



TRANSFORMING TOGETHER

UPM INTERIM REPORT
JANUARY-MARCH 2024



UPM Interim Report Q1 2024:

A positive start to the year, growth investments contributed to earnings



Q1 2024 highlights

- Sales decreased by 5% to EUR 2,640 million (2,787 million in Q1 2023)
- Comparable EBIT decreased by 6% to EUR 333 million, 12.6% of sales (356 million, 12.8%)
- Operating cash flow was solid at EUR 335 million (714 million), including seasonal increase in working capital
- Net debt was EUR 2,312 million (2,167 million) and the net debt to EBITDA ratio was 1.46 (0.82)
- Successful margin management and recovering market demand continued in most businesses
- UPM Paso de los Toros pulp mill reached positive Q1 EBIT, production at 83% of capacity
- Sale of the Steyermühl site, Austria in January
- CDP recognised UPM with double 'A' score for transparency on climate change and forests

Key figures

	Q1/2024	Q1/2023	Q4/2023	Q1-Q4/2023
Sales, EURm	2,640	2,787	2,531	10,460
Comparable EBITDA, EURm	489	477	465	1,573
% of sales	18.5	17.1	18.4	15.0
Operating profit (loss), EURm	354	318	211	608
Comparable EBIT, EURm	333	356	323	1,013
% of sales	12.6	12.8	12.8	9.7
Profit (loss) before tax, EURm	332	239	180	464
Comparable profit before tax, EURm	311	344	293	934
Profit (loss) for the period, EURm	279	183	161	394
Comparable profit for the period, EURm	258	281	248	755
Earnings per share (EPS), EUR	0.51	0.33	0.30	0.73
Comparable EPS, EUR	0.47	0.51	0.46	1.40
Return on equity (ROE), %	9.6	5.7	5.5	3.2
Comparable ROE, %	8.9	8.7	8.5	6.2
Return on capital employed (ROCE), %	9.6	6.0	5.9	3.5
Comparable ROCE, %	9.1	8.4	8.9	6.4
Operating cash flow, EURm	335	714	456	2,269
Operating cash flow per share, EUR	0.63	1.34	0.85	4.25
Equity per share at the end of period, EUR	21.42	23.42	20.93	20.93
Capital employed at the end of period, EURm	15,028	16,478	14,916	14,916
Net debt at the end of period, EURm	2,312	2,167	2,432	2,432
Net debt to EBITDA (last 12 months)	1.46	0.82	1.55	1.55
Personnel at the end of period	16,132	16,985	16,573	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:

"In Q1, recovering demand and continued successful margin management resulted in improved earnings compared to previous quarters. The destocking that characterised last year was over for all our businesses and most of them improved their performance from Q4. In addition, our transformative growth investments, UPM Paso de los Toros and OL3, delivered good contribution to earnings.

Our sales were EUR 2,640 million and our comparable EBIT was EUR 333 million, broadly at similar levels as in the comparison quarters. Our operating cash flow was solid at EUR 335 million and our net debt decreased to EUR 2,312 million during the quarter.

In UPM Fibres, profitability improved. Market demand for pulp was good and prices increased from Q4. We were able to serve our customers with 71% higher deliveries compared to last year. UPM Paso de los Toros ramp-up is progressing well, Q1 production reached 83% of capacity and EBIT was positive. An important step was taken right after the end of the quarter, when the railway from the mill to the port of Montevideo was put into use.

Profitability and volumes for UPM Specialty Papers and UPM Raflatac, our two businesses in the packaging value chain, continued to recover well from last year's sharp fall. At the same time, the businesses have taken good care of margins, as reflected in their good results.

UPM Energy achieved its best Q1 results so far. Cold winter weather in the first months of the year boosted electricity consumption seasonally, supporting market prices. We also succeeded well in hydropower optimisation. In strong markets the OL3 nuclear power plant unit proved its importance for the electricity system and contributed well to our earnings.

UPM Communication Papers continued to perform well. In Q1, overall demand for graphic papers in Europe was slightly higher than a year ago, but sales prices were clearly lower. The business continued its cost reduction actions. We completed the sale of the UPM Steyrmühl paper mill.

In UPM Plywood, destocking in the markets ended, leading to some improvement in deliveries of spruce plywood. The business aligned production to market demand with temporary layoffs.

In other operations, the European market for advanced renewable fuels was soft. Biofuel sales prices decreased, while input costs remained elevated.

UPM operations in Finland were impacted by the political strikes in March and early April. We were not a party to this political dispute but were affected by the resulting logistical blockade. Production in most of our paper and pulp mills was suspended and all businesses experienced disruptions in logistics. We succeeded well in mitigating the impact of the strikes by managing inventories and serving customers from mills outside of Finland. The result impact was therefore modest and is split over Q1 and Q2.

UPM Biochemicals is progressing at full speed towards starting production in the Leuna biorefinery and launching the biochemicals business by the end of the year. The first parts of the biorefinery have been commissioned, and the commercial interest for the wood-based products remains high.

Meanwhile, the detailed commercial and basic engineering phase of the potential biorefinery in Rotterdam, the Netherlands, continues.

UPM's dedication to sustainability has earned us recognition as an industry leader in international indices assessing various aspects of responsibility. Sustainability underpins everything we do; from the fibre we source to our ambitious, science-based emission reduction targets. This dedication was recognised again in February when the CDP awarded us a double 'A' score for transparency on climate change and forests.

Q1 was a positive start to 2024, underpinning our confidence for the full year. Our product markets are recovering, and our businesses are driving performance in the improving business environment. In Q2 several assets will undergo planned maintenance shuts, impacting short-term performance. In contrast, in the second half of the year, we anticipate a good uninterrupted run that will support our results.

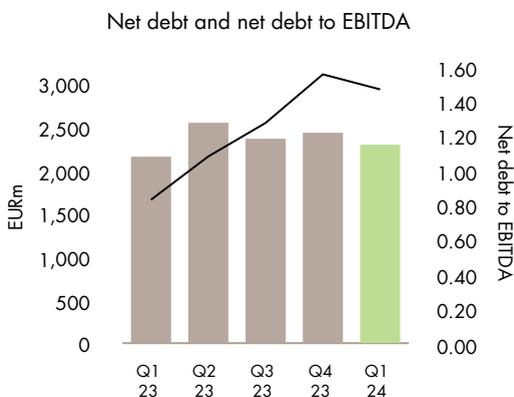
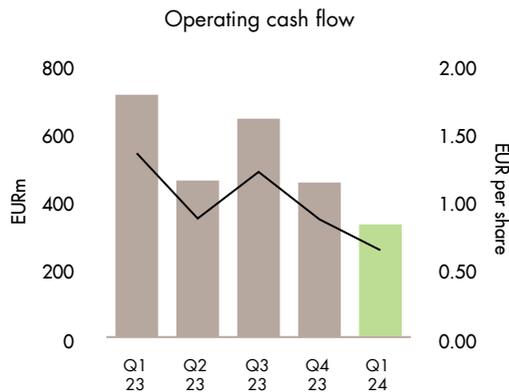
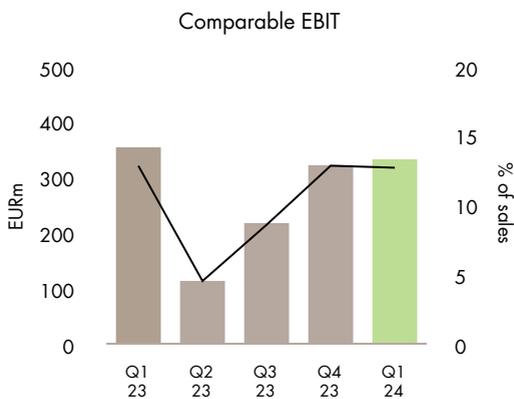
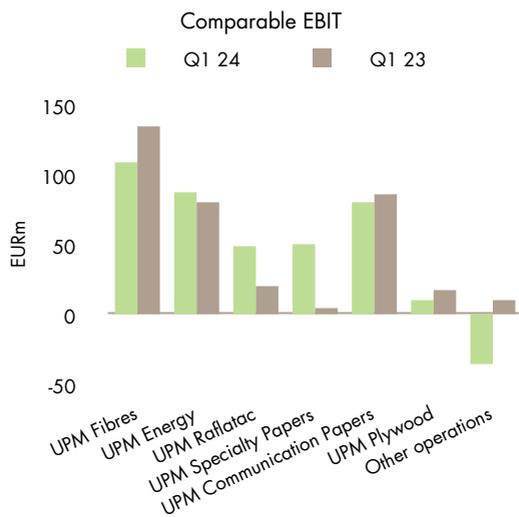
UPM is in strong shape financially, with a portfolio of competitive businesses in growing markets supported by global megatrends. I look forward to opening the next chapter in UPM growth, while we deliver consistent strong performance."

