THE NEW NOKIAN TYRES

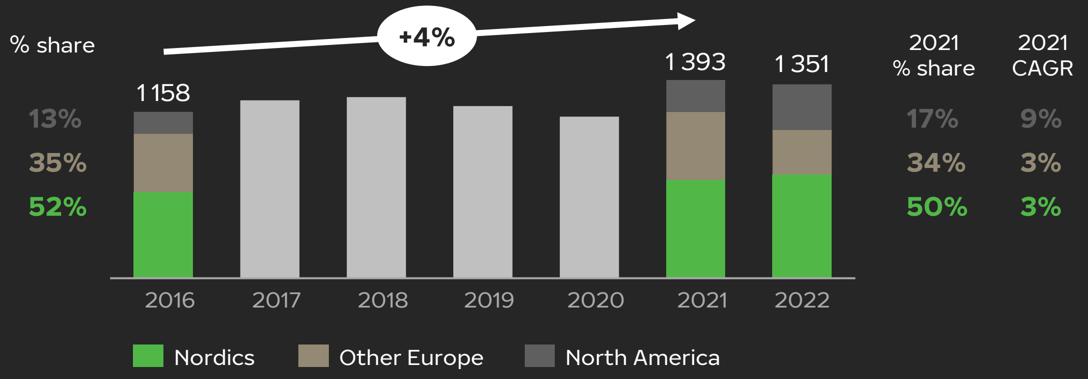
delivering growth and sustainable shareholder value

