WAR IN UKRAINE OVERSHADOWED H1, PREPARATIONS TO EXIT RUSSIA STARTED

HALF YEAR FINANCIAL REPORT JANUARY-JUNE 2022 AUGUST 2, 2022

> JUKKA MOISIO – CEO TEEMU KANGAS-KÄRKI – CFO



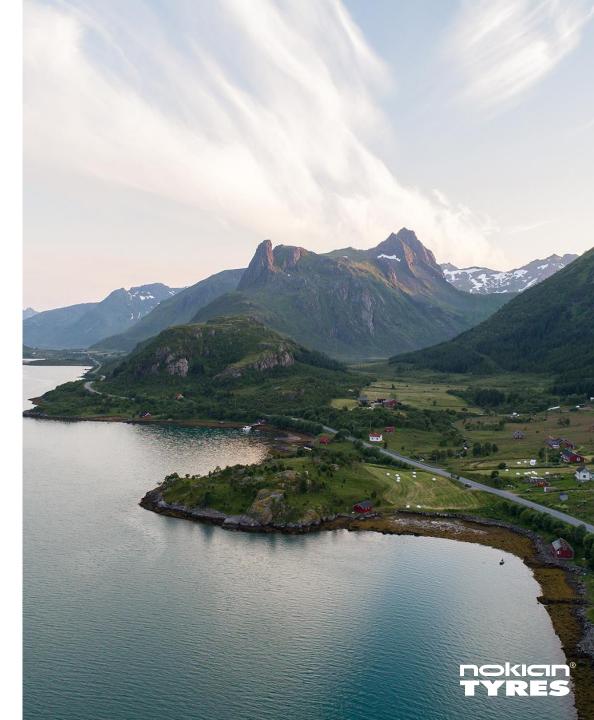
EXIT FROM RUSSIA INITIATED – FOCUS ON OTHER CORE MARKETS

- The Board decided to initiate a controlled exit from Russia as it is no longer feasible nor sustainable for Nokian Tyres plc to continue operations in Russia
- We are evaluating different options for the exit: external advisors have been hired, discussions with possible candidates ongoing
- As part of the process, impairments and write-downs of EUR 300.7 million were recorded in Q2
- Actions to increase supply capacity outside of Russia ongoing
 - Capacity increasing at the Finnish and US factories
 - Investment in new factory in Europe proceeding, shortlist of possible locations in place, evaluation ongoing
 - Outsourcing options are being developed



Q2 NET SALES INCREASED, PROFIT IMPACTED BY LOWER VOLUMES

- Net sales EUR 482.1 million (416.2), +7.4% with comparable currencies driven by price increases
 - Tire demand continued good, volumes down due to supply constraints
 - Operating environment increasingly challenging due to the war and tightening sanctions
- Segments operating profit EUR 86.3 million (89.6)
 - Price increases to combat cost inflation, leading to higher ASP
- Nokian Tyres team has performed extremely well



STRONG BALANCE SHEET

Cash flow impacted by higher working capital

EUR million	4-6/22	4-6/21	Change	CC* Change	1-6/22	1-6/21	Change	CC* Change	2021
Net sales	482.1	416.2	15.8%	7.4%	898.6	758.0	18.5%	13.9%	1,714.1
Segments operating profit	86.3	89.6			152.8	139.9			324.8
Segments operating profit %	17.9 %	21.5%			17.0%	18.5%			19.0%
Segments EPS, EUR	0.55	0.51			0.93	0.80			1.84
Segments ROCE, %**					15.2%	13.9%			15.8%
Equity ratio, %					63.7 %	66.1%			68.4%
Cash flow from operating activities	-109.4	9.3			-223.7	-15.1			396.5
Gearing, %					14.8%	9.4%			-6.1%
Interest-bearing net debt					243.0	140.0			-98.7
Capital expenditure	18.7	22.2			32.8	39.3			119.6

* Comparable currencies

** Rolling 12 months

The definitions of alternative performance measures (non-IFRS figures) are presented in the report by the Board of Directors in Nokian Tyres Financial Review 2021.



