8 | 9.7 |

1) Eliminations and reconciliations includes changes in fair value of unrealised cash flow and commodity hedges.

### Items affecting comparability

Certain non-operational or non-cash valuation transactions with significant income statement impact are considered as items affecting comparability and reported separately to reflect the underlying business performance and to enhance comparability from period to period.

In 2024, items affecting comparability include EUR 373 million impairment of assets in biochemicals biorefinery in Leuna, EUR 5 million impairment of UPM Biochemicals goodwill, and EUR 113 million impairment of Pulp operations Finland goodwill. Restructuring and other impairment charges relate to the closure of Hürth newsprint mill and Nordland fine paper machine 3 in Germany in UPM Communication Papers, close of UPM Biocomposites business in Other operations, the planned closure of UPM Raflatac factory in Kaltenkirchen in Germany and additions to restructuring charges related to closure of UPM Plattling mill in Germany in 2023. Items affecting comparability include EUR 21 million capital gain on sale of UPM-Kymmene Austria GmbH and other non-operational items include EUR 4 million write down of inventory at the Raflatac mill, located in North Carolina, USA, which was impacted by Hurricane Helene. Items affecting comparability in finance costs included EUR 3 million impairment from shareholding in ASD associated company.

In 2023, items affecting comparability include decrease in the fair value of forest assets in Finland resulting from changes in estimates and increase in discount rate. Restructuring and impairment charges relate to closure of UPM Plattling mill in Germany, restructuring measures in UPM Raflatac Nancy factory, closure of paper machine 6 at UPM Schongau mill in Germany, sale of Steyrermühl site in Austria and restructurings in UPM Communication Papers, UPM Raflatac and UPM Plywood. Capital gains and losses include losses of EUR 6 million relating to sale of Russian operations. Impairment charges relate mainly to closure of UPM Plattling mill. Items affecting comparability in financial items include EUR 71 million exchange rate losses relating to sale of Russian operations and EUR 5 million income on termination of lease agreement.

| EURm | Q4/24 | Q3/24 | Q2/24 | Q1/24 | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q1–Q4/24 | Q1–Q4/23 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Comparable profit for the period** | 328 | 236 | 131 | 258 | 248 | 149 | 77 | 281 | 953 | 755 |
| **Items affecting comparability** | | | | | | | | | | |
| Impairment charges | -516 | 11 | -44 | — | -1 | -113 | -2 | -1 | -549 | -117 |
| Restructuring charges | -18 | -3 | -83 | 2 | -15 | -132 | -15 | -37 | -103 | -199 |
| Change in fair value of unrealised cash flow and commodity hedges | 8 | 12 | -10 | -3 | -10 | -5 | 8 | 5 | 7 | -2 |
| Capital gains and losses on sale of non-current assets | 1 | 0 | 5 | 22 | 0 | 2 | 3 | -6 | 29 | — |
| Fair value changes of forest assets resulting from changes in estimates | — | — | — | — | -86 | — | — | — | — | -86 |
| Other non-operational items | 3 | -6 | — | — | — | — | — | — | -4 | — |
| Total items affecting comparability in operating profit | -523 | 14 | -132 | 21 | -113 | -249 | -5 | -38 | -620 | -405 |
| Items affecting comparability in financial items | — | 0 | -3 | — | — | 1 | 1 | -67 | -3 | -65 |
| Tax provisions | — | — | — | — | 2 | — | — | — | — | 2 |
| Taxes relating to items affecting comparability | 100 | -3 | 37 | 0 | 24 | 71 | 4 | 8 | 133 | 107 |
| Items affecting comparability in taxes | 100 | -3 | 37 | 0 | 26 | 71 | 4 | 8 | 133 | 109 |
| **Items affecting comparability, total** | -423 | 11 | -98 | 21 | -87 | -177 | 0 | -97 | -490 | -361 |
| **Profit (loss) for the period** | -95 | 246 | 33 | 279 | 161 | -28 | 77 | 183 | 463 | 394 |