APRIL 25, 2023

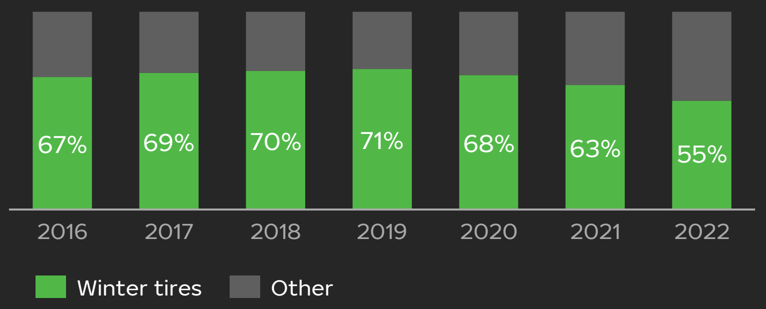
TEEMU KANGAS-KÄRKI
CFO

WE HAVE A SOLID FINANCIAL BASE AS A RESULT OF LONG TRACK RECORD OF PROFITABLE GROWTH

TRACK RECORD OF SALES GROWTH IN CORE MARKETS

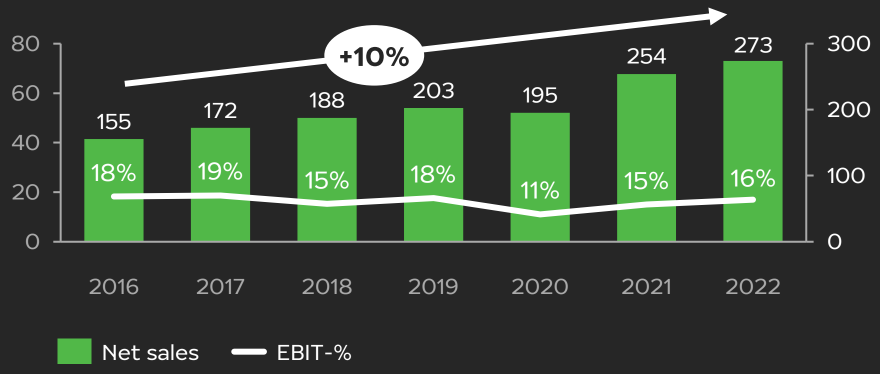


WINTER TIRES ARE OUR CORE

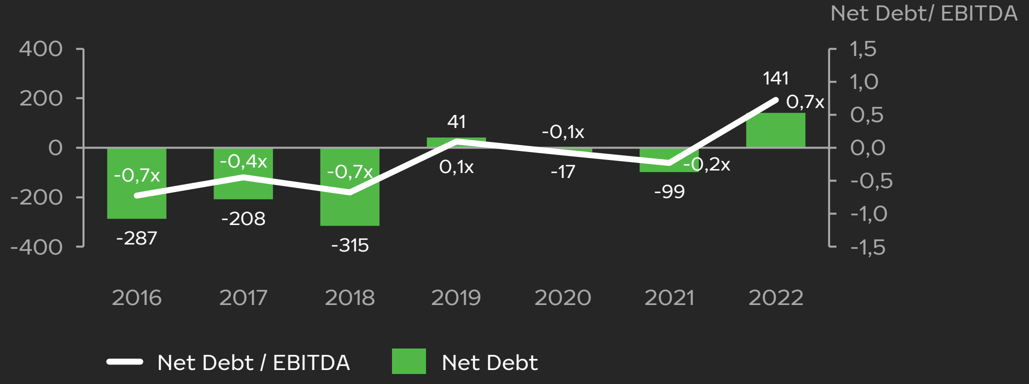


Note: Includes Russia

HEALTHY HEAVY TYRES BUSINESS



STRONG BALANCE SHEET



Note: Negative Net Debt = Net Cash position

IMPACT OF EXITING RUSSIA

Starting point for the new Nokian Tyres

CAPACITY

- 80% of Passenger Car Tyres production used to be in Russia
- Capacity decline from exiting Russia mitigated by increase in Finland and the US
- We will further reduce the effects through contract manufacturing
- Commercial capacity from the Romania investment starting 2025

SALES VOLUMES

- Despite capacity expansions in Finland and the US and new contract manufacturing agreements, sales volumes will decrease in 2023
- Average Sales Price (ASP) significantly higher without Russia sales, partly offsetting volume decline in total net sales
- Volumes expected to bottom in 2023 and increase after that

RUSSIA TRANSACTION

- The sale price was EUR 285 million
- Result for discontinued operations was EUR -339 million of which;
  - Profit from sale EUR 29 million
  - Operative result EUR -2 million
  - Previous years' cum. translation difference EUR -366 million
- Profit from sale (preliminary) was EUR 124.8 million, of which EUR 125.3 million was in Nokian Tyres Holding Oy

2022 RESTATED FINANCIALS EXCLUDING RUSSIA

	REPORTED 2022	RESTATED 2022
NET SALES	1,776 MEUR	1,351 MEUR
SEGMENTS OPERATING PROFIT (SOP-%)	221 MEUR (12.5%)	18 MEUR (1.3%)
EBIT (EBIT-%)	-166 MEUR (-6.6%)	57 MEUR (4.2%)
PERSONNEL (YEAR-END)	4,500	3,300

Starting point for the new Nokian Tyres in Q1/2023

GEARING	3.3%
EQUITY RATIO	67.8%
INTEREST-BEARING NET DEBT	47 MEUR

(Incl. leasing liabilities 130 MEUR)

WE WILL RETURN TO GROWTH

WE FOCUS ON FOUR STRATEGIC PROGRAMS

- Capacity increase in Finland
- US factory completion
- New factory in Romania
- Growing contract manufacturing