Outlook for 2024

UPM's full-year 2024 comparable EBIT is expected to increase from 2023, supported by higher delivery volumes, continued ramp-up and optimisation of the UPM Paso de los Toros pulp mill and lower fixed costs.

Demand for many UPM products is expected to continue to improve gradually as the destocking seen in 2023 is over. The year has started with lower price level for advanced renewable fuels than last year. UPM continues to manage margins and take actions to reduce variable and fixed costs.

In H1 2024, comparable EBIT is expected to be lower than in H2 2023, due to the timing of the energy-related refunds in Q4 2023 and unusually high maintenance activity in Q2 2024. Planned maintenance shutdowns will take place in UPM Paso de los Toros, UPM Fray Bentos and UPM Pietarsaari pulp mills and all three units of the Olkiluoto nuclear power plant.



Results

Q1 2024 compared with Q1 2023

Q1 2024 sales were EUR 2,640 million, 5% lower than the EUR 2,787 million in Q1 2023. Sales decreased in UPM Communication Papers, UPM Plywood and UPM Specialty Papers business areas and in Other operations reporting segment. Sales increased in UPM Fibres, UPM Energy and UPM Raflatac business areas.

Comparable EBIT decreased by 6% to EUR 333 million, which was 12.6% of sales (356 million, 12.8%).

Sales prices decreased in UPM Communication Papers, UPM Fibres, UPM Specialty Papers, UPM Raflatac and UPM Plywood business areas and in Other operations reporting segment. Sales prices increased in UPM Energy business area.

Variable costs decreased in UPM Communication Papers, UPM Specialty Papers, UPM Raflatac, UPM Fibres and UPM Plywood business areas and increased in UPM Energy business area. At the group level, the lower sales prices, most notably for graphic papers and pulp, had a larger negative impact than the lower variable costs.

Higher delivery volumes contributed to comparable EBIT. Delivery volumes increased in UPM Fibres, UPM Energy, UPM Specialty Papers and UPM Raflatac and decreased in UPM Communication Papers and Plywood business areas and in Other operations reporting segment. The new pulp mill UPM Paso de los Toros and the OL3 nuclear power plant unit contributed significantly to deliveries. Fixed costs decreased by EUR 9 million.

Depreciation, excluding items affecting comparability, totalled EUR 147 million (114 million), including depreciation of leased assets totalling EUR 20 million (21 million). The change in the fair value of forest assets net of wood harvested in comparable EBIT was EUR -8 million (-5 million).

Operating profit was EUR 354 million (318 million). Items affecting comparability in operating profit totalled EUR 21 million in the period (-38 million). In Q1 2024, items affecting comparability included a EUR 21 million capital gain on the sale of UPM-Kymmene Austria GmbH to HEINZEL GROUP. In Q1 2023, items affecting comparability included EUR 26 million restructuring charges relating to the planned closure of paper machine 6 at UPM Schongau mill in Germany, EUR 9 million charges related to the sale of the Steyermühl site in Austria and EUR 6 million capital loss resulting from the sale of Russian operations.

Net interest and other finance income and costs were EUR -21 million (-6 million). The exchange rate and fair value gains and losses were EUR -2 million (-73 million). Items affecting comparability in finance costs totalled EUR 0 million (EUR -67 million). In Q1 2023, items affecting comparability in finance costs included EUR 72 million exchange rate losses relating to the sale of Russian operations. Income taxes were EUR -53 million (-56 million). Items affecting comparability in taxes totalled EUR 0 million (8 million).

Profit for Q1 2024 was EUR 279 million (183 million), and comparable profit was EUR 258 million (281 million).

Q1 2024 compared with Q4 2023

Comparable EBIT increased by 3% to EUR 333 million, which was 12.6% of sales (323 million, 12.8%).

Sales prices increased in UPM Fibres and UPM Energy business areas, remained unchanged in UPM Raflatac and decreased in other business areas.

Variable costs increased mainly due to the timing of energy-related refunds in the comparison period in UPM Communication Papers.

Delivery volumes increased in UPM Raflatac, UPM Specialty Papers, UPM Plywood, UPM Fibres and UPM Communication Papers business areas and decreased in UPM Energy business area.

Fixed costs decreased by EUR 82 million mainly due to higher maintenance activity and other seasonal variations in the comparison period.

Depreciation, excluding items affecting comparability, totalled EUR 147 million (152 million). The change in the fair value of forest assets net of wood harvested in comparable EBIT was EUR -8 million (10 million).

Operating profit was EUR 354 million (211 million). Items affecting comparability in operating profit totalled EUR 21 million in the period (-113 million). In Q1 2024, items affecting comparability included a EUR 21 million capital gain on the sale of UPM-Kymmene Austria GmbH to HEINZEL GROUP. In Q4 2023, items affecting comparability included a EUR 86 million decrease in the fair value of forest assets in Finland resulting from changes in estimates and an increase in discount rate, a 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.

Financing and cash flow

In Q1 2024 cash flow from operating activities before capital expenditure and financing totalled EUR 335 million (714 million). Working capital increased by EUR 148 million (increased by 216 million).

Net debt was EUR 2,312 million at the end of Q1 2024 (2,167 million). The gearing ratio as of 31 March 2024 was 20% (17%). The net debt to EBITDA ratio, based on the last 12 months' EBITDA, was 1.46 at the end of the period (0.82).

On 31 March 2024 UPM's cash funds and unused committed credit facilities totalled EUR 3.5 billion. The total amount of committed credit facilities was EUR 2.8 billion of which EUR 1.59 billion maturing in 2025, EUR 1.6 billion maturing in 2026 and EUR 1.1 billion in 2027 or beyond.

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

Capital expenditure

In Q1 2024, capital expenditure totalled EUR 83 million, which was 3.1% of sales (270 million, 9.7% of sales). Capital expenditure does not include additions to leased assets.

In 2024, UPM's total capital expenditure, excluding investments in shares, is expected to be about EUR 550 million, which includes estimated capital expenditure of approximately EUR 300 million in the biochemicals biorefinery in Germany.

In January 2020, UPM announced that it would invest in a 220,000 tonnes next-generation biochemicals biorefinery in Leuna, Germany. The facility is scheduled to start up by the end of 2024, and the total investment estimate is EUR 1,180 million.

Personnel

In Q1 2024 UPM had an average of 16,087 employees (17,152). At the beginning of the year, the number of employees was 16,573 and at the end of Q1 2024 it was 16,132.

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 unit was scheduled to start up by the end of 2023 and its investment estimate was EUR 750 million. In July 2023 UPM updated the project schedule, with estimated start-up by the end of 2024 and gave a revised capital expenditure estimate of EUR 1,180 million.

The update to the schedule and budget was required as the project has been impacted by the insolvency of one of the key equipment suppliers, an overall scarcity of contractors and the negative impacts of the overall geopolitical situation on material availability and prices. Building a first-of-its-kind biorefinery under these circumstances and making required adjustments has been demanding and caused rescheduling and delays in the project. Mitigating actions have been taken and critical resources are contracted.

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.

Construction at the biorefinery site in Leuna continues with visible progress. The erection of pipe racks, casings, tanks and the substation buildings is nearing completion. Also, large parts of the reactors, furnaces and columns are installed. Currently, focus is on piping and electrification, and with approximately 1,000 workers on site, construction activities have reached their culmination point. Since the start of the year 2024, commissioning work has begun. The wood yard and debarking and chipping section have been commissioned and technical trial runs were concluded successfully. We expect further technical trial runs to begin at various parts of the refinery during Q2 2024. The biorefinery obtained the permission to operate according to the German Emission Regulation in May 2023.

The business foundation has been strengthened further. Business function teams and the future operations team are in place. The research, analytics and application development laboratories are also established in Leuna and the teams are working – an important step towards quality assurance, process optimisation and to define future development options.

Commercial activities are proceeding

Commercial activities have continued to proceed positively in different product and application areas. We have made strong progress in qualifying our products for key end-uses, successfully launched commercial partnerships both for UPM BioPura™ renewable bio-monoethylene glycols (bMEG) and UPM BioMotion™ Renewable Functional Fillers (RFF) products. We have a robust commercial pipeline upon start-up of the UPM Biochemicals business. After the launch of UPM BioMotion™ in 2021, joint product development activities with potential customers in the rubber value chain have progressed further as have discussions with especially automotive OEMs, with good results regarding both the technical and commercial viability of the product.