Q2: PASSENGER CAR TYRES

Tire demand continued on a good level, volumes down due to supply constraints

				CC*				CC*	
	4-6/22	4-6/21	Change	Change	1-6/22	1-6/21	Change	Change	2021
Net sales, M€	334.7	279.9	19.6%	7.3%	649.6	525.8	23.6%	17.2%	1,199.2
Segment operating profit, M€	63.8	70.6			137.9	123.4			298.7
Segment operating profit, %	19.1%	25.2%			21.2%	23.5%			24.9%

* Comparable currencies

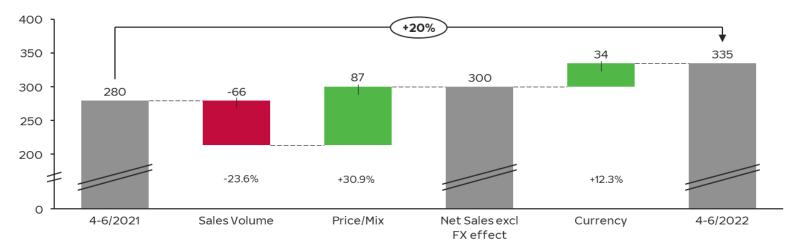
- Net sales increased, however segment operating profit declined
 - Lack of tire supply, especially in Central Europe
 - Average Sales Price with comparable currencies increased strongly in all markets
 - Price increases offset higher raw material and other cost inflation
- Finished goods inventories on a higher level than in the comparison period to safeguard better supply in H2



Q2: PASSENGER CAR TYRES BRIDGE

Price/Mix impacted segment operating profit positively by EUR 87 million

NET SALES, M€



SEGMENT OPERATING PROFIT, M€





Q2: HEAVY TYRES

Strong development in sales and profitability

				CC*				CC*	
	4-6/22	4-6/21	Change	Change	1-6/22	1-6/21	Change	Change	2021
Net sales, M€	73.9	62.6	18.0%	16.5%	140.4	119.7	17.3%	15.7%	254.0
Segment operating profit, M€	15.6	11.7			28.4	24.3			40.3
Segment operating profit, %	21.1 %	18.8%			20.2%	20.3%			15.9%

* Comparable currencies

- Net sales grew driven by strong demand in all product segments and higher sales prices
- Segment operating profit improved
 - Increased sales and improved production efficiency contributed to the improvement
 - Higher raw material and other cost inflation was offset by price increases
- Inventories are on a low level



Q2: VIANOR

Good season sales, result impacted by increased costs

	4-6/22	4-6/21	Change	CC* Change	1–6/22	1-6/21	Change	CC* Change	2021
Net sales, M€	99.1	91.5	8.3%	8.8%	156.2	149.6	4.4%	4.7%	342.9
Segment operating profit, M€	9.6	10.0			-2.5	0.2			4.1
Segment operating profit, %	9.7%	11.0%			-1.6%	0.2%			1.2%
Number of own service centers at period end	174	174							175

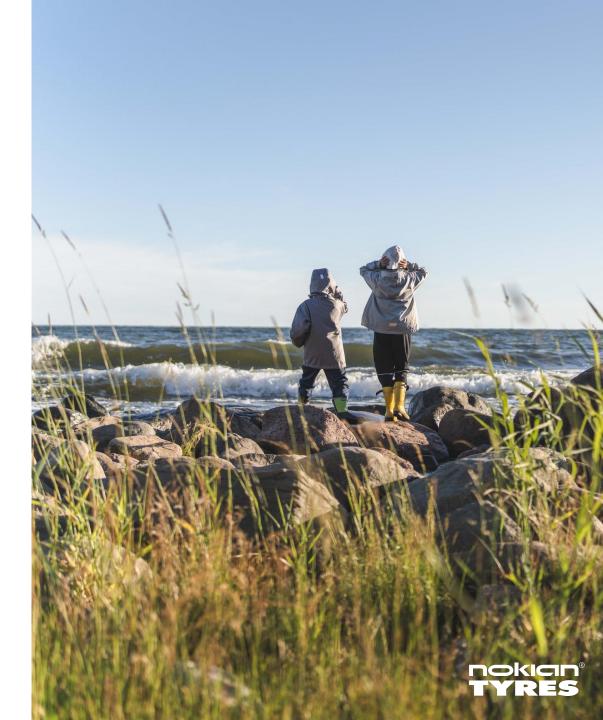
* Comparable currencies

- Net sales increased by 8.8% with comparable currencies
- Segment operating profit was negatively impacted by increased costs due to prolonged season and inflation