## 3 External sales by major products

| BUSINESS AREA | BUSINESS | Q4/2024 | Q4/2023 | Q1–Q4/2024 | Q1–Q4/2023 |
|---|---|---|---|---|---|
| EURm | | | | | |
| UPM Fibres | UPM Pulp<br>UPM Timber | 870 | 620 | 3,108 | 2,452 |
| UPM Energy | UPM Energy | 130 | 156 | 487 | 486 |
| UPM Raflatac | UPM Raflatac | 382 | 367 | 1,562 | 1,485 |
| UPM Specialty Papers | UPM Specialty Papers | 319 | 328 | 1,272 | 1,300 |
| UPM Communication Papers | UPM Communication Papers | 680 | 792 | 2,920 | 3,570 |
| UPM Plywood | UPM Plywood | 103 | 87 | 409 | 402 |
| Other operations | UPM Forest<br>UPM Biofuels<br>UPM Biochemicals<br>UPM Biomedicals<br>UPM Biocomposites | 148 | 182 | 582 | 768 |
| Eliminations and reconciliations | | 1 | -1 | -1 | -3 |
| **Total** | | 2,632 | 2,531 | 10,339 | 10,460 |

| BUSINESS | PRODUCT RANGE |
|---|---|
| UPM Pulp | Softwood, birch and eucalyptus pulp |
| UPM Timber | Standard and special sawn timber |
| UPM Energy | Electricity and related services |
| UPM Raflatac | Self-adhesive paper, film and graphic materials |
| UPM Specialty Papers | Labelling materials, release base papers, flexible packaging materials, office papers, graphic papers |
| UPM Communication Papers | Graphic papers for various end uses |
| UPM Plywood | Plywood and veneer products |
| UPM Forest | Wood and wood-based biomass (logs, pulpwood, chips, forest residues etc.), full forestry service offering |
| UPM Biofuels | Wood-based renewable diesel for transport and renewable naphtha for transport and petrochemicals |
| UPM Biochemicals | Lignin products for industrial use |
| UPM Biomedicals | Wood-based products for biomedical applications |
| UPM Biocomposites | UPM ProFi decking products and UPM Formi granules |

## 4 Changes in property, plant and equipment

| EURm | Q1–Q4/2024 | Q1–Q4/2023 |
|---|---|---|
| Book value at beginning of period | 7,053 | 6,733 |
| Reclassification to assets held for sale, net | 0 | -21 |
| Capital expenditure | 508 | 1,074 |
| Companies acquired | 16 | 1 |
| Decreases | -3 | -2 |
| Depreciation | -461 | -422 |
| Impairment charges | -435 | -20 |
| Impairment reversal | 0 | 0 |
| Reclassifications | 136 | -141 |
| Translation difference and other changes | 272 | -149 |
| **Book value at end of period** | 7,085 | 7,053 |

Capital expenditure in 2024 mainly relate to the construction of of the new biorefinery in Germany and in 2023 to the construction of the new pulp mill in Uruguay and new biorefinery in Germany. Total impairment charges in 2024 include 373 million impairment related to the Leuna biorefinery valuation in UPM Biochemicals and the rest mainly relate to the closure of Hürth newsprint mill, paper machine 3 at Nordland in Germany and closure of Kaltenkirchen factory in Germany. Companies acquired in 2024 relates to acquisition of Grafityp. ***>> Refer note 10** Business combinations* for more information. Impairment charges in 2023 mainly relate to the closure of Plattling mill in Germany. Reclassifications in 2024 and 2023 relate to final classification of assets in the Uruguay pulp mill investment. Reclassification to assets held for sale in 2023 relates to agreement to sell 100% of the shares of the Austrian subsidiary UPM-Kymmene Austria GmbH. The sale was completed in 2024.

## 5 Financial assets and liabilities

### Financial assets and liabilities measured at fair value

| EURm | 31 DEC 2024 | | | | 31 DEC 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | |
| Investment funds | — | 1 | — | 1 | — | 1 | — | 1 |
| Derivatives non-qualifying hedges | — | 10 | — | 10 | — | 19 | — | 19 |
| Derivatives under hedge accounting | 1 | 85 | — | 85 | 4 | 91 | — | 95 |
| Energy shareholdings | — | — | 2,247 | 2,247 | — | — | 2,283 | 2,283 |
| **Total** | 1 | 96 | 2,247 | 2,343 | 4 | 111 | 2,283 | 2,398 |
| | | | | | | | | |
| **Financial liabilities** | | | | | | | | |
| Derivatives non-qualifying hedges | — | 17 | — | 17 | — | 46 | — | 46 |
| Derivatives under hedge accounting | — | 195 | — | 195 | 6 | 128 | — | 134 |
| **Total** | — | 211 | — | 211 | 6 | 174 | — | 180 |

There have been no transfers between levels.