We made further progress in taking UPM BioPura™ bMEG, to market, advancing sales capabilities and extending pre-commercial discussions with potential customers, as well as brand owners in the packaging, textile and automotive end-uses. In July 2023 we launched a partnership with the German sustainable outdoor apparel brand VAUDE to produce the world's first polyester fleece jackets containing renewable chemicals made by UPM. In September and October 2023 we closed and announced the first larger scale sales contracts for our UPM BioPura™ with our partners Dongsung and Brenntag.

The environmental benefits of the biorefinery and the UPM Biochemicals portfolio has been publicly acknowledged with nominations as a finalist in Packaging Europe's "Renewables, Pre Commercialized" category and first position in the sustainability ranking in the European Rubber Journal.

Biofuels business development

In January 2021, UPM announced that it moves forward with biofuels growth plans and starts the basic engineering phase of a next generation biorefinery. The potential biorefinery would have a maximum annual capacity of 500,000 tonnes of high-quality renewable fuels including sustainable jet fuel. 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 will focus on UPM integrated feedstocks from the company's own ecosystem and wood-based residues will play a substantial role. In addition, the biorefinery would use sustainable liquid waste and residue raw materials.

UPM is proceeding with a detailed commercial and basic engineering study to define the business case, select an innovative technology option and sustainable feedstock mix and estimate the investment need.

The site assessment for the potential biofuels refinery was completed in January 2022 and Rotterdam in the Netherlands was selected as the optimal location.

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

In Q4 2023, UPM Biofuels started the registration process for tall oil-based biofuels for jet engine use with ASTM (American Society for Testing and Materials) – a necessary step to enter into the production of sustainable aviation fuels which is one of the potential products of a potential next biofuels refinery. The registration process and discussions with technical partners in the aviation space are ongoing.

Events during the reporting period

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

On 6 February, UPM announced that CDP has recognized UPM with double 'A' score for transparency on climate change and forests.

Events after the balance sheet date

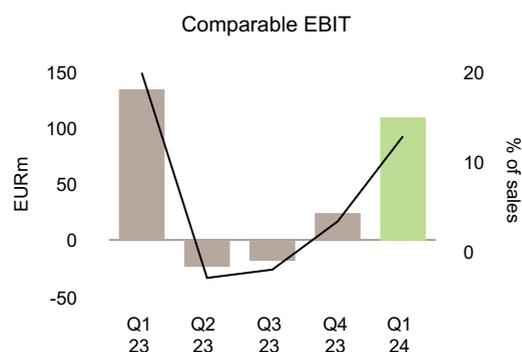
On 4 April, UPM held its Annual General Meeting. The decisions of the AGM are presented elsewhere in this report.

Timing of significant maintenance shutdowns in 2024

TIMING	UNIT
Q2/2023	Olkiluoto nuclear power plant OL1 and OL2 UPM Lappeenranta Biorefinery turnaround UPM Kymi pulp mill
Q3-Q4/2023	UPM Kaukas pulp mill
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

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.



	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/23
Sales EURm	861	781	817	764	683	3,044
Comparable EBITDA, EURm	193	109	69	42	188	407
% of sales	22.4	13.9	8.4	5.5	27.5	13.4
Change in fair value of forest assets and wood harvested, EURm	-5	-1	-5	-8	-6	-20
Share of results of associated companies and joint ventures, EURm	0	1	1	1	0	2
Depreciation, amortisation and impairment charges, EURm	-80	-84	-82	-59	-48	-273
Operating profit, EURm	108	25	-18	-24	134	116
% of sales	12.6	3.1	-2.2	-3.1	19.6	3.8
Items affecting comparability in operating profit, EURm	—	—	—	—	—	—
Comparable EBIT, EURm	108	25	-18	-24	134	116
% of sales	12.6	3.1	-2.2	-3.1	19.6	3.8
Capital employed (average), EURm	7,075	6,995	6,949	6,843	6,571	6,839
Comparable ROCE, %	6.1	1.4	-1.0	-1.4	8.2	1.7
Pulp deliveries, 1000 t	1,185	1,153	1,319	974	692	4,139

Pulp mill maintenance shutdowns: Q3-Q4 2023 UPM Kaukas, Q2 2023 UPM Kymi.

- UPM Paso de los Toros reached positive Q1 EBIT, production at 83% of capacity
- Pulp production was impacted by the political strikes in Finland

Results

Q1 2024 compared with Q1 2023

Comparable EBIT for UPM Fibres decreased due to lower pulp sales prices. Delivery volumes were higher and were supported by the UPM Paso de los Toros ramp-up. Variable costs were lower. Fixed costs and depreciation increased.

The average price in euro for UPM's pulp deliveries decreased by 23%.

Q1 2024 compared with Q4 2023

Comparable EBIT increased due to higher sales prices and lower fixed costs.

The average price in euro for UPM's pulp deliveries increased by 13%.

Market environment

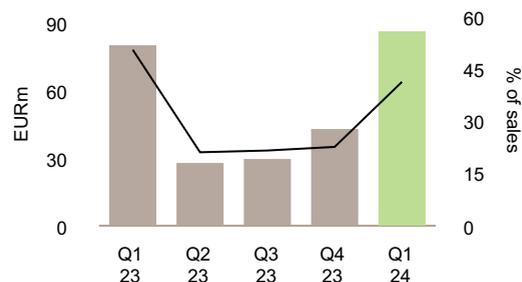
- In Q1 2024, global chemical pulp demand was good. In China, chemical pulp demand varied depending on the end-use. In Europe, chemical pulp demand improved.
- In Europe, the market price for both northern bleached softwood kraft (NBSK) pulp and bleached hardwood kraft pulp (BHKP) increased in Q1 2024 compared with Q4 2023.
- In China, the market price decreased for northern bleached softwood kraft (NBSK) pulp in Q1 2024 compared with Q4 2023 and increased for bleached hardwood kraft pulp (BHKP) in Q1 2024 compared with Q4 2023.
- In Q1 2024, the average European market price in euro was 6% lower for NBSK and 17% lower for BHKP, compared with Q1 2023. In China, the average market price in US dollars was 18% lower for NBSK and 14% lower for BHKP, compared with Q1 2023.
- In Q1 2024, demand for sawn timber was weak and market prices were at a low level.

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.

Comparable EBIT



	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/23
Sales EURm	210	192	142	134	159	628
Comparable EBITDA, EURm	88	45	32	30	82	189
% of sales	42.0	23.5	22.7	22.3	51.6	30.2
Depreciation, amortisation and impairment charges, EURm	-2	-2	-2	-2	-2	-7
Operating profit, EURm	87	40	30	31	80	182
% of sales	41.2	21.0	21.3	23.4	50.5	29.1
Items affecting comparability in operating profit, EURm ¹⁾	—	-3	—	3	—	—
Comparable EBIT, EURm	87	43	30	28	80	182
% of sales	41.2	22.5	21.4	20.9	50.5	29.0
Capital employed (average), EURm	2,471	2,645	2,770	3,112	3,640	3,042
Comparable ROCE, %	14.0	6.5	4.4	3.6	8.8	6.0
Electricity deliveries, GWh	2,945	3,480	3,019	3,056	2,504	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.

- Scheduled maintenance shutdown at the Olkiluoto 3 nuclear power plant unit

Results

Q1 2024 compared with Q1 2023

Comparable EBIT for UPM Energy increased. Power generation volumes were higher due to the OL3 nuclear power plant unit. Electricity sales price was higher.

UPM's average electricity sales price increased by 12% to EUR 66.4/MWh (59.5/MWh).

Q1 2024 compared with Q4 2023

Comparable EBIT increased due to higher electricity sales price. Hydropower generation volumes were lower. Nuclear power generation was impacted by a maintenance shutdown at the Olkiluoto 3 nuclear power plant unit.

UPM's average electricity sales price increased by 24% to EUR 66.4/MWh (53.5/MWh).