ASSUMPTIONS FOR 2022

- War in Ukraine and resulting sanctions severely impacting our operating environment and causing significant uncertainty
- Exit from Russia will have an adverse effect on our supply capacity, impacting sales especially in Central Europe
- Uncertainties related to the Russian ruble
 - Average EUR/RUB: 72.5 in 2019, 82.7 in 2020, 87.2 in 2021, 84.5 in January-June 2022, 56.4 at the end of June 2022
- Raw material and logistics costs estimated to increase significantly in H2
- Demand for passenger car tires and heavy tires estimated to continue strong

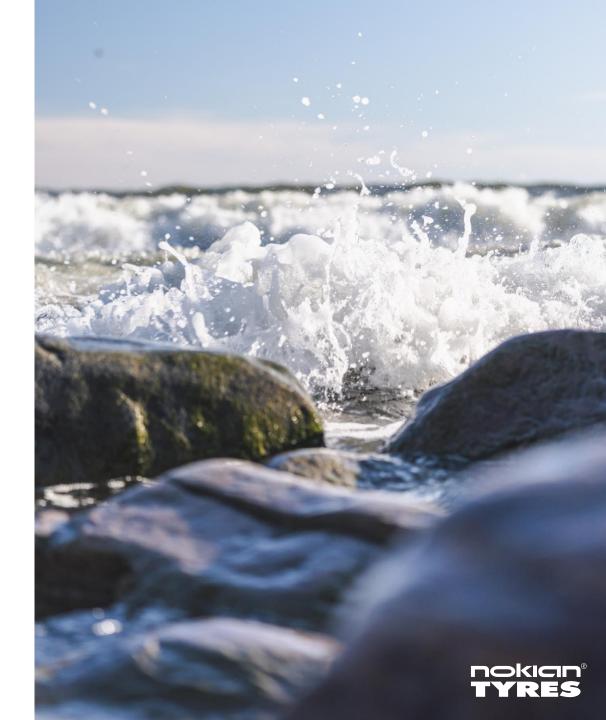


GUIDANCE FOR 2022

Updated on June 17

The war in Ukraine and resulting sanctions cause significant uncertainty to Nokian Tyres' operating environment.

In 2022, Nokian Tyres' net sales are expected to decrease or to be at previous year's level, and segments operating profit is expected to decrease significantly compared to 2021.