Specific valuation techniques used to value financial instruments at level 2 include the following methods:

Interest forward rate agreements (FRA) are fair valued based on quoted market rates on the balance sheet date. Forward foreign exchange contracts are fair valued based on the contract forward rates at the balance sheet date. Foreign currency options are fair valued based on quoted market rates and market volatility rates on the balance sheet date by using the Black&Scholes option valuation model. Interest and currency swap instruments are fair valued as present value of the estimated future cash flows based on observable yield curves. Commodity swaps are fair valued based on forward curve quotations received from service providers. Valuation of investment funds is based on quoted prices (unadjusted) for identical assets in markets that are not active.

### Fair value measurements using significant unobservable inputs, Level 3

| | ENERGY SHAREHOLDINGS | |
|---|---|---|
| **EURm** | **Q1–Q4/2024** | **Q1–Q4/2023** |
| Book value at beginning of period | 2,283 | 3,652 |
| Disposals | -4 | 0 |
| Fair value changes recognised in other comprehensive income | -32 | -1,369 |
| **Book value at end of period** | 2,247 | 2,283 |

Fair valuation of energy shareholdings in UPM Energy (Pohjolan Voima Oyj's A, B, B2, and C-shares, Kemijoki Oy shares, and Länsi-Suomen Voima Oy shares) is based on discounted cash flows model. The electricity price estimate is based on future electricity forward prices and a simulation of the Finnish area electricity price. A change of 5% in the electricity price used in the model would change the total value of the assets by approximately EUR 250 (180 in Q4 2023) million.

The discount rate of 8.07% (8.01% in Q4 2023) used in the valuation model is determined using the weighted average cost of capital method. A change of 0.5 percentage points in the discount rate would change the total value of the assets by approximately EUR 180 (100 in Q4 2023) million.

One of the main factors in the decrease in fair value during the reporting period was the decrease in electricity forward market prices.

### Fair value of financial assets and liabilities measured at amortised cost

| EURm | 31 DEC 2024 | 31 DEC 2024 | 31 DEC 2023 | 31 DEC 2023 |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Bonds | 2,642 | 2,568 | 2,002 | 1,906 |
| Other non-current debt excl. derivative financial instruments and lease liabilities | 303 | 330 | 348 | 355 |
| **Total** | 2,945 | 2,898 | 2,350 | 2,261 |

The carrying amounts are not significantly different from fair values due to hedges. The fair values of all other financial assets and liabilities approximate their carrying amount.

## 6 Commitments and contingencies

| EURm | 31 DEC 2024 | 31 DEC 2023 |
|---|---|---|
| **Other own commitments** | | |
| Commitments related to off-balance sheet short-term leases | 1 | 2 |
| Other commitments | 106 | 99 |
| **Total** | 107 | 101 |

The lease commitments for leases not commenced on 31 December 2024 amounted to EUR 24 million (EUR 176 million on 31 December 2023). The decrease during the reporting period is due to the commencement of the Uruguay railway lease in Q3 2024. The 2023 commitments relate to railway service agreement in Uruguay and a service agreement related to wastewater treatment in Leuna, Germany.

### Capital commitments

| EURm | COMPLETION | TOTAL COST | BY 31 DEC 2023 | Q1-Q4/2024 | AFTER 31 DEC 2024 |
|---|---|---|---|---|---|
| New biorefinery / Germany | Q1 2025 | 1,275 | 817 | 281 | 177 |

# 7 Notional amounts of derivative financial instruments

| EURm | 31 DEC 2024 | 31 DEC 2023 |
|---|---|---|
| Interest rate futures | 1,134 | 1,691 |
| Interest rate swaps | 1,711 | 1,089 |
| Forward foreign exchange contracts | 3,617 | 3,308 |
| Currency options, bought | — | — |
| Currency options, written | — | — |
| Cross currency swaps | 129 | 134 |
| Commodity contracts | 551 | 591 |

# 8 Provisions

| EURm | RESTRUCTURING | TERMINATION | ENVIRONMENTAL | EMISSIONS | OTHER | TOTAL |
|---|---|---|---|---|---|---|
| **Value at 1 January 2024** | 59 | 117 | 27 | 56 | 6 | 266 |
| Provisions made during the year | 27 | 58 | 0 | 78 | 26 | 189 |
| Provisions utilised during the year | -29 | -90 | -1 | -68 | -1 | -189 |
| Unused provisions reversed | -4 | -5 | -1 | -1 | -3 | -14 |
| Reclassifications | 1 | -1 | 0 | 0 | 0 | 0 |
| Translation differences | 0 | 0 | 0 | 0 | 0 | 1 |
| **Value at 31 December 2024** | 55 | 79 | 26 | 66 | 28 | 253 |