AT THE SAME TIME

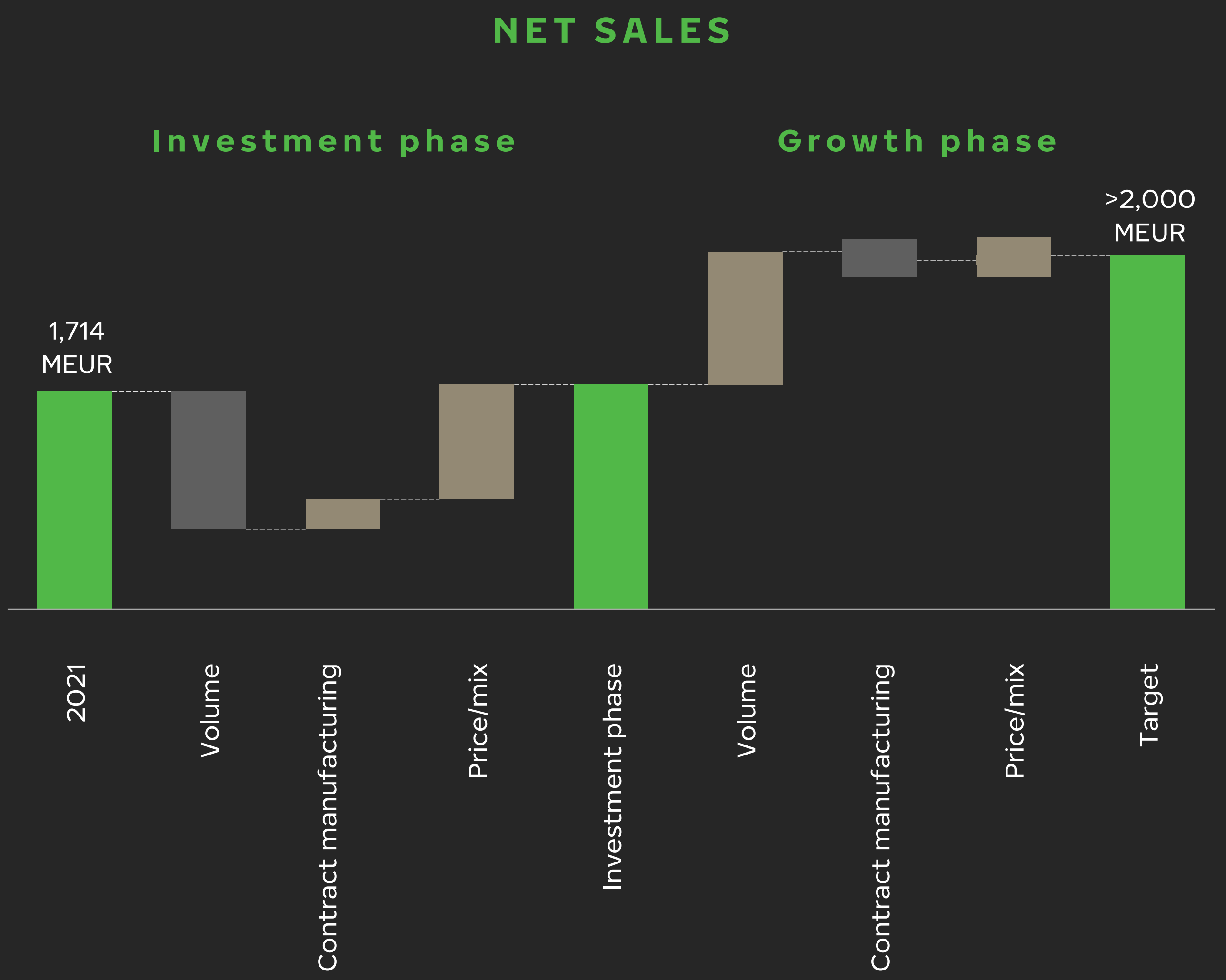
- We provide customers with world-class products and services
- We build scalable end-to-end processes and systems to meet our customers’ evolving needs
- We drive leadership in safety, product quality and sustainability

UPDATED FINANCIAL TARGETS FOR THE NEXT 5 YEARS

	INVESTMENT PHASE (2023–2025)	GROWTH PHASE (2026–2027)
A: Net sales	Growing sales in line with capacity increase	**Net sales EUR 2 billion**
B: Profitability	Segments EBITDA 15+% Segments operating profit high single digit %	Segments EBITDA 23–25% **Segments operating profit ~15%**
C: Capital structure	Net debt/Segments EBITDA 1–2	**Net debt/Segments EBITDA 1–2**

Dividend policy unchanged: Nokian Tyres' target is to pay a dividend of at least 50% of its net earnings

A: EUR 2 BILLION GROWTH PLAN SUPPORTED BY INCREASE IN AVERAGE SALES PRICE AND NEW CAPACITY



Investment phase

- Volumes to decrease significantly and bottom in 2023
- Contract manufacturing to partly offset volume drop
- Increase in ASP to partly offset decrease in volumes
- 2021 net sales levels estimated to be reached at end of the investment phase

