

UPM-KYMMENE A/S

Betonvej 10
4000 Roskilde

CVR no. 46 39 61 11

Annual report 2023

The annual report was presented and adopted at the
Company's annual general meeting on 28 June 2024

Stefan Mebus

Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board	2
Independent Practitioner's Report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of UPM-Kymmene A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report should be approved at the annual general meeting.

Roskilde, 28 June 2024

Executive Board:

Robin Carl Wilén
Chief Executive Officer

Board of Directors

Stefan Mebus

Juuli Anniina Räsänen

Sanna-Mari Toivonen

The Independent Practitioner's Report

To the Shareholders of UPM-KYMMENE A/S

Conclusion

We have performed an extended review of the Financial Statements of UPM-Kymmene A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Based on the work performed, in our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures to obtain limited assurance in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

The Independent Practitioner's Report

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Hellerup, 28 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Lauritsen
statsautoriseret revisor
mne34342

UPM-KYMMENE A/S
Annual report 2023
CVR no. 46 39 61 11

Management's review

Company details

UPM-KYMMENE A/S
Betonvej 10
4000 Roskilde

Telephone: +45 33 48 18 18

CVR no.: 46 39 61 11
Established: 25 May 1973
Registered office: Roskilde
Financial year: 1 January - 31 December

Board of Directors

Stefan Mebus
Juuli Anniina Räsänen
Sanna-Mari Toivonen

Executive Board

Robin Carl Wilén, CEO

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Management's review

Operating review

Principal activities

The purpose of the Company is trade and industry or other related activities as estimated by the Board of Directors.

Development in activities and finances

The profit for the year amounts to DKK 1,286 thousand (2022: DKK 932 thousand).

The development of the year is consistent with the expectations. For next year the business is expected to be the same without any special events.

Events after the balance sheet date

No significant events that may materially influence the Company's financial position have occurred after the balance sheet date.

Financial statements 1 January - 31 December

Income statement

DKK	Note	2023	2022
Gross profit		7,098,134	6,330,887
Staff costs	2	-6,049,655	-5,460,796
Operating profit		1,048,479	870,091
Financial income	3	631,667	98,640
Financial expenses	4	-28,992	-51,724
Profit before tax		1,651,154	917,007
Tax on profit for the year	5	-365,494	14,531
Profit for the year		<u>1,285,660</u>	<u>931,538</u>
Proposed profit appropriation			
Retained earnings		<u>1,285,660</u>	<u>931,538</u>

Financial statements 1 January - 31 December

Balance sheet

DKK	Note	2023	2022
ASSETS			
Current assets			
Receivables			
Trade receivables		6,381	6,381
Receivables from group entities		21,053,214	14,517,760
Other receivables		208,669	259,549
Deferred tax assets		158,343	218,390
		<u>21,426,607</u>	<u>15,002,080</u>
Cash at bank and in hand		<u>62,751</u>	<u>5,079,700</u>
Total current assets		<u>21,489,358</u>	<u>20,081,780</u>
TOTAL ASSETS		<u><u>21,489,358</u></u>	<u><u>20,081,780</u></u>

Financial statements 1 January - 31 December

Balance sheet

DKK	Note	2023	2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital	6	4,522,319	4,522,319
Retained earnings		14,193,147	12,907,487
Total equity		18,715,466	17,429,806
Liabilities			
Non-current liabilities other than provisions			
Other payables	7	501,188	575,817
		501,188	575,817
Current liabilities other than provisions			
Trade payables		107,432	131,688
Corporation tax		200,993	155,280
Other payables		1,964,279	1,789,189
		2,272,704	2,076,157
Total liabilities		2,773,892	2,651,974
TOTAL EQUITY AND LIABILITIES		21,489,358	20,081,780

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2023	4,522,319	12,907,487	17,429,806
Transferred over the profit appropriation	0	1,285,660	1,285,660
Equity at 31 December 2023	4,522,319	14,193,147	18,715,466

Financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of UPM-Kymmene A/S for 2023 has been presented in accordance with the provisions applying to reporting class B entities with opt-in from higher accounting class under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The annual report is presented in DKK.

Recognition and measurement

The financial statements have been prepared under the historical cost method.