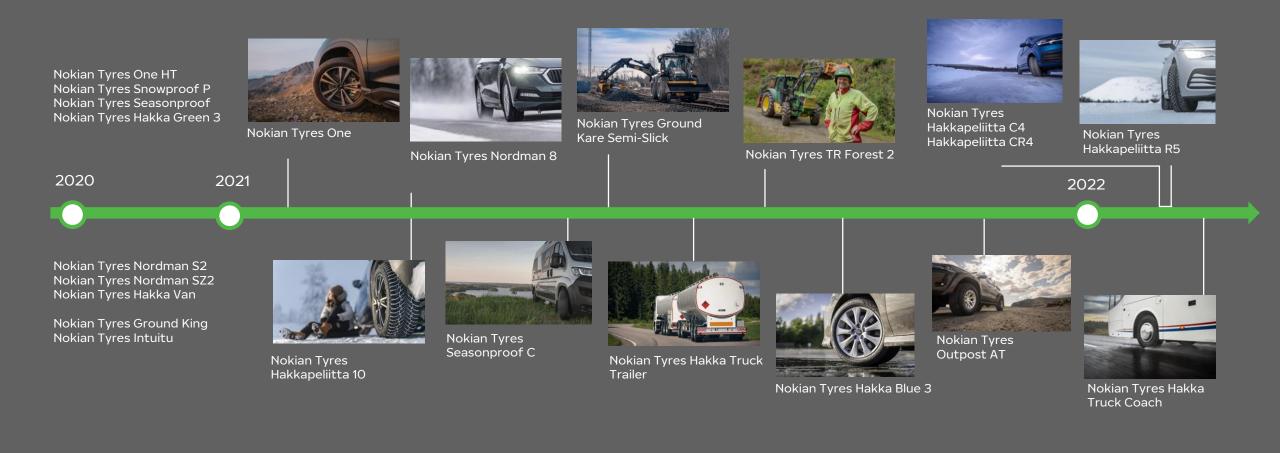


BUILDING THE NEW NOKIAN TYRES



WE HAVE A STRONG INNOVATION PIPELINE FOR THE FUTURE

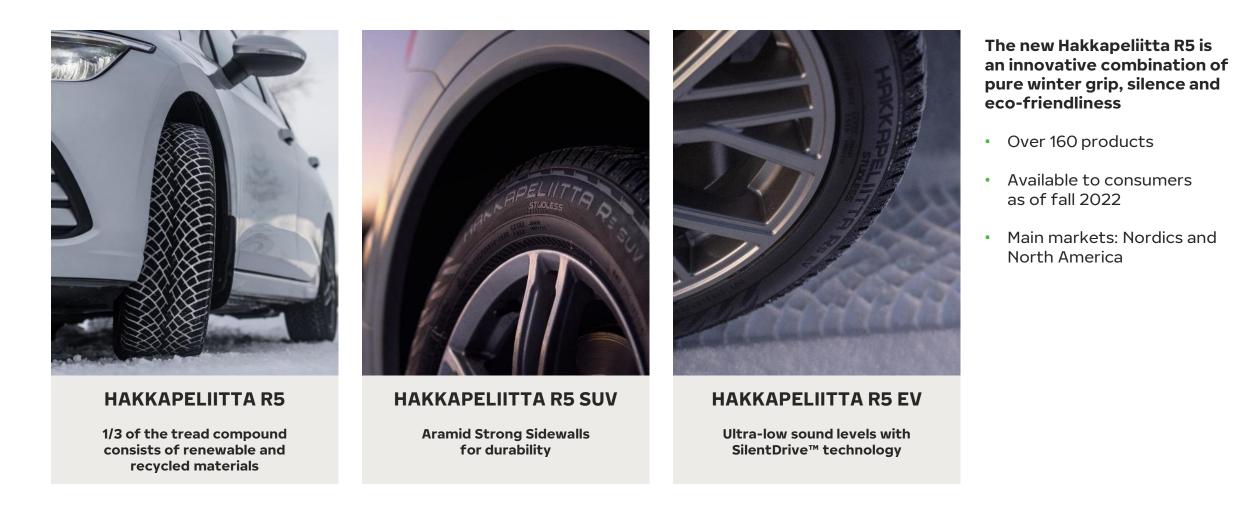
Examples of the latest product launches





NOKIAN TYRES HAKKAPELIITTA R5

New flagship range of Nordic non-studded winter tires





PRIORITIES FOR THE COMING QUARTERS

- Exiting Russia
- Building new capacity
- Keeping costs in strict control and protecting cash flow
- Business units and areas to implement their specific plans: Nordics, North America, Central Europe, Heavy Tyres and Vianor
- Providing customers with world-class products and services

"Going forward, we will focus on building the new Nokian Tyres."



THANK YOU!

APPENDIX



CAR AND TIRE MARKETS IN H1/2022

The Nordic countries Russia			Europe (excl. the Nordic cour	ntries)	North America		
🖘 New car sales	-17%	🚌 New car sales	-58%	🖘 New car sales	-14%	🖘 New car sales	-17%
() Car tire sell-in	-6%	() Car tire sell-in	-20%	Car tire sell-in	7%	() Car tire sell-in	-2%
Heavy tire segments*	→	Heavy tire segments*	-	Heavy tire segments*	⇒	Heavy tire segments*	→