# 9 Assets and liabilities classified as held for sale and disposals

There were no assets or liabilities classified as held for sale as at 31 December 2024. Assets and liabilities classified as held for sale as at 31 December 2023 relate to the agreement to sell 100% of the shares of Austrian subsidiary UPM Kymmene-Austria GmbH to the HEINZEL GROUP as announced in June 2022.

## Sale of UPM Kymmene-Austria GmbH

On 2 January 2024, UPM announced that it has completed the sale of UPM Kymmene-Austria GmbH. The transaction comprises the UPM Steyrermühl site and the Steyrermühl sawmill operations. UPM Communication Papers ended the newspaper production at Steyrermühl paper mill in June 2023.

## Reconciliation of gain on sale and net cash arising from the disposal of UPM Kymmene-Austria GmbH

| EURm | Q1-Q4/2024 |
|---|---|
| **Reconciliation of gain on sale** | |
| Consideration paid in advance | 15 |
| Consideration paid in cash | 56 |
| Net assets sold | -50 |
| Transaction and other costs, net | 0 |
| **Gain on disposal** | **21** |
| | |
| Consideration paid in cash | 56 |
| Cash in company disposed | -39 |
| **Net cash arising from disposal** | **17** |

# 10 Business combinations

On 23 July 2024, it was announced that UPM Raflatac has acquired Grafityp, a Belgian-based company to further accelarate its growth in graphics solutions. Merging UPM Raflatac's existing Graphics business with Grafityp will strengthen UPM Raflatac's overall competitive positioning in this attractive product segment, expand its portfolio and give access to high-value new technologies.

If the transaction had occurred on 1 January 2024, UPM's sales for January–December 2024 would have been EUR 10,356 million and profit for the period EUR 461 million. These amounts have been calculated using the group's accounting policies and by adjusting the results of the subsidiaries to reflect the depreciation and amortisation that would have been charged assuming application of fair value adjustments to other intangible assets, property plant and equipment and inventories from 1 January 2024, together with the consequential tax effects.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

| EURm | |
|---|---|
| Cash paid | 29 |
| Deferred consideration | 0 |
| **Total purchase consideration** | **29** |

| EURm | 23 JUL 2024 |
|---|---|
| Other intangible assets | 5 |
| Property, plant and equipment | 16 |
| Leased assets | 0 |
| Inventories | 14 |
| Trade and other receivables | 5 |
| Cash and cash equivalents | 1 |
| **Total assets** | **42** |
| | |
| Deferred tax liabilities | 4 |
| Non-current debt | 2 |
| Current debt | 3 |
| Trade and other payables | 6 |
| Income tax payables | 0 |
| **Total liabilities** | **15** |
| | |
| Net identifiable assets acquired | 27 |
| **Goodwill arising from acquisition** | **3** |

The fair value of trade and other receivables included trade receivables with a fair value of EUR 5 million. At the date of acquisition, the gross contractual amount for trade receivables was EUR 5 million, of which EUR 0 million was expected to be uncollectible.

Acquisition-related costs of EUR 1 million are included in other operating expenses and are reported as items affecting comparability in UPM Raflatac business area.

Information on the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated income statement for the reporting period is not disclosed because it would be impracticable. The acquired business has been included in the group since 23 July 2024, and the effects of the revenues and profit or loss thereof are not considered material for disclosure purposes.

The fair values of net identifiable assets acquired are provisional and dependent on final fair valuations.