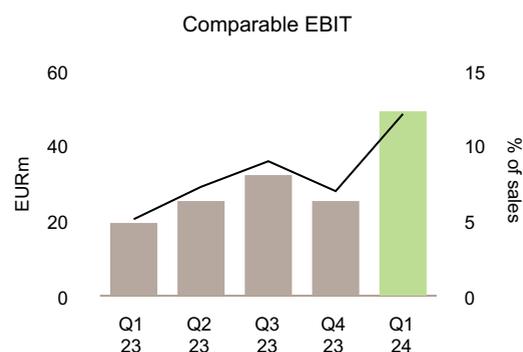
Market environment

- The Nordic hydrological balance was slightly below the long-term average at the end of March. In Finland, the hydrological situation was close to the long-term average.
- The CO₂ emission allowance price of EUR 60.6/tonne at the end of Q1 2024 was lower than at the end of Q1 2023 (EUR 90.1/tonne).
- The average Finnish area spot price on the Nordic electricity exchange in Q1 2024 was EUR 72.9/MWh, 19% higher than in Q4 2023 (EUR 61.1/MWh) and 6% lower than in Q1 2023 (EUR 77.6/MWh).
- The front-year forward electricity price for the Finnish area closed at EUR 44.3/MWh in March, 32% lower than at the end of Q4 2023 (64.9/MWh).

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



	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/23
Sales EURm	409	367	367	357	395	1,485
Comparable EBITDA, EURm	60	36	43	36	30	146
% of sales	14.6	9.9	11.8	10.2	7.7	9.8
Depreciation, amortisation and impairment charges, EURm	-11	-11	-13	-12	-10	-47
Operating profit, EURm	51	26	13	23	19	81
% of sales	12.4	7.2	3.6	6.4	4.8	5.5
Items affecting comparability in operating profit, EURm ¹⁾	1	1	-19	-3	-1	-22
Comparable EBIT, EURm	49	25	33	26	20	103
% of sales	12.0	6.9	8.9	7.2	5.0	7.0
Capital employed (average), EURm	707	704	716	746	784	737
Comparable ROCE, %	27.9	14.4	18.2	13.7	10.1	14.0

¹⁾ 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.

- Successful margin management actions
- Good volume recovery continued
- Announced plans to open a new slitting and distribution terminal in Toronto, Canada
- Launched a new range of Graphics products

Results

Q1 2024 compared with Q1 2023

Comparable EBIT for UPM Raflatac increased. Lower variable costs more than offset the negative impact of lower sales prices. Delivery volumes were higher.

Q1 2024 compared with Q4 2023

Comparable EBIT increased mainly due to higher delivery volumes. Variable costs were lower and product mix improved.

Market environment

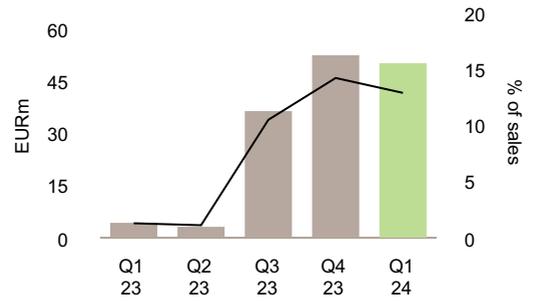
- In Q1 2024, global demand for self-adhesive label materials continued to recover compared with Q1 2023.

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 silicising, packaging, office use and printing. The production plants are located in China, Finland and Germany.

Comparable EBIT



	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/23
Sales EURm	397	374	357	349	404	1,485
Comparable EBITDA, EURm	72	71	55	22	24	172
% of sales	18.2	19.0	15.5	6.3	5.9	11.6
Depreciation, amortisation and impairment charges, EURm	-21	-18	-18	-19	-19	-74
Operating profit, EURm	51	53	37	4	5	98
% of sales	12.8	14.1	10.4	1.0	1.2	6.6
Items affecting comparability in operating profit, EURm	—	—	—	—	—	—
Comparable EBIT, EURm	51	53	37	4	5	98
% of sales	12.8	14.1	10.4	1.0	1.2	6.6
Capital employed (average), EURm	795	828	863	855	954	875
Comparable ROCE, %	25.5	25.5	17.2	1.7	2.0	11.2
Paper deliveries, 1000 t	387	370	371	327	340	1,407

- Demand recovery continued in specialty grades
- Actions to mitigate impacts of input costs increases
- Focus on margin management continued
- Commercialisation and scaling the barrier paper portfolio continued

Results

Q1 2024 compared with Q1 2023

Comparable EBIT for UPM Specialty Papers increased. The positive impact of lower input costs more than offset the negative impact of lower sales prices. Delivery volumes were higher.

Q1 2024 compared with Q4 2023

Comparable EBIT decreased slightly, mainly due to higher input costs and lower sales prices. Delivery volumes were higher. Fixed costs decreased.

Market environment

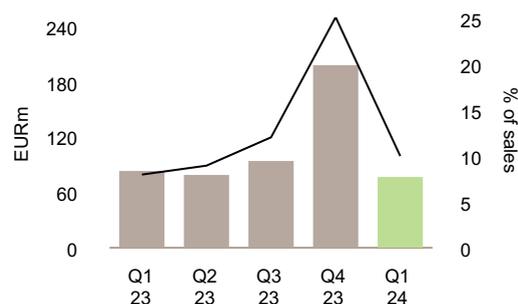
- In Q1 2024, global demand for label, release base and packaging papers was good.
- Fine paper demand was solid in China and in the rest of the Asia-Pacific region.
- In Q1 2024, market prices decreased compared to Q1 2023.

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 11 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.

Comparable EBIT



	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/23
Sales EURm	802	799	807	909	1,083	3,598
Comparable EBITDA, EURm	95	218	119	101	105	544
% of sales	11.9	27.3	14.8	11.1	9.7	15.1
Share of results of associated companies and joint ventures, EURm	0	0	0	0	0	-1
Depreciation, amortisation and impairment charges, EURm	-16	-20	-134	-21	-20	-195
Operating profit, EURm	100	185	-127	67	49	174
% of sales	12.5	23.1	-15.7	7.4	4.6	4.8
Items affecting comparability in operating profit, EURm ¹⁾	21	-15	-223	-13	-36	-288
Comparable EBIT, EURm	79	200	96	80	85	462
% of sales	9.9	25.0	11.9	8.8	7.9	12.8
Capital employed (average), EURm	1,215	1,291	1,318	1,459	1,627	1,424
Comparable ROCE, %	26.1	61.9	29.2	22.0	20.9	32.4
Paper deliveries, 1000 t	879	856	839	885	947	3,528

¹⁾ 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.

- Volumes were recovering after destocking
- Continued actions to reduce costs
- Actions taken to mitigate the impacts of political strikes in Finland

Results

Q1 2024 compared with Q1 2023

Comparable EBIT for UPM Communication Papers decreased due to lower sales prices. Variable costs and fixed costs decreased.

The average price in euro for UPM's paper deliveries decreased by 18%.

Q1 2024 compared with Q4 2023

Comparable EBIT decreased. Variable costs were higher mainly due to the timing of energy-related refunds in Europe in the comparison period. Fixed costs were lower. Delivery volumes increased.

The average price in euro for UPM's paper deliveries increased by 1%.

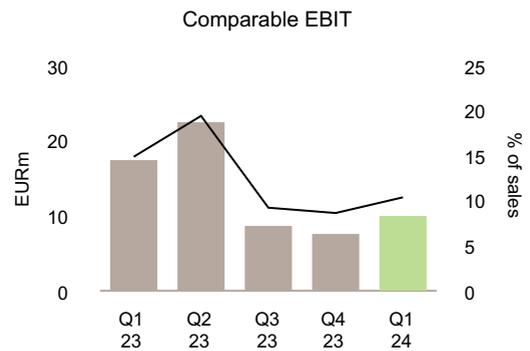
Market environment

- In Q1 2024, demand for graphic papers in Europe was 5% higher than in Q1 2023. Newsprint demand decreased by 2%, magazine papers decreased by 6% and fine papers increased by 17% compared to Q1 2023.
- In Q1 2024, publication paper prices in Europe were 2% lower compared to Q4 2023 and 22% lower compared to Q1 2023. In Q1 2024, fine paper prices in Europe were 1% higher than in the previous quarter and 10% lower compared to Q1 2023.
- In Q1 2024, demand for magazine papers in North America remained unchanged compared to Q1 2023. The average price in US dollars for magazine papers in Q1 2024 decreased by 2% compared to Q4 2023 and by 5% compared to Q1 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.