* Nokian Tyres' core product segments, management's estimate for FY2022



GROUP SEGMENTS OPERATING PROFIT PER QUARTER 2018-H1/2022*

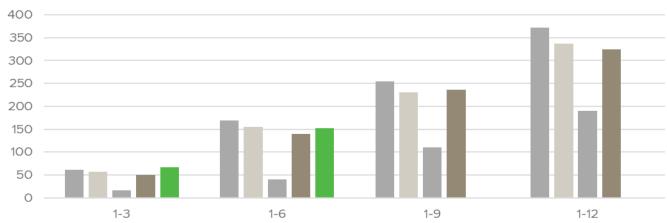
Cumulative segments operating profit per review period

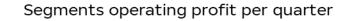
1-6/2022

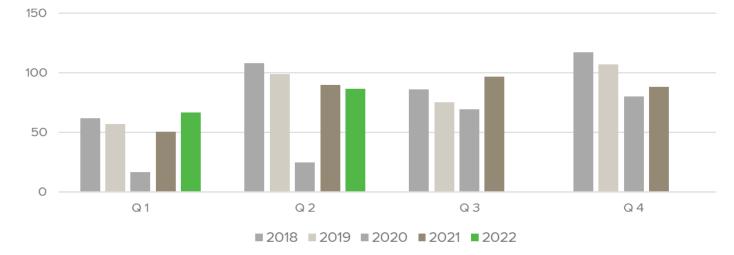
- Net sales 898.6 M€ (758.0), 18.5%
- Segments operating profit 152.8 M€ (139.9)

4-6/2022

- Net sales 482.1 M€ (416.2), 15.8%
- Segments operating profit 86.3 M€ (89.6)







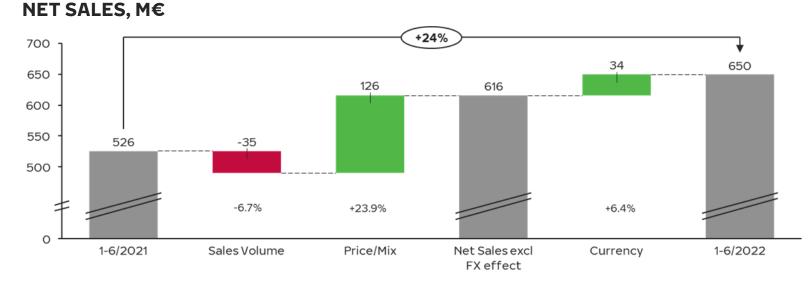


*Comparable segments operating profit figures for 2019–2022, earlier years reported based on IFRS