Growth phase

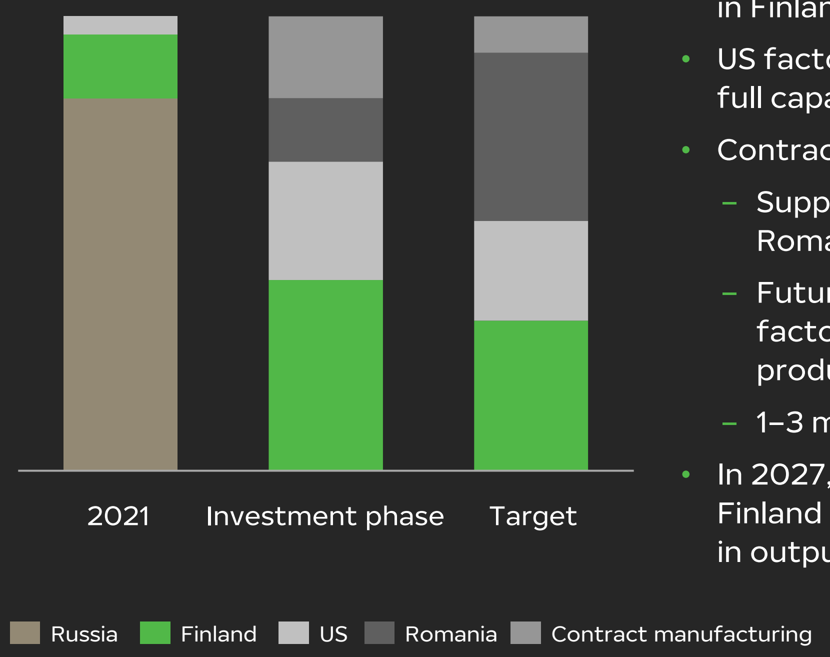
- Increase in own volumes will support net sales growth
- Share of contract manufacturing will flex and remain a tool to balance growing demand
- ASP expected to be neutral but stay significantly higher compared to 2021

Graph illustrative and Russian business excluded 2023 onwards

nokian TYRES

A: FINALIZING CAPACITY EXPANSIONS, CONTRACT MANUFACTURING TO SUPPORT IN THE INVESTMENT PHASE

FACTORY MIX



- Finalizing capacity expansion in Finland and the US
- US factory expected to run at full capacity in 2024
- Contract manufacturing
  - Supporting volumes during Romania factory ramp-up
  - Future role as a “virtual factory” to balance production and demand
  - 1–3 million tires per year
- In 2027, Romania will overtake Finland as the biggest factory in output volumes

PRODUCT OFFERING

- Winter tires will remain the core category
- Share of all-season expected to grow while summer to decrease compared to 2021 due to temporary lack of supply in Central Europe
- Share of EV’s and hybrids growing fast, bringing new requirements to tires
- Increasing demand for premium tires for EV’s and >17” rims expected

Graphs illustrative and Russian business excluded 2023 onwards

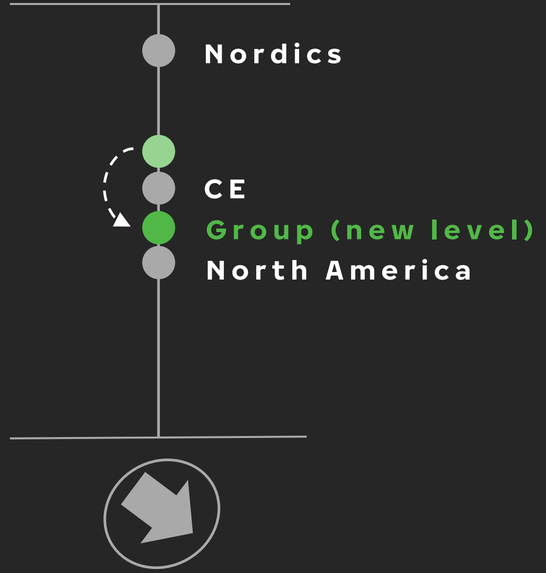
B: HIGHER ASP PARTLY MITIGATES THE PROFITABILITY DROP IN PASSENGER CAR TYRES DUE TO EXIT FROM RUSSIA