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Income statement

Gross Profit

The items revenue and other external costs have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Regarding the items summarised, we state the following:

Revenue

Revenue consisting commission income is recognized in the Income Statement when the most significant rewards and risks have been transferred before the year end and the income can be measured reliably and payment is expected to be received.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff expenses comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Receivables

Receivables are measured at amortised cost, which substantially corresponds to nominal value.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Share based incentive schemes

UPM has two long-term incentive plans. Performance Share Plan (PSP) for senior executives and Deferred Bonus Plan (DBP) for other key employees.

Performance Share Plan

Under the ongoing plans the UPM shares are awarded based on the total shareholder return during a three-year earning period. The earned shares are delivered after the earning period has ended.

Deferred Bonus Plan

Deferred Bonus Plan share incentives are based on achievement of group and/or business area EBITDA targets. Each plan consists of a one-year earning period and a two-year restriction period. Prior to share delivery, the share rewards earned are adjusted with dividends and other capital distributions paid to all shareholders during the restriction period.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Debts

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes

2	Staff costs		
	DKK	2023	2022
		<u> </u>	<u> </u>
	Wages and salaries	5,326,785	4,851,067
	Pensions	703,557	592,405
	Other social security costs	19,313	17,324
		<u> </u>	<u> </u>
		6,049,655	5,460,796
		<u> </u>	<u> </u>
	Average number of employees	<u> </u> 6	<u> </u> 5
	Management is included in UPM-Kymmene Oyj's share based compensation program. Warrants are granted with a vesting period of 3 years. There are performance conditions in connection with the program. Payment to the parent company regarding share delivered to employees according to the program are recognized as expense in the income statement.		
3	Financial income		
	DKK	2023	2022
		<u> </u>	<u> </u>
	Interest income from group entities	579,303	88,650
	Other interest income	52,364	9,990
		<u> </u>	<u> </u>
		631,667	98,640
		<u> </u>	<u> </u>
4	Financial expenses		
	DKK	2023	2022
		<u> </u>	<u> </u>
	Interest expense to group entities	5,360	5,359
	Other interest costs	23,632	46,365
		<u> </u>	<u> </u>
		28,992	51,724
		<u> </u>	<u> </u>
5	Tax on profit for the year		
	DKK	2023	2022
		<u> </u>	<u> </u>
	Current tax for the year	334,993	291,280
	Deferred tax for the year	30,519	-85,043
	Adjustment of current tax for previous year	-29,546	-282,668
	Adjustment of deferred tax for previous year	29,528	61,900
		<u> </u>	<u> </u>
		365,494	-14,531
		<u> </u>	<u> </u>

Financial statements 1 January - 31 December

Notes

6 Equity

The Company's share capital consists of 45,223 shares of a nominal value DKK 100 each.
All shares rank equally.

7 Non-current liabilities other than provisions DKK

	Total debt at 31 December 2023	Outstanding debt after five years
Other payables	501,188	501,188
	<u>501,188</u>	<u>501,188</u>

8 Contractual obligations, contingencies, etc.

Lease obligations under operating leases. Total future lease payments:

DKK	2023	2022
Operating lease obligations		
Within 1 year	378,294	307,166
Between 1 and 5 years	406,492	252,928
	<u>784,786</u>	<u>560,094</u>

9 Related parties

UPM-KYMMENE A/S' related parties comprise the following:

UPM-Kymmene Oyj, Helsinki, Finland

UPM-KYMMENE A/S is part of the consolidated financial statements of UPM-Kymmene Oyj, Helsinki, Finland, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of UPM-Kymmene Helsinki, Finland can be obtained at the following webpage: www.upm.com.

10 Events after the balance sheet date

No significant events that may materially influence the Company's financial position have occurred after the balance sheet date.

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

“By my signature I confirm all dates and content in this document.”

SANNA-MARI TOIVONEN

Bestyrelsesmedlem

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2024-06-28 10:53:15 UTC



JUULI ANNIINA RÄSÄNEN

Bestyrelsesmedlem

Serial number:

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Stefan Mebus

Bestyrelsesmedlem

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Robin Carl Wilén

Direktør

Serial number: 85245bf9-89e2-43ea-ae13-967b17aae3e5

IP: 147.161.xxx.xxx

2024-06-28 15:30:53 UTC



Thomas Lillemose Lauritsen

PRICEWATERHOUSECOOPERS STATSATORISERET

REVISIONSPARTNERSELSKAB CVR: 33771231

Statsautoriseret revisor

On behalf of: PricewaterhouseCoopers Statsautoriseret...

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2024-06-28 15:44:58 UTC



Stefan Mebus

Dirigent

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