	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/23
Sales EURm	98	91	96	117	118	422
Comparable EBITDA, EURm	16	13	14	28	23	77
% of sales	15.8	14.3	14.7	23.8	19.1	18.4
Depreciation, amortisation and impairment charges, EURm	-5	-5	-5	-5	-5	-21
Operating profit, EURm	10	8	9	21	12	50
% of sales	10.3	9.0	9.1	18.2	10.3	11.9
Items affecting comparability in operating profit, EURm ¹⁾	—	—	—	-1	-5	-6
Comparable EBIT, EURm	10	8	9	22	17	56
% of sales	10.3	8.5	9.1	19.3	14.8	13.4
Capital employed (average), EURm	243	249	252	258	255	254
Comparable ROCE, %	16.6	12.5	13.9	34.8	27.4	22.2
Plywood deliveries, 1000 m ³	110	97	97	118	117	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.

- Temporary layoffs at all mills to align capacity to demand
- Panel trading demand improved and destocking has widely ended
- UPM Pellos Energy wastewater treatment plant investment was finished

Results

Q1 2024 compared with Q1 2023

Comparable EBIT for UPM Plywood decreased due to lower sales prices and change in the mix. Delivery volumes were lower. Variable and fixed costs decreased.

Q1 2024 compared with Q4 2023

Comparable EBIT increased due to higher delivery volumes. Variable and fixed costs decreased. Sales prices were lower.

Market environment

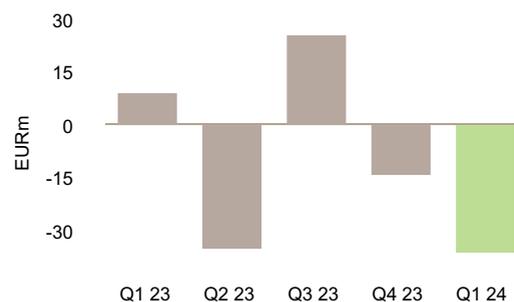
- In Q1 2024, demand for spruce plywood and veneer was improving.
- In Q1 2024, demand for birch plywood in panel trading improved. In LNG end-use demand for birch plywood remained strong but market deliveries were impacted by seasonality.
- The European birch plywood balance was impacted by leakage of illegal Russian plywood to Europe.
- In March 2024, the European Commission disclosed the findings of its anti-circumvention investigation into illegal imports of Russian birch plywood and confirmed illegal imports of Russian wood products via Kazakhstan and Türkiye.

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.

Comparable EBIT



	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/23
Sales EURm	153	192	251	158	200	802
Comparable EBITDA, EURm	-20	-11	36	-16	21	29
Change in fair value of forest assets and wood harvested, EURm	-3	-76	1	-8	1	-82
Share of results of associated companies and joint ventures, EURm	-1	0	0	0	-2	-2
Depreciation, amortisation and impairment charges, EURm	-12	-12	-11	-10	-11	-44
Operating profit, EURm	-34	-100	25	-35	8	-101
Items affecting comparability in operating profit, EURm ¹⁾	2	-86	-1	—	-1	-87
Comparable EBIT, EURm	-36	-14	26	-35	9	-14
Capital employed (average), EURm	3,069	3,002	2,994	2,832	2,858	2,922
Comparable ROCE, %	-4.7	-1.8	3.4	-4.9	1.3	-0.5

¹⁾ 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.

- UPM Biochemicals launched new biostimulant product range as a long-term solution for sustainable agriculture

Results

Q1 2024 compared with Q1 2023

Comparable EBIT for other operations decreased. The change in the fair value of forest assets net of wood harvested was EUR -3 million (1 million). The change in the fair value of forest assets was EUR 20 million (18 million). The cost of wood harvested from UPM forests was EUR 23 million (17 million).

Biofuels sales prices decreased and delivery volumes were lower.

Q1 2024 compared with Q4 2023

Comparable EBIT decreased. The change in the fair value of forest assets net of wood harvested was EUR -3 million (-76 million). The change in the fair value of forest assets was EUR 20 million (-47 million). In Q4 2023, this amount includes EUR 86 million decrease in the fair value of forest assets resulting from changes in estimates and increase in discount rate. The cost of wood harvested from UPM forests was EUR 23 million (29 million).

Biofuels sales prices decreased.

Market environment

- In Q1 2024, the European market for advanced renewable fuels remained soft.
- In Q1 2024, interest in bio-based MEG and renewable functional fillers was strong in Europe. Strong interest in more sustainable solutions from consumers, brand owners and automotive OEMs, is driving demand for bio-based glycols and renewable functional fillers.
- In Q1 2024, market demand for biocomposites stabilised to a moderate level in Europe. Destocking has widely ended in building and construction, as well as consumer products related value chains. Market prices were solid and input costs stable. Long term fundamentals for sustainable and renewable materials remained solid.
- For life science products, the demand is driven by the need to implement automated 3D cell based models and to replace animal models in drug development. For clinical products, hospitals continue to explore new sustainable advanced wound care dressings.

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 economies relevant to UPM were impacted by higher interest rates and high, albeit decreasing inflation. Particularly in Europe, consumer demand was soft, and consumers shifted some of their spending towards services. Industrial production was low in most sectors and construction activity decreased. In most product value chains, unusually large destocking further reduced market deliveries of goods, including many UPM products. Although it is estimated that the destocking has largely come to an end, it remains uncertain how quickly consumer spending and demand for various UPM products will recover. In a potential persistent low-demand environment it is possible that pressure on unit margins would increase, impacting UPM's earnings.

Geopolitical tensions, including Russia's ongoing war in Ukraine, recent emerging 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. The EU and US sanctions on Russia, escalated 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 energy crisis in Europe added significantly to UPM's energy costs in 2021–2022. This was mitigated at Group level by the very strong performance of UPM Energy. However, this may not always be the case, due to geographical differences in UPM's energy sales and purchases. The energy markets calmed down during 2023 but continue to represent uncertainty to both energy costs for UPM's energy consuming businesses and earnings for UPM Energy. In addition to the uncertain price of energy, Russia's war in Ukraine and the related potential future sanctions and countersanctions may affect the availability of certain forms of energy, e.g. natural gas. The energy markets in the EU, for example, have yet to transition fully away from Russian or other fossil fuels.

The unprecedented increase in energy futures prices in 2022 impacted cash flows from energy hedges, temporarily tying up liquidity. Possible changes in futures prices continue to represent potential volatility in liquidity needs.

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

During 2024, a number of important elections will be held around the world. With polarised politics in many regions, these elections pose uncertainties in the operating environment, and the geopolitical landscape.

Many global commodity prices increased significantly during 2021 and 2022 and moderated to some extent during 2023. However, 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 leakage 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.

OL3 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, severally 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. The test operation for OL3 concluded in April 2023, when regular electricity production at the plant unit started.

According to TVO, they confirmed the provisional takeover of the plant unit for the warranty period by submitting the Provisional Takeover Certificate to the Plant Supplier in April 2023. The final takeover of the plant unit will take place after the conclusion of the two-year warranty period. 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 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.

According to TVO's financial statements from 2023 total investment in OL3 was approximately EUR 5.8 billion.

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 warranty period of OL3 which 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 cycle due to any possible unexpected events. These uncertainties are managed by means of systematic maintenance and monitoring of the plant unit. 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 not profitable to operate at

full power, there is a risk of production costs exceeding the 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 cause economic and political costs on the people responsible for them, there are limited signs of a peaceful resolution to the war in Ukraine. Economic and geopolitical uncertainty and inflation accelerated around the world which resulted in a spike in interest rates which still have remained higher compared to pre-invasion levels.

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 by business and by the pace, scope and duration of sanctions, market price reactions, development of supply chains, 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.

Annual General Meeting

The Annual General Meeting (AGM) of UPM-Kymmene Corporation held on 4 April 2024 decided that a dividend of EUR 1.50 per share for the year 2023 is paid, as proposed by the Board of Directors. The dividend is paid in two instalments. The record date for the the first dividend instalment, EUR 0.75 per share, was on 8 April 2024. The payment date for the first dividend instalment was on 16 April 2024. The record date for the second dividend instalment, EUR 0.75 per share, is on 31 October 2024. The payment date for the second dividend instalment is on 7 November 2024.

The Board of Directors was authorised 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.

The Board of Directors was authorised to resolve on the repurchase of a maximum of 50,000,000 of the Company's

own shares at market price in public trading using the Company's unrestricted shareholders' equity. The authorisation also includes the right to accept the Company's own shares as a pledge. The authorisation is valid for 18 months from the date of the AGM resolution and it revoked the repurchase authorisation granted by the previous AGM.