ASP EXPECTED TO SIGNIFICANTLY INCREASE COMPARED TO HISTORICAL LEVELS…

REGION NET-ASP*

…BUT PRODUCT COST WILL RISE DUE TO CHANGES IN FACTORY MIX

REGION GM-%



RELATIVE CATEGORY GM-% AFTER INVESTMENT PHASE

CATEGORY GM-%

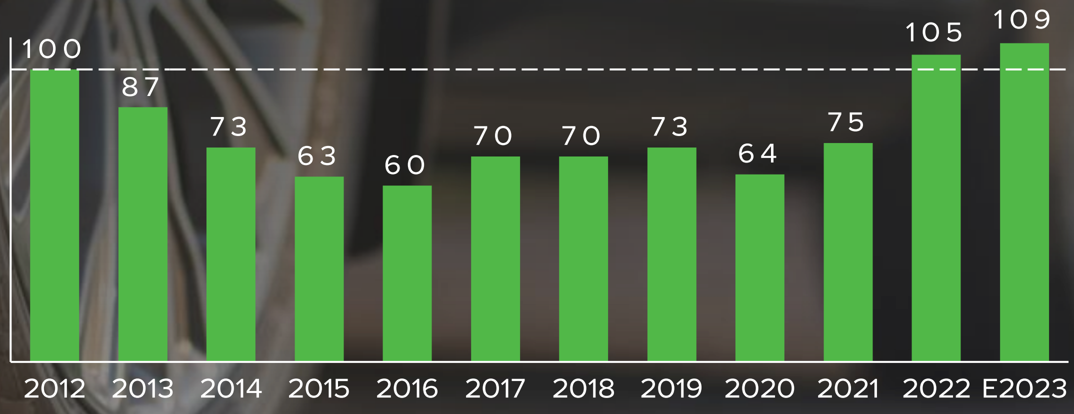
Growth phase

*Net-ASP per tire

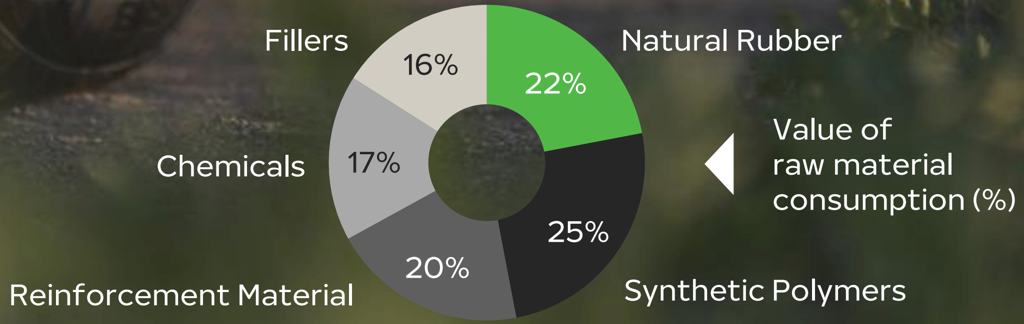
nokian TYRES

B: PRICING POWER MITIGATES THE IMPACT OF COST INFLATION IN PASSENGER CAR TIRE BUSINESS

MATERIAL COST



Index 100 = 2012 incl. currency impact

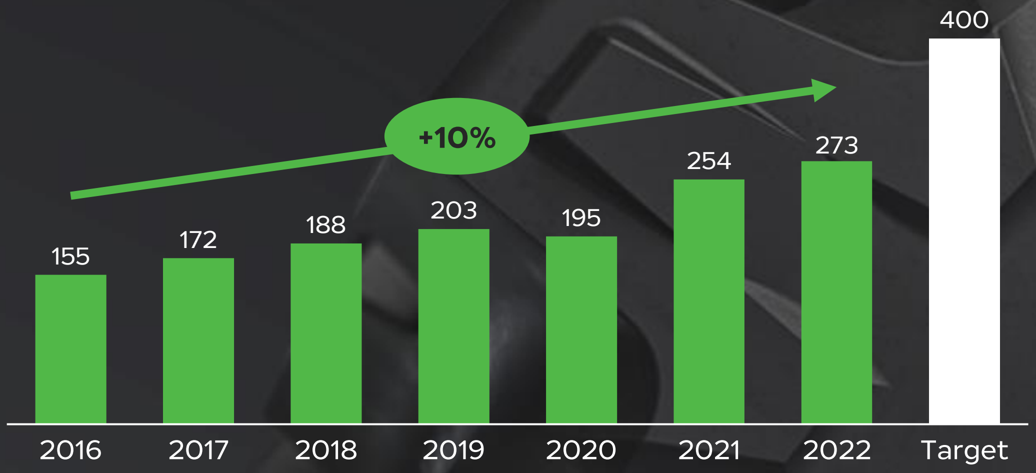


- **High material costs** expected to continue year-on-year in 2023
- **Input costs** expected to stabilize in H2 2023
- **Raw material costs** projected to remain a positive upside compared to ASP due to our pricing power in the replacement market of passenger car tires
  - Replacement tire market less price sensitive compared to tire market for new cars