# Alternative performance measures

## Quarterly key figures

In addition to the conventional financial performance measures established by the IFRS, certain key figures (alternative performance measures) are presented to reflect the underlying business performance and enhance comparability from period to period.

| | Q4/24 | Q3/24 | Q2/24 | Q1/24 | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q1–Q4/24 | Q1–Q4/23 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales EURm | 2,632 | 2,521 | 2,546 | 2,640 | 2,531 | 2,584 | 2,558 | 2,787 | 10,339 | 10,460 |
| Comparable EBITDA, EURm | 436 | 450 | 359 | 489 | 465 | 376 | 255 | 477 | 1,734 | 1,573 |
| % of sales | 16.5 | 17.9 | 14.1 | 18.5 | 18.4 | 14.6 | 10.0 | 17.1 | 16.8 | 15.0 |
| Comparable EBIT, EURm | 418 | 291 | 182 | 333 | 323 | 220 | 114 | 356 | 1,224 | 1,013 |
| % of sales | 15.9 | 11.5 | 7.2 | 12.6 | 12.8 | 8.5 | 4.5 | 12.8 | 11.8 | 9.7 |
| Comparable profit before tax, EURm | 392 | 257 | 163 | 311 | 293 | 196 | 101 | 344 | 1,123 | 934 |
| Capital employed (average, EURm) | 15,262 | 14,831 | 14,809 | 14,972 | 15,044 | 15,246 | 15,900 | 17,196 | 15,184 | 16,414 |
| Comparable ROCE, % | 11.1 | 7.9 | 5.2 | 9.1 | 8.9 | 6.0 | 3.1 | 8.4 | 8.2 | 6.4 |
| Comparable profit for the period, EURm | 328 | 236 | 131 | 258 | 248 | 149 | 77 | 281 | 953 | 755 |
| Total equity, average, EURm | 11,356 | 11,134 | 11,451 | 11,669 | 11,670 | 11,751 | 12,290 | 12,883 | 11,535 | 12,205 |
| Comparable ROE, % | 11.5 | 8.5 | 4.6 | 8.9 | 8.5 | 5.1 | 2.5 | 8.7 | 8.3 | 6.2 |
| Average number of shares basic (1,000) | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 |
| Comparable EPS, EUR | 0.61 | 0.42 | 0.23 | 0.47 | 0.46 | 0.28 | 0.15 | 0.51 | 1.74 | 1.40 |
| Items affecting comparability in operating profit, EURm | -523 | 14 | -132 | 21 | -113 | -249 | -5 | -38 | -620 | -405 |
| Items affecting comparability in financial items, EURm | 0 | — | -3 | — | — | 1 | 1 | -67 | -3 | -65 |
| Items affecting comparability in taxes, EURm | 100 | -3 | 37 | 0 | 26 | 71 | 4 | 8 | 133 | 109 |
| Operating cash flow, EURm | 570 | 242 | 204 | 335 | 456 | 641 | 459 | 714 | 1,352 | 2,269 |
| Operating cash flow per share, EUR | 1.07 | 0.45 | 0.38 | 0.63 | 0.85 | 1.20 | 0.86 | 1.34 | 2.54 | 4.25 |
| Net debt at the end of period, EURm | 2,869 | 2,804 | 2,763 | 2,312 | 2,432 | 2,363 | 2,557 | 2,167 | 2,869 | 2,432 |
| Net debt to EBITDA (last 12 m.) | 1.66 | 1.59 | 1.64 | 1.46 | 1.55 | 1.27 | 1.07 | 0.82 | 1.66 | 1.55 |
| Gearing ratio, % | 25 | 25 | 25 | 20 | 21 | 20 | 22 | 17 | 25 | 21 |
| Equity per share at the end of period, EUR | 20.89 | 20.25 | 20.10 | 21.42 | 20.93 | 21.42 | 21.24 | 23.42 | 20.89 | 20.93 |
| Capital expenditure, EURm | 140 | 144 | 184 | 83 | 173 | 196 | 482 | 270 | 550 | 1,122 |
| Capital expenditure excluding acquisitions, EURm | 140 | 130 | 174 | 83 | 173 | 169 | 482 | 270 | 527 | 1,094 |
| Equity to assets ratio, % | 60.5 | 58.8 | 59.6 | 64.0 | 62.5 | 61.9 | 61.0 | 64.4 | 60.5 | 62.5 |
| Personnel at the end of period | 15,827 | 16,245 | 16,776 | 16,132 | 16,573 | 16,831 | 17,571 | 16,985 | 15,827 | 16,573 |

The definitions of alternative performance measures are presented in other financial information in ***» UPM Annual Report 2023***