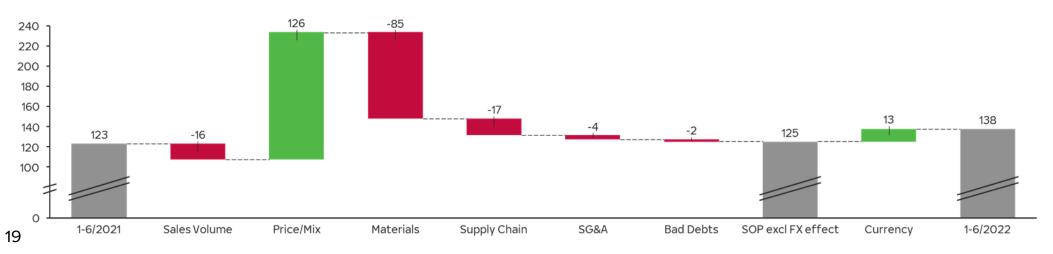
APPENDIX

H1: PASSENGER CAR TYRES BRIDGE

Price/Mix impacted segment operating profit positively by EUR 126 million



SEGMENT OPERATING PROFIT, M€





PASSENGER CAR TYRES NET SALES - QUARTERLY CHANGES

YoY Change %





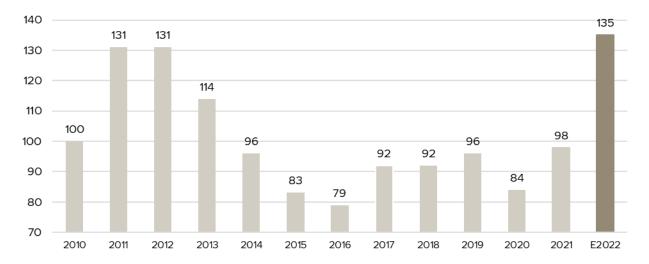
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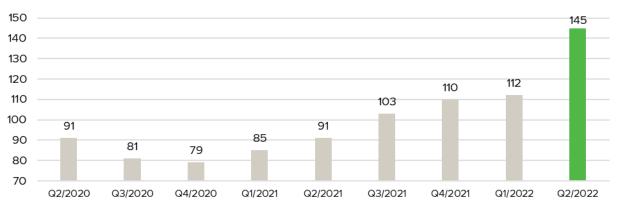
MATERIAL COST DEVELOPMENT

MATERIAL COSTS (€/KG)

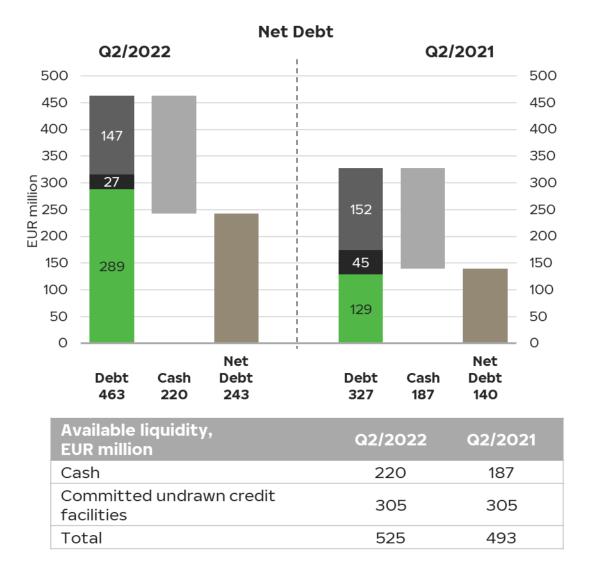
- Increased by 59.2% in Q2/2022 vs. Q2/2021
- Increased by 30.0% in Q2/2022 vs. Q1/2022
- Increased by 45.1% in H1/2022
 vs. H1/2021

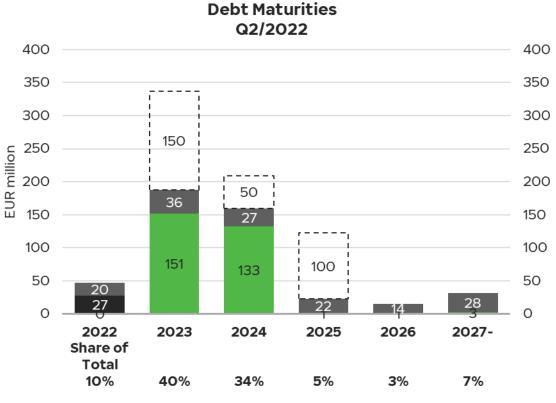
MATERIAL COST DEVELOPMENT INDEX 2010-E2022





NET DEBT AND DEBT MATURITIES





- GCommitted Credit Facilities | Undrawn (Major)
- Leases | IFRS 16
- Commercial Papers
- Loans



APPENDIX

NAD

NETWORK DEVELOPMENT

Vianor, NAD, N-Tyre; -84 stores in H1/2022

VIANOR – 1,052 SERVICE CENTERS IN 14 COUNTRIES

174 own stores and 878 partners

Own -1; partner +6 vs. year-end 2021

- Largest tire chain in the Nordic countries: 338 service centers (+1 vs. year-end 2021)
- Russia and CIS: 340 service centers (+4 vs. year-end 2021). Permit to use Vianor brand in Russia to be revoked
- Central Europe: 374 service centers (unchangeable vs. year-end 2021)

NOKIAN TYRES AUTHORIZED DEALERS (NAD) – 2,260 STORES

- In 26 countries
- -86 stores vs. year-end 2021

N-TYRE – 107 STORES

- In Russia and Kazakhstan
- -3 stores vs. year-end 2021



Disclaimer

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