nokian TYRES

A & B: HEAVY TYRES EXPECTED TO CONTINUE ON A STRONG GROWTH TRACK

NET SALES DEVELOPMENT



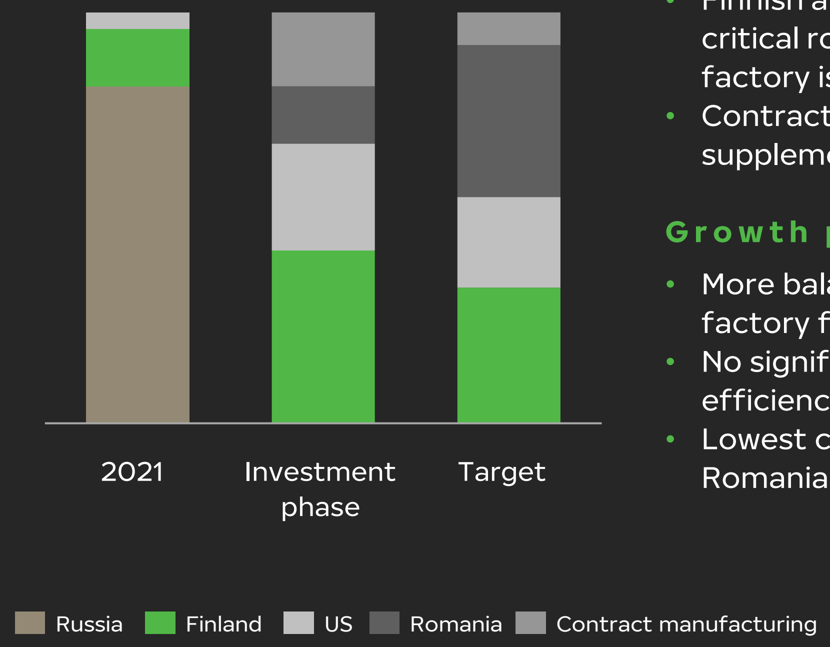
- Above market level growth estimated to continue
- Net sales expected to reach EUR 400 million at the end of 2027 with further growth potential beyond that
- Segment operating profit expected to increase both in relative and absolute terms

GROWTH DRIVERS

1. **Strengthen** distribution in Central Europe and North America. Increase aftermarket focus and sales team resourcing
2. **Build** capacity from 20 to 32Mkg by the end of 2023. Explore possibilities to further increase capacity after the investment phase
3. **Widen** product portfolio by 50%
4. **Develop** digital capabilities

C: CAPITAL DEPLOYMENT: NEW CAPACITY IS #1 PRIORITY, STRONG BALANCE SHEET ENABLES DIVIDEND PAYMENTS

FACTORY MIX %



Investment phase

- Finnish and US factories in critical role while Romania factory is being built
- Contract manufacturing will supplement own production

Growth phase

- More balanced and lower risk factory footprint
- No significant differences in efficiency between factories
- Lowest cash unit cost in Romania in 2027

FREE CASH FLOW COMPONENTS

Segments EBITDA	• Improving profitability with increasing sales volumes and segments EBITDA 23–25% in the growth phase • Depreciation approx. 9% of net sales
Working capital, net:	• Focusing on the balance sheet efficiency and improving working capital rotation • Asset velocity target at the level of 1.0 end of growth phase
Income taxes paid, net:	• Approx. 21% of profit before taxes
Capex:	• Cumulative capex ≈ EBITDA in the investment phase >EUR 300 million p.a. after which it is expected to decrease towards historical levels • Average historical capex around EUR 100–125 million

Robust cash flow and solid financial position provide options to create shareholder value