Board of Directors

At the Annual General Meeting (AGM) of UPM-Kymmene Corporation held on 4 April 2024, the number of members of the Board of Directors was confirmed as nine, and Henrik Ehrnrooth, Pia Aaltonen-Forsell, Jari Gustafsson, Piia-Noora Kauppi, Topi Manner, Marjan Oudeman, Martin à Porta and Kim Wahl were re-elected to the Board. Melanie Maas-Brunner was elected as a new director to the Board. The directors' term of office will end upon the closure of the next AGM. Henrik Ehrnrooth was elected as Chair, and Kim Wahl as Deputy Chair of the Board of Directors of UPM-Kymmene Corporation at the Board of Directors' constitutive meeting that took place following the AGM.

In addition, the Board of Directors elected the chairs and other members to the Board committees from among its members. Pia Aaltonen-Forsell was elected to chair the Audit Committee, and Jari Gustafsson and Marjan Oudeman were elected as other committee members. Martin à Porta was re-elected to chair the Remuneration Committee, and Melanie Maas-Brunner and Topi Manner were elected as other committee members. Henrik Ehrnrooth was re-elected to chair the Nomination and Governance Committee, and Piia-Noora Kauppi and Kim Wahl were elected as other committee members.

Shares

In Q1 2024, UPM shares worth a total of EUR 2,098 million (2,566 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 35.36 in January and the lowest was EUR 28.33 in February.

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 March 2024 was 533,735,699. Through the issuance authorisation, the number of shares may increase to a maximum of 558,735,699.

On 31 March 2024, the Company held 411,653 of its own shares, representing approximately 0.08% of the total

This interim report is unaudited

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 Q1 2024.

Helsinki, 25 April 2024
UPM-Kymmene Corporation
Board of Directors

Financial statement information

Consolidated income statement

EURm	Q1/2024	Q1/2023	Q1-Q4/2023
Sales (Note 3)	2,640	2,787	10,460
Other operating income	39	46	228
Costs and expenses	-2,169	-2,394	-9,316
Change in fair value of forest assets and wood harvested	-8	-5	-103
Share of results of associated companies and joint ventures	-1	-1	-1
Depreciation, amortisation and impairment charges	-147	-115	-660
Operating profit (loss)	354	318	608
Exchange rate and fair value gains and losses	-2	-73	-74
Interest and other finance costs, net	-21	-6	-70
Profit (loss) before tax	332	239	464
Income taxes	-53	-56	-71
Profit (loss) for the period	279	183	394
Attributable to:			
Owners of the parent company	272	176	388
Non-controlling interests	7	7	6
	279	183	394
Earnings per share for profit attributable to owners of the parent company			
Basic earnings per share, EUR	0.51	0.33	0.73
Diluted earnings per share, EUR	0.51	0.33	0.73

Consolidated statement of comprehensive income

EURm	Q1/2024	Q1/2023	Q1-Q4/2023
Profit (loss) for the period	279	183	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	22	-10
Changes in fair value of energy shareholdings	-199	-641	-1,351
Items that may be reclassified subsequently to income statement:			
Translation differences	111	-36	-120
Net investment hedge	-3	5	6
Cash flow hedges	99	461	539
Other comprehensive income for the period, net of tax	9	-189	-936
Total comprehensive income for the period	288	-6	-542
Total comprehensive income attributable to:			
Owners of the parent company	273	-6	-536
Non-controlling interests	15	1	-7
	288	-6	-542

Consolidated balance sheet

EURm	31 MAR 2024	31 MAR 2023	31 DEC 2023
ASSETS			
Goodwill	285	280	283
Other intangible assets	712	607	715
Property, plant and equipment (Note 4)	7,106	6,830	7,053
Leased assets	687	752	683
Forest assets	2,368	2,429	2,355
Energy shareholdings (Note 5)	2,078	2,997	2,283
Other non-current financial assets	53	80	60
Deferred tax assets	424	360	431
Net retirement benefit assets	1	1	1
Investments in associates and joint ventures	21	24	23
Other non-current assets	26	22	26
Non-current assets	13,761	14,382	13,913
Inventories	1,983	2,278	1,948
Trade and other receivables	1,945	2,199	1,782
Other current financial assets	56	128	64
Income tax receivables	25	52	27
Cash and cash equivalents	710	1,016	632
Current assets	4,720	5,673	4,454
Assets classified as held for sale (Note 9)	—	—	106
Assets	18,481	20,055	18,473
EQUITY AND LIABILITIES			
Share capital	890	890	890
Treasury shares	-2	-2	-2
Translation reserve	448	425	347
Other reserves	1,541	2,284	1,655
Reserve for invested non-restricted equity	1,273	1,273	1,273
Retained earnings	7,273	7,620	6,998
Equity attributable to owners of the parent company	11,422	12,489	11,161
Non-controlling interests	384	398	370
Equity	11,807	12,887	11,531
Deferred tax liabilities	628	622	616
Net retirement benefit liabilities	500	495	502
Provisions (Note 8)	96	45	170
Non-current debt	3,045	3,098	3,056
Other non-current financial liabilities	158	95	157
Non-current liabilities	4,427	4,355	4,501
Current debt	176	493	327
Trade and other payables	1,842	2,046	1,883
Provisions	139	136	96
Other current financial liabilities	48	59	51
Income tax payables	41	79	28
Current liabilities	2,247	2,813	2,385
Liabilities related to assets classified as held for sale (Note 9)	—	—	56
Liabilities	6,674	7,168	6,942
Equity and liabilities	18,481	20,055	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	—	—	—	—	—	272	272	7	279
Translation differences	—	—	103	—	—	—	103	8	111
Cash flow hedges - reclassified to income statement, net of tax	—	—	—	29	—	—	29	—	29
Cash flow hedges - reclassified to PPE	—	—	—	—	—	—	—	—	—
Cash flow hedges - changes in fair value, net of tax	—	—	—	70	—	—	70	—	70
Net investment hedge, net of tax	—	—	-3	—	—	—	-3	—	-3
Energy shareholdings - changes in fair value, net of tax	—	—	—	-199	—	—	-199	—	-199
Actuarial gains and losses on defined benefit plans, net of tax	—	—	—	—	—	1	1	—	1
Total comprehensive income for the period	—	—	101	-101	—	273	273	15	288
Share-based payments, net of tax	—	—	—	-14	—	2	-11	—	-11
Dividend distribution	—	—	—	—	—	—	—	—	—
Other items	—	—	—	—	—	-1	-1	—	-1
Contributions by non-controlling interests	—	—	—	—	—	—	—	—	—
Total transactions with owners for the period	—	—	—	-14	—	2	-12	—	-12
Value at 31 March 2024	890	-2	448	1,541	1,273	7,273	11,422	384	11,807
Value at 1 January 2023	890	-2	449	2,460	1,273	7,433	12,502	376	12,879
Profit for the period	—	—	—	—	—	176	176	7	183
Translation differences	—	—	-30	—	—	—	-30	-7	-36
Cash flow hedges - reclassified to income statement, net of tax	—	—	—	33	—	—	33	—	33
Cash flow hedges - reclassified to PPE	—	—	—	—	—	—	—	—	—
Cash flow hedges - changes in fair value, net of tax	—	—	—	427	—	—	427	—	427
Net investment hedge, net of tax	—	—	5	—	—	—	5	—	5
Energy shareholdings - changes in fair value, net of tax	—	—	—	-641	—	—	-641	—	-641
Actuarial gains and losses on defined benefit plans, net of tax	—	—	—	—	—	22	22	—	22
Total comprehensive income for the period	—	—	-24	-180	—	198	-6	1	-6
Share-based payments, net of tax	—	—	—	4	—	-11	-7	—	-7
Dividend distribution	—	—	—	—	—	—	—	—	—
Other items	—	—	—	—	—	—	—	—	—
Contributions by non-controlling interests	—	—	—	—	—	—	—	21	21
Total transactions with owners for the period	—	—	—	4	—	-11	-7	21	14
Value at 31 March 2023	890	-2	425	2,284	1,273	7,620	12,489	398	12,887