## Reconciliation of key figures to IFRS

| EURm, OR AS INDICATED | Q4/24 | Q3/24 | Q2/24 | Q1/24 | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q1–Q4/24 | Q1–Q4/23 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Items affecting comparability** | | | | | | | | | | |
| Impairment charges | -516 | 11 | -44 | 0 | -1 | -113 | -2 | -1 | -549 | -117 |
| Restructuring charges | -18 | -3 | -83 | 2 | -15 | -132 | -15 | -37 | -103 | -199 |
| Change in fair value of unrealised cash flow and commodity hedges | 8 | 12 | -10 | -3 | -10 | -5 | 8 | 5 | 7 | -2 |
| Capital gains and losses on sale of non-current assets | 1 | 0 | 5 | 22 | 0 | 2 | 3 | -6 | 29 | 0 |
| Fair value changes of forest assets resulting from changes in estimates | 0 | 0 | 0 | 0 | -86 | 0 | 0 | 0 | 0 | -86 |
| Other non-operational items | 3 | -6 | 0 | 0 | 0 | 0 | 0 | 0 | -4 | 0 |
| Total items affecting comparability in operating profit | -523 | 14 | -132 | 21 | -113 | -249 | -5 | -38 | -620 | -405 |
| Items affecting comparability in financial items | 0 | 0 | -3 | 0 | 0 | 1 | 1 | -67 | -3 | -65 |
| Tax provisions | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Taxes relating to items affecting comparability | 100 | -3 | 37 | 0 | 24 | 71 | 4 | 8 | 133 | 107 |
| Items affecting comparability in taxes | 100 | -3 | 37 | 0 | 26 | 71 | 4 | 8 | 133 | 109 |
| **Items affecting comparability, total** | -423 | 11 | -98 | 21 | -87 | -177 | 0 | -97 | -490 | -361 |
| **Comparable EBITDA** | | | | | | | | | | |
| Operating profit (loss) | -105 | 305 | 50 | 354 | 211 | -29 | 108 | 318 | 604 | 608 |
| Depreciation, amortisation and impairment charges excluding items affecting comparability | 147 | 144 | 151 | 147 | 152 | 152 | 125 | 114 | 590 | 543 |
| Change in fair value of forest assets and wood harvested excluding items affecting comparability | -130 | 16 | 27 | 8 | -10 | 5 | 16 | 5 | -80 | 17 |
| Share of result of associates and joint ventures | 0 | -1 | -1 | 1 | 0 | 0 | 0 | 1 | -1 | 1 |
| Items affecting comparability in operating profit | 523 | -14 | 132 | -21 | 113 | 249 | 5 | 38 | 620 | 405 |
| **Comparable EBITDA** | 436 | 450 | 359 | 489 | 465 | 376 | 255 | 477 | 1,734 | 1,573 |
| % of sales | 16.5 | 17.9 | 14.1 | 18.5 | 18.4 | 14.6 | 10.0 | 17.1 | 16.8 | 15.0 |
| **Comparable EBIT** | | | | | | | | | | |
| Operating profit (loss) | -105 | 305 | 50 | 354 | 211 | -29 | 108 | 318 | 604 | 608 |
| Items affecting comparability in operating profit | 523 | -14 | 132 | -21 | 113 | 249 | 5 | 38 | 620 | 405 |
| **Comparable EBIT** | 418 | 291 | 182 | 333 | 323 | 220 | 114 | 356 | 1,224 | 1,013 |
| % of sales | 15.9 | 11.5 | 7.2 | 12.6 | 12.8 | 8.5 | 4.5 | 12.8 | 11.8 | 9.7 |
| **Comparable profit before tax** | | | | | | | | | | |
| Profit (loss) before tax | -131 | 271 | 28 | 332 | 180 | -52 | 96 | 239 | 500 | 464 |
| Items affecting comparability in operating profit | 523 | -14 | 132 | -21 | 113 | 249 | 5 | 38 | 620 | 405 |
| Items affecting comparability in financial items | 0 | 0 | 3 | — | — | -1 | -1 | 67 | 3 | 65 |
| **Comparable profit before tax** | 392 | 257 | 163 | 311 | 293 | 196 | 101 | 344 | 1,123 | 934 |
| **Comparable ROCE, %** | | | | | | | | | | |
| Comparable profit before tax | 392 | 257 | 163 | 311 | 293 | 196 | 101 | 344 | 1,123 | 934 |
| Interest expenses and other financial expenses | 31 | 37 | 29 | 28 | 40 | 33 | 22 | 17 | 126 | 112 |
| | 423 | 294 | 192 | 339 | 333 | 229 | 123 | 361 | 1,249 | 1,046 |
| Capital employed, average | 15,262 | 14,831 | 14,809 | 14,972 | 15,044 | 15,246 | 15,900 | 17,196 | 15,184 | 16,414 |
| **Comparable ROCE, %** | 11.1 | 7.9 | 5.2 | 9.1 | 8.9 | 6.0 | 3.1 | 8.4 | 8.2 | 6.4 |
