

Nokian Tyres plc Half Year Financial Report January–June 2022, August 2, 2022 at 2:00 p.m.

## **Nokian Tyres plc Half Year Financial Report January–June 2022: War in Ukraine overshadowed H1, preparations to exit Russia started**

### **April–June 2022**

- Net sales were EUR 482.1 million (416.2 in April–June 2021) and grew by 15.8%. With comparable currencies, net sales increased by 7.4%.
- Segments operating profit was EUR 86.3 million (89.6), with positive currency impact of approximately EUR 17 million. Operating profit was EUR -202.8 million (81.8) as EUR -289.1 million (-7.8) was booked as non-IFRS exclusions. In June, the Board of Directors decided to initiate a controlled exit from Russia. As part of the process, impairments and write-downs of EUR 300.7 million were recorded in the second quarter.
- Segments earnings per share were EUR 0.55 (0.51). Earnings per share were EUR -1.67 (0.47).
- Cash flow from operating activities was EUR -109.4 million (9.3).

### **January–June 2022**

- Net sales were EUR 898.6 million (758.0 in January–June 2021) and grew by 18.5%. With comparable currencies, net sales increased by 13.9%. The year began with good demand in all markets. The war in Ukraine started to impact on the operating environment in late February.
- Segments operating profit was EUR 152.8 million (139.9), with positive currency impact of approximately EUR 13 million. Operating profit was EUR -143.5 million (126.1) as EUR -296.3 million (-13.8) was booked as non-IFRS exclusions.
- Segments earnings per share were EUR 0.93 (0.80). Earnings per share were EUR -1.33 (0.72).
- Cash flow from operating activities was EUR -223.7 million (-15.1).

### **Guidance for 2022 (updated on June 17, 2022)**

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.

### **Jukka Moisio, President and CEO:**

“The second quarter of 2022 was marked by increasing challenges in our operating environment due to the war in Ukraine and the subsequent, tightening sanctions. In June, the Board of Directors 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 and discussions with possible candidates are ongoing. We will focus on growth opportunities in our other core markets, without a presence in Russia.

Tire demand remained good in April–June, and net sales with comparable currencies grew by 7%. Segments operating profit declined slightly due to lower sales volumes that were driven by supply constraints. At the same time, we succeeded in implementing price increases to mitigate cost inflation.

Our exit from Russia will significantly impact our financial results in 2022. Discontinued supply of tires from Russia will have an adverse impact on sales especially in Central Europe in the second half of 2022. We are working on many fronts to secure supply of our products. We have continued to increase capacity at our factories in Finland and in the US, and are proceeding with our investment in new supply capability in Europe, which is one of our key mid-term priorities.

I am proud of the entire Nokian Tyres team, which has performed extremely well in these unprecedented and demanding times. We are especially proud to have been able to serve our customers despite the fast-changing and highly uncertain operating environment. Going forward, we will focus on building the new Nokian Tyres.”

**Key figures**

EUR million	CC*				CC*				2021
	4–6/22	4–6/21	Change	Change	1–6/22	1–6/21	Change	Change	
Net sales	<b>482.1</b>	416.2	15.8%	7.4%	<b>898.6</b>	758.0	18.5%	13.9%	1,714.1
Operating profit	<b>-202.8</b>	81.8			<b>-143.5</b>	126.1			268.2
Operating profit %	<b>-42.1%</b>	19.6%			<b>-16.0%</b>	16.6%			15.6%
Result before tax	<b>-199.3</b>	79.6			<b>-141.7</b>	123.3			258.2
Result for the period	<b>-231.1</b>	64.5			<b>-184.2</b>	100.0			206.2
EPS, EUR	<b>-1.67</b>	0.47			<b>-1.33</b>	0.72			1.49
Segments operating profit	<b>86.3</b>	89.6			<b>152.8</b>	139.9			324.8
Segments operating profit %	<b>17.9%</b>	21.5%			<b>17.0%</b>	18.5%			19.0%
Segments EPS, EUR	<b>0.55</b>	0.51			<b>0.93</b>	0.80			1.84
Segments ROCE, %**					<b>15.2%</b>	13.9%			15.8%
Equity ratio, %					<b>63.7%</b>	66.1%			68.4%
Cash flow from operating activities	<b>-109.4</b>	9.3			<b>-223.7</b>	-15.1			396.5
Gearing, %					<b>14.8%</b>	9.4%			-6.1%
Interest-bearing net debt					<b>243.0</b>	140.0			-98.7
Capital expenditure	<b>18.7</b>	22.2			<b>32.8</b>	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.