Consolidated cash flow statement

EURm	Q1/2024	Q1/2023	Q1-Q4/2023
Cash flows from operating activities			
Profit (loss) for the period	279	183	394
Adjustments ¹⁾	254	807	1,760
Interest received	7	9	37
Interest paid	-13	-15	-116
Dividends received	1	1	3
Other financial items, net	-4	-18	-44
Income taxes paid	-41	-38	-181
Change in working capital	-148	-216	417
Operating cash flow	335	714	2,269
Cash flows from investing activities			
Capital expenditure	-129	-292	-1,026
Additions to forest assets	-8	-10	-54
Acquisition of businesses and subsidiaries, net of cash acquired	0	0	-20
Proceeds from sale of property, plant and equipment and intangible assets, net of tax	7	0	7
Proceeds from sale of forest assets, net of tax	3	4	10
Proceeds from disposal of businesses and subsidiaries and advances received	18	0	1
Proceeds from disposal of shares in associates and joint ventures	0	0	1
Proceeds from disposal of energy shareholdings	0	0	0
Net cash flows from net investment hedges	0	0	10
Change in other non-current assets	0	-1	-5
Investing cash flow	-109	-298	-1,076
Cash flows from financing activities			
Proceeds from non-current debt	0	0	100
Payments of non-current debt	0	-1,389	-1,506
Lease repayments	-26	-25	-99
Change in current liabilities	-158	-70	-260
Net cash flows from derivatives	3	3	6
Dividends paid to owners of the parent company	-1	0	-799
Dividends paid to non-controlling interests	0	0	-36
Contributions paid by non-controlling interests	0	21	35
Change in investment funds	0	0	0
Other financing cash flow	-5	-3	-14
Financing cash flow	-187	-1,463	-2,573
Change in cash and cash equivalents	40	-1,047	-1,379
Cash and cash equivalents at the beginning of the period	632	2,067	2,067
Exchange rate effect on cash and cash equivalents	-1	-3	-16
Change in cash and cash equivalents	40	-1,047	-1,379
Change in cash and cash equivalents classified as held for sale (Note 9)	39	0	-39
Cash and cash equivalents at the end of the period	710	1,016	632

¹⁾ Adjustments

EURm	Q1/2024	Q1/2023	Q1-Q4/2023
Change in fair value of forest assets and wood harvested	8	5	103
Share of results of associated companies and joint ventures	1	1	1
Depreciation, amortisation and impairment charges	147	115	660
Capital gains and losses on sale of non-current assets	-22	6	-2
Financial income and expenses	22	79	144
Income taxes	53	56	71
Utilised provisions	-51	-4	-42
Non-cash changes in provisions	-2	34	179
Other adjustments	98	516	646
Total	254	807	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.

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.

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	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/23
Sales						
UPM Fibres	861	781	817	764	683	3,044
UPM Energy	210	192	142	134	159	628
UPM Raflatac	409	367	367	357	395	1,485
UPM Specialty Papers	397	374	357	349	404	1,485
UPM Communication Papers	802	799	807	909	1,083	3,598
UPM Plywood	98	91	96	117	118	422
Other operations	153	192	251	158	200	802
Internal sales	-291	-265	-251	-229	-255	-1,000
Eliminations and reconciliation	-1	-1	-1	-1	1	-3
Sales, total	2,640	2,531	2,584	2,558	2,787	10,460
Comparable EBITDA						
UPM Fibres	193	109	69	42	188	407
UPM Energy	88	45	32	30	82	189
UPM Raflatac	60	36	43	36	30	146
UPM Specialty Papers	72	71	55	22	24	172
UPM Communication Papers	95	218	119	101	105	544
UPM Plywood	16	13	14	28	23	77
Other operations	-20	-11	36	-16	21	29
Eliminations and reconciliation	-15	-16	7	12	5	8
Comparable EBITDA, total	489	465	376	255	477	1,573
Operating profit						
UPM Fibres	108	25	-18	-24	134	116
UPM Energy	87	40	30	31	80	182
UPM Raflatac	51	26	13	23	19	81
UPM Specialty Papers	51	53	37	4	5	98
UPM Communication Papers	100	185	-127	67	49	174
UPM Plywood	10	8	9	21	12	50
Other operations	-34	-100	25	-35	8	-101
Eliminations and reconciliation	-18	-27	2	21	10	6
Operating profit, total	354	211	-29	108	318	608
% of sales	13.4	8.3	-1.1	4.2	11.4	5.8
Items affecting comparability						
UPM Fibres	—	—	—	—	—	—
UPM Energy	—	-3	—	3	—	—
UPM Raflatac	1	1	-19	-3	-1	-22
UPM Specialty Papers	—	—	—	—	—	—
UPM Communication Papers	21	-15	-223	-13	-36	-288
UPM Plywood	—	—	—	-1	-5	-6
Other operations	2	-86	-1	—	-1	-87
Eliminations and reconciliation ¹⁾	-3	-10	-5	8	5	-2
Items affecting comparability in operating profit, total	21	-113	-249	-5	-38	-405
Comparable EBIT						
UPM Fibres	108	25	-18	-24	134	116
UPM Energy	87	43	30	28	80	182
UPM Raflatac	49	25	33	26	20	103
UPM Specialty Papers	51	53	37	4	5	98
UPM Communication Papers	79	200	96	80	85	462
UPM Plywood	10	8	9	22	17	56
Other operations	-36	-14	26	-35	9	-14
Eliminations and reconciliation	-15	-16	7	12	5	8
Comparable EBIT, total	333	323	220	114	356	1,013
% of sales	12.6	12.8	8.5	4.5	12.8	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 21 million capital gain on sale of UPM-Kymmene Austria GmbH. 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 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	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/23
Comparable profit for the period	258	248	149	77	281	755
Items affecting comparability						
Impairment charges	—	-1	-113	-2	-1	-117
Restructuring charges	2	-15	-132	-15	-37	-199
Change in fair value of unrealised cash flow and commodity hedges	-3	-10	-5	8	5	-2
Capital gains and losses on sale of non-current assets	22	0	2	3	-6	0
Fair value changes of forest assets resulting from changes in estimates	—	-86	—	—	—	-86
Other non-operational items	—	—	—	—	0	0
Total items affecting comparability in operating profit	21	-113	-249	-5	-38	-405
Items affecting comparability in financial items	—	0	1	1	-67	-65
Tax provisions	—	2	—	—	—	2
Taxes relating to items affecting comparability	0	24	71	4	8	107
Items affecting comparability in taxes	0	26	71	4	8	109
Items affecting comparability, total	21	-87	-177	0	-97	-361
Profit (loss) for the period	279	161	-28	77	183	394

3 External sales by major products

BUSINESS AREA	BUSINESS	Q1/2024	Q1/2023	Q1-Q4/2023
EURm				
UPM Fibres	UPM Pulp UPM Timber	699	540	2,452
UPM Energy	UPM Energy	161	122	486
UPM Raflatac	UPM Raflatac	409	395	1,485
UPM Specialty Papers	UPM Specialty Papers	342	354	1,300
UPM Communication Papers	UPM Communication Papers	793	1,071	3,570
UPM Plywood	UPM Plywood	93	113	402
Other operations	UPM Forest UPM Biofuels UPM Biochemicals UPM Biomedicals UPM Biocomposites	142	192	768
Eliminations and reconciliations		-1	1	-3
Total		2,640	2,787	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 Forni granules

4 Changes in property, plant and equipment

EURm	Q1/2024	Q1/2023	Q1-Q4/2023
Book value at beginning of period	7,053	6,733	6,733
Reclassification to assets held for sale, net	—	—	-21
Capital expenditure	79	265	1,074
Companies acquired	—	—	1
Decreases	-1	—	-2
Depreciation	-117	-87	-422
Impairment charges	—	-1	-20
Impairment reversal	—	—	—
Reclassifications	—	—	-141
Translation difference and other changes	92	-81	-149
Book value at end of period	7,106	6,830	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. Impairment charges in 2023 mainly relate to the

closure of Plattling mill in Germany. 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 MAR 2024				31 MAR 2023				31 DEC 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Investment funds	—	1	—	1	—	1	—	1	—	1	—	1
Derivatives non-qualifying hedges	—	9	—	9	—	13	—	13	—	19	—	19
Derivatives under hedge accounting	1	89	—	90	7	178	—	185	4	91	—	95
Energy shareholdings	—	—	2,078	2,078	—	—	2,997	2,997	—	—	2,283	2,283
Total	1	98	2,078	2,178	7	192	2,997	3,196	4	111	2,283	2,398
Financial liabilities												
Derivatives non-qualifying hedges	—	67	—	67	—	35	—	35	—	46	—	46
Derivatives under hedge accounting	2	121	—	123	38	144	—	182	6	128	—	134
Total	2	188	—	189	38	179	—	217	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

EURm	ENERGY SHAREHOLDINGS		
	Q1/2024	Q1/2023	Q1-Q4/2023
Book value at beginning of period	2,283	3,652	3,652
Disposals	0	0	0
Fair value changes recognised in other comprehensive income	-205	-655	-1,369
Book value at end of period	2,078	2,997	2,283

Fair valuation of energy shareholdings in UPM Energy (Pohjolan Voima Oyj's A, B, B2, C, C2, M and V-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 170 (350 in Q1 2023) million.