| **Comparable profit for the period** | | | | | | | | | | |
| Profit (loss) for the period | -95 | 246 | 33 | 279 | 161 | -28 | 77 | 183 | 463 | 394 |
| Items affecting comparability, total | 423 | -11 | 98 | -21 | 87 | 177 | — | 97 | 490 | 361 |
| **Comparable profit for the period** | 328 | 236 | 131 | 258 | 248 | 149 | 77 | 281 | 953 | 755 |
| **Comparable EPS, EUR** | | | | | | | | | | |
| Comparable profit for the period | 328 | 236 | 131 | 258 | 248 | 149 | 77 | 281 | 953 | 755 |
| Profit attributable to non-controlling interest | -4 | -10 | -6 | -7 | -1 | 2 | 1 | -7 | -27 | -6 |
| | 324 | 226 | 125 | 251 | 246 | 151 | 78 | 273 | 926 | 749 |
| Average number of shares basic (1,000) | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 |
| **Comparable EPS, EUR** | 0.61 | 0.42 | 0.23 | 0.47 | 0.46 | 0.28 | 0.15 | 0.51 | 1.74 | 1.40 |
| **Comparable ROE, %** | | | | | | | | | | |
| Comparable profit for the period | 328 | 236 | 131 | 258 | 248 | 149 | 77 | 281 | 953 | 755 |
| Total equity, average | 11,356 | 11,134 | 11,451 | 11,669 | 11,670 | 11,751 | 12,290 | 12,883 | 11,535 | 12,205 |
| **Comparable ROE, %** | 11.5 | 8.5 | 4.6 | 8.9 | 8.5 | 5.1 | 2.5 | 8.7 | 8.3 | 6.2 |
| **Net debt** | | | | | | | | | | |
| Non-current debt | 3,747 | 3,711 | 2,992 | 3,045 | 3,056 | 3,090 | 3,176 | 3,098 | 3,747 | 3,056 |
| Current debt | 166 | 189 | 503 | 176 | 329 | 272 | 453 | 493 | 166 | 329 |
| **Total debt** | 3,913 | 3,900 | 3,494 | 3,221 | 3,385 | 3,362 | 3,629 | 3,592 | 3,913 | 3,385 |
| Non-current interest-bearing assets | 38 | 66 | 56 | 62 | 71 | 64 | 73 | 88 | 38 | 71 |
| Cash and cash equivalents | 892 | 917 | 558 | 710 | 632 | 773 | 768 | 1,016 | 892 | 632 |
| Other current interest-bearing assets | 114 | 113 | 117 | 136 | 250 | 162 | 231 | 321 | 114 | 250 |
| **Total interest-bearing assets** | 1,044 | 1,095 | 731 | 909 | 953 | 999 | 1,072 | 1,424 | 1,044 | 953 |
| **Net debt** | 2,869 | 2,804 | 2,763 | 2,312 | 2,432 | 2,363 | 2,557 | 2,167 | 2,869 | 2,432 |

It should be noted that certain statements herein, which are not historical facts, including, without limitation, those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by "believes", "expects", "anticipates", "foresees", or similar expressions, are forward-looking statements. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to: (1) **operating factors** such as continued success of manufacturing activities and the achievement of efficiencies therein including the availability and cost of production inputs, continued success of product development, acceptance of new products or services by the Group's targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the Group's patents and other intellectual property rights, the availability of capital on acceptable terms; (2) **industry conditions**, such as strength of product demand, intensity of competition, prevailing and future global market prices for the Group's products and the pricing pressures thereto, financial condition of the customers and the competitors of the Group, the potential introduction of competing products and technologies by competitors; and (3) **general economic conditions,** such as rates of economic growth in the Group's principal geographic markets or fluctuations in exchange and interest rates. The main earnings sensitivities and the group's cost structure are presented on pages 178–179 of the 2023 Annual Report. Risks and opportunities are discussed on pages 34–35 and risks and risk management are presented on pages 133–137 of the report.

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