In this Half Year Financial Report, the following exchange rates for the Russian ruble have been used: 85.3 at end of 2021, 98.0 average in January–March 2022, 84.5 average in January–June 2022 and 56.4 at the end of June 2022 (source: Refinitiv).

## FINANCIAL RESULTS IN APRIL–JUNE 2022

Net sales in April–June 2022 increased by 15.8% and amounted to EUR 482.1 million (April–June 2021: 416.2). With comparable currencies, net sales increased by 7.4%. Currency exchange rates affected net sales positively by EUR 35.3 million.

### Net sales by geographical area

EUR million	4–6/2022	4–6/2021	Change	CC* Change	2021
Nordics	175.4	163.5	7.3%	7.9%	684.9
Other Europe	85.4	103.3	-17.4%	-19.3%	464.8
Russia and Asia	152.4	93.5	63.1%	33.7%	335.6
Americas	68.9	55.9	23.2%	11.0%	228.9
Total	482.1	416.2	15.8%	7.4%	1,714.1

\* Comparable currencies

### Net sales by business unit

EUR million	4–6/2022	4–6/2021	Change	CC* Change	2021
Passenger Car Tyres	334.7	279.9	19.6%	7.3%	1,199.2
Heavy Tyres	73.9	62.6	18.0%	16.5%	254.0
Vianor	99.1	91.5	8.3%	8.8%	342.9
Other operations and eliminations	-25.7	-17.8	-44.3%		-81.9
Total	482.1	416.2	15.8%	7.4%	1,714.1

\* Comparable currencies

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, increased by 58% year-over-year, containing negative currency impact. Raw material unit costs increased by 24% from the first quarter of 2022. Outbound logistics costs increased significantly due to extraordinary measures to secure tire supply and cost inflation.

Operating profit was EUR -202.8 million (81.8). The non-IFRS exclusions were EUR -289.1 million (-7.8), including impairments of EUR -280.7 million related to the Russian assets that were recorded as part of the Russia exit process. Furthermore, the non-IFRS exclusions include EUR -6.2 million (-7.4) related to the US factory ramp-up and EUR -2.2 million related to other items.

Segments operating profit amounted to EUR 86.3 million (89.6) with positive currency impact of approximately EUR 17 million.

### Segments operating profit by business unit

EUR million	4–6/2022	4–6/2021	2021
Passenger Car Tyres	63.8	70.6	298.7
Heavy Tyres	15.6	11.7	40.3
Vianor	9.6	10.0	4.1
Other operations and eliminations	-2.7	-2.8	-18.3
Segments operating profit total	86.3	89.6	324.8
Non-IFRS exclusions	-289.1	-7.8	-56.7

## Financial items and taxes

Net financial income was EUR 3.5 million (expense of 2.2), including net interest expenses of EUR 3.1 million (1.8). Net financial income includes an income of EUR 6.6 million (expense of 0.4) due to exchange rate differences. Segments profit before tax was EUR 89.8 million (87.4). Result before tax was EUR -199.3 million (79.6) and taxes were EUR -31.8 million (-15.1), including write-downs in the deferred tax assets of EUR -20.0 million in Russia. Segments profit for the period amounted to EUR 76.3 million (70.7). Result for the period amounted to EUR -231.1 million (64.5). Segments earnings per share were EUR 0.55 (0.51), and earnings per share were EUR -1.67 (0.47).

## Cash flow

In April–June 2022, cash flow from operating activities was EUR -109.4 million (9.3). Working capital increased by EUR 202.3 million (increased by 88.8). Inventories increased by EUR 89.8 million (increased by 15.1) and receivables increased by EUR 120.7 million (increased by 78.5). Payables increased by EUR 8.1 million (increased by 4.8).

## Investments

Investments in April–June 2022 amounted to EUR 18.7 million (22.2). Depreciations and amortizations totaled EUR 38.4 million (35.6). Impairments of EUR 280.7 million (0.0) related to the Russian assets were recorded as part of the Russia exit process.

## FINANCIAL RESULTS IN JANUARY–JUNE 2022

Net sales in January–June 2022 increased by 18.5% and amounted to EUR 898.6 million (January–June 2021: 758.0). With comparable currencies, net sales increased by 13.9%. Currency exchange rates affected net sales positively by EUR 35.5 million. The year began with good tire demand in all markets. The war in Ukraine started to impact on the operating environment in late February. Preparations for a controlled exit from Russia started in late June.