nokian TYRES

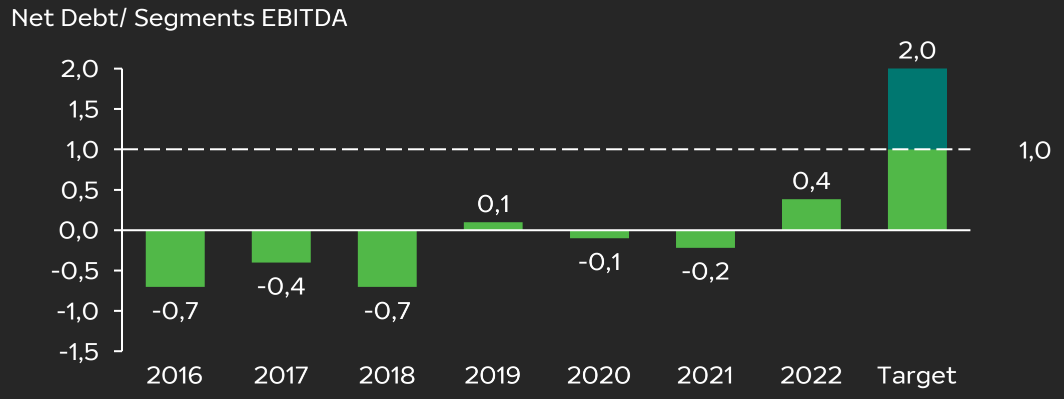
C: NEW CAPITAL STRUCTURE TARGET AND BUILDING DIVERSIFIED DEBT PORTFOLIO

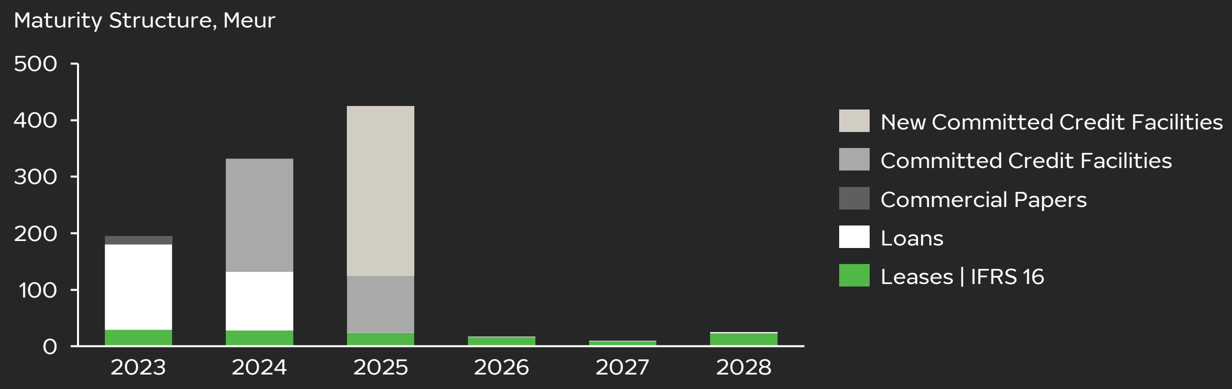
NEW TARGET:
NET DEBT/SEGMENTS EBITDA 1-2

- Historically, we wanted to be in a net cash position due to Russia risk exposure – without Russia we can leverage our balance sheet
- Proceeds of EUR 285 million from completion of Russia exit
- Financing Romania factory investment of EUR 650 million
- Remaining capex funding from own cash flow and leveraging Nokian Tyres strong balance sheet

CONTROLLED MATURITY EXTENSION AND DIVERSIFICATION

- New committed bank financing of EUR 300 million put in place in April 2023
- EUR 300 million RCF and EUR 500 million domestic commercial paper program in place
- Additional debt funding can be sourced from banks and/or debt capital markets in order to balance financing channels and to extend maturities





WE WILL CONTINUE TO DELIVER SUSTAINABLE SHAREHOLDER VALUE IN LINE WITH OUR UPDATED FINANCIAL TARGETS

1. ORGANIC GROWTH CAPEX	**Despite expected decrease in net sales in 2023, we will return to growth from 2024 onwards** • Capacity expansion in Finland and the US • Growing contract manufacturing • New factory in Romania starting production in 2025
2. GROWING ABSOLUTE NET PROFIT EPS	**Increased capacity and higher ASP are expected to boost net sales and profitability. At the same time…** • …we are optimizing revenue with maximized profit by market-relevant product mix • …we are keeping costs in strict control to mitigate inflation and protect cash flow
3. NEW CAPACITY AND SOLID DIVIDEND DPS	**Strong balance sheet leaves room for dividends even during the investment phase** • Improving Segments EBITDA will enable increasing dividends and/or share buybacks • Increased flexibility with balance sheet due to reduced geopolitical risk – Net debt/Segments EBITDA estimated to be 1–2

WHY INVEST IN THE NEW NOKIAN TYRES

1.	Safe and eco-friendly products in premium niche segments, e.g. winter tires
2.	Clear path to restore growth and profitability in Passenger Car Tyres through new capacity and innovation
3.	Heavy Tyres expected to continue on a strong growth track with further improving profitability
4.	Solid financial position allowing to execute the growth plan and deliver sustainable shareholder value
5.	World-class benchmark factories for productivity, efficiency, quality and sustainability


nokian®
TYRES