The discount rate of 8.22% (7.45% in Q1 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 100 (230 in Q1 2023) million.

The decrease in fair value during reporting period was mainly due to the decrease in electricity forward market prices and the increase in discount rate.

Fair value of financial assets and liabilities measured at amortised cost

EURm	31 MAR 2024	31 MAR 2024	31 MAR 2023	31 MAR 2023	31 DEC 2023	31 DEC 2023
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	2,000	1,901	1,977	1,845	2,002	1,906
Other non-current debt excl. derivative financial instruments and lease liabilities	341	347	390	404	348	355
Total	2,341	2,248	2,367	2,249	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 MAR 2024	31 MAR 2023	31 DEC 2023
On behalf of others			
Guarantees	—	1	0
Other own commitments			
Commitments related to off-balance sheet short-term leases	2	2	2
Other commitments	96	216	99
Total	98	219	101

The lease commitments for leases not commenced on 31 March 2024 amounted to EUR 175 million (EUR 176 million on 31 December 2023) and are mainly related to a 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	Q1/2024	AFTER 31 MAR 2024
New biorefinery / Germany	Q4 2024	1,180	817	44	319

7 Notional amounts of derivative financial instruments

EURm	31 MAR 2024	31 MAR 2023	31 DEC 2023
Interest rate futures	825	665	1,691
Interest rate swaps	1,097	1,095	1,089
Forward foreign exchange contracts	3,175	3,468	3,308
Currency options, bought	—	—	—
Currency options, written	—	—	—
Cross currency swaps	128	145	134
Commodity contracts	477	1,059	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	0	0	0	27	0	27
Provisions utilised during the year	-12	-38	0	0	0	-51
Unused provisions reversed	-3	-1	-1	-2	0	-7
Reclassifications	4	-4	0	0	0	0
Translation differences	0	0	0	0	0	0
Value at 31 March 2024	49	74	27	81	6	235

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 March 2024 or 31 March 2023. Assets and liabilities classified as held for sale as at 31 December 2023 relate to 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	Q1/2024
Reconciliation of gain on sale	
Consideration paid in advance	15
Consideration paid in cash	57
Consideration to be repaid	-1
Net assets sold	-50
Transaction and other costs, net	0
Gain on disposal	21
Consideration paid in cash	57
Cash in company disposed	-39
Net cash arising from disposal	19

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.

	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/23
Sales EURm	2,640	2,531	2,584	2,558	2,787	10,460
Comparable EBITDA, EURm	489	465	376	255	477	1,573
% of sales	18.5	18.4	14.6	10.0	17.1	15.0
Comparable EBIT, EURm	333	323	220	114	356	1,013
% of sales	12.6	12.8	8.5	4.5	12.8	9.7
Comparable profit before tax, EURm	311	293	196	101	344	934
Capital employed (average, EURm)	14,972	15,044	15,246	15,900	17,196	16,414
Comparable ROCE, %	9.1	8.9	6.0	3.1	8.4	6.4
Comparable profit for the period, EURm	258	248	149	77	281	755
Total equity, average, EURm	11,669	11,670	11,751	12,290	12,883	12,205
Comparable ROE, %	8.9	8.5	5.1	2.5	8.7	6.2
Average number of shares basic (1,000)	533,324	533,324	533,324	533,324	533,324	533,324
Comparable EPS, EUR	0.47	0.46	0.28	0.15	0.51	1.40
Items affecting comparability in operating profit, EURm	21	-113	-249	-5	-38	-405
Items affecting comparability in financial items, EURm	—	—	1	1	-67	-65
Items affecting comparability in taxes, EURm	0	26	71	4	8	109
Operating cash flow, EURm	335	456	641	459	714	2,269
Operating cash flow per share, EUR	0.63	0.85	1.20	0.86	1.34	4.25
Net debt at the end of period, EURm	2,312	2,432	2,363	2,557	2,167	2,432
Net debt to EBITDA (last 12 m.)	1.46	1.55	1.27	1.07	0.82	1.55
Gearing ratio, %	20	21	20	22	17	21
Equity per share at the end of period, EUR	21.42	20.93	21.42	21.24	23.42	20.93
Capital expenditure, EURm	83	173	196	482	270	1,122
Capital expenditure excluding acquisitions, EURm	83	173	169	482	270	1,094
Equity to assets ratio, %	64.0	62.5	61.9	61.0	64.4	62.5
Personnel at the end of period	16,132	16,573	16,831	17,571	16,985	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	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/23
Items affecting comparability						
Impairment charges	0	-1	-113	-2	-1	-117
Restructuring charges	2	-15	-132	-15	-37	-199
Change in fair value of unrealised cash flow and commodity hedges	-3	-10	-5	8	5	-2
Capital gains and losses on sale of non-current assets	22	0	2	3	-6	0
Fair value changes of forest assets resulting from changes in estimates	0	-86	0	0	0	-86
Other non-operational items	0	0	0	0	0	0
Total items affecting comparability in operating profit	21	-113	-249	-5	-38	-405
Items affecting comparability in financial items	0	0	1	1	-67	-65
Tax provisions	0	2	0	0	0	2
Taxes relating to items affecting comparability	0	24	71	4	8	107
Items affecting comparability in taxes	0	26	71	4	8	109
Items affecting comparability, total	21	-87	-177	0	-97	-361
Comparable EBITDA						
Operating profit (loss)	354	211	-29	108	318	608
Depreciation, amortisation and impairment charges excluding items affecting comparability	147	152	152	125	114	543
Change in fair value of forest assets and wood harvested excluding items affecting comparability	8	-10	5	16	5	17
Share of result of associates and joint ventures	1	0	0	0	1	1
Items affecting comparability in operating profit	-21	113	249	5	38	405
Comparable EBITDA	489	465	376	255	477	1,573
% of sales	18.5	18.4	14.6	10.0	17.1	15.0
Comparable EBIT						
Operating profit (loss)	354	211	-29	108	318	608
Items affecting comparability in operating profit	-21	113	249	5	38	405
Comparable EBIT	333	323	220	114	356	1,013
% of sales	12.6	12.8	8.5	4.5	12.8	9.7
Comparable profit before tax						
Profit (loss) before tax	332	180	-52	96	239	464
Items affecting comparability in operating profit	-21	113	249	5	38	405
Items affecting comparability in financial items	0	—	-1	-1	67	65
Comparable profit before tax	311	293	196	101	344	934
Comparable ROCE, %						
Comparable profit before tax	311	293	196	101	344	934
Interest expenses and other financial expenses	28	40	33	22	17	112
	339	333	229	123	361	1,046
Capital employed, average	14,972	15,044	15,246	15,900	17,196	16,414
Comparable ROCE, %	9.1	8.9	6.0	3.1	8.4	6.4
Comparable profit for the period						
Profit (loss) for the period	279	161	-28	77	183	394
Items affecting comparability, total	-21	87	177	—	97	361
Comparable profit for the period	258	248	149	77	281	755
Comparable EPS, EUR						
Comparable profit for the period	258	248	149	77	281	755
Profit attributable to non-controlling interest	-7	-1	2	1	-7	-6
	251	246	151	78	273	749
Average number of shares basic (1,000)	533,324	533,324	533,324	533,324	533,324	533,324
Comparable EPS, EUR	0.47	0.46	0.28	0.15	0.51	1.40
Comparable ROE, %						
Comparable profit for the period	258	248	149	77	281	755
Total equity, average	11,669	11,670	11,751	12,290	12,883	12,205
Comparable ROE, %	8.9	8.5	5.1	2.5	8.7	6.2
Net debt						
Non-current debt	3,045	3,056	3,090	3,176	3,098	3,056
Current debt	176	329	272	453	493	329
Total debt	3,221	3,385	3,362	3,629	3,592	3,385
Non-current interest-bearing assets	62	71	64	73	88	71
Cash and cash equivalents	710	632	773	768	1,016	632
Other current interest-bearing assets	136	250	162	231	321	250
Total interest-bearing assets	909	953	999	1,072	1,424	953
Net debt	2,312	2,432	2,363	2,557	2,167	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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