### Net sales by geographical area

EUR million	1–6/2022	1–6/2021	Change	CC* Change	2021
Nordics	310.4	296.8	4.6%	4.8%	684.9
Other Europe	192.0	186.8	2.8%	0.1%	464.8
Russia and Asia	246.8	172.7	42.9%	31.9%	335.6
Americas	149.3	101.7	46.9%	34.8%	228.9
Total	898.6	758.0	18.5%	13.9%	1,714.1

\* Comparable currencies

### Net sales by business unit

EUR million	1–6/2022	1–6/2021	Change	CC* Change	2021
Passenger Car Tyres	649.6	525.8	23.6%	17.2%	1,199.2
Heavy Tyres	140.4	119.7	17.3%	15.7%	254.0
Vianor	156.2	149.6	4.4%	4.7%	342.9
Other operations and eliminations	-47.6	-37.1	-28.4%		-81.9
Total	898.6	758.0	18.5%	13.9%	1,714.1

\* Comparable currencies

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, increased by 46% year-over-year, containing negative currency impact. Outbound logistics costs increased significantly due to extraordinary measures to secure tire supply and cost inflation.

Operating profit was EUR -143.5 million (126.1). The non-IFRS exclusions were EUR -296.3 million (-13.8), including impairments of EUR -280.7 million related to the Russian assets that were recorded as part of the Russia exit process. Furthermore, the non-IFRS exclusions include EUR -13.3 million (-13.9) related to the US factory ramp-up and EUR -2.3 million related to other items.

Segments operating profit amounted to EUR 152.8 million (139.9) with positive currency impact of approximately EUR 13 million.

### Segments operating profit by business unit

EUR million	1-6/2022	1-6/2021	2021
Passenger Car Tyres	137.9	123.4	298.7
Heavy Tyres	28.4	24.3	40.3
Vianor	-2.5	0.2	4.1
Other operations and eliminations	-11.0	-8.0	-18.3
Segments operating profit total	152.8	139.9	324.8
Non-IFRS exclusions	-296.3	-13.8	-56.7

### Financial items and taxes

Net financial income was EUR 1.8 million (expense of 2.8), including net interest expenses of EUR 4.9 million (3.8). Net financial income includes an income of EUR 6.7 million (1.0) due to exchange rate differences. Segments profit before tax was EUR 154.6 million (137.1). Result before tax was EUR -141.7 million (123.3) and taxes were EUR -42.5 million (-23.3), including write-downs in the deferred tax assets of EUR -20.0 million in Russia. Segments profit for the period amounted to EUR 128.9 million (110.9). Result for the period amounted to EUR -184.2 million (100.0). Segments earnings per share were EUR 0.93 (0.80), and earnings per share were EUR -1.33 (0.72).

### Cash flow

In January–June 2022, cash flow from operating activities was EUR -223.7 million (-15.1). Working capital increased by EUR 400.7 million (increased by 176.2). Inventories increased by EUR 144.6 million (increased by 47.2) and receivables increased by EUR 200.6 million (increased by 157.2). Payables decreased by EUR 55.5 million (increased by 28.2).

### Investments

Investments in January–June 2022 amounted to EUR 32.8 million (39.3). Depreciations and amortizations totaled EUR 74.2 million (68.1). Impairments of EUR 280.7 million (0.0) related to the Russian assets were recorded as part of the Russia exit process.

In June, Nokian Tyres announced that the company is buying three hectares of land in Nokia, Finland to secure future development opportunities at the Nokia factory.

### Financial position on June 30, 2022

EUR million	June 30, 2022	June 30, 2021	Dec 31, 2021
Cash and cash equivalents	219.5	187.1	385.9
Interest-bearing liabilities	462.5	327.1	287.2
of which current interest-bearing liabilities	216.5	84.2	40.3
Interest-bearing net debt	243.0	140.0	-98.7

Unused credit limits*	<b>783.6</b>	765.8	811.7
of which committed	<b>305.4</b>	305.5	305.5
Gearing ratio, %	<b>14.8%</b>	9.4%	-6.1%
Equity ratio, %	<b>63.7%</b>	66.1%	68.4%

\* The current credit limits including the EUR 500 million commercial paper program are used to finance inventories, trade receivables, and subsidiaries in distribution chains, thereby controlling the typical seasonality in the Group's cash flow.

## Personnel

	<b>1-6/2022</b>	<b>1-6/2021</b>	<b>2021</b>
Group employees			
on average	<b>5,115</b>	4,825	4,941
at the end of the review period	<b>4,927</b>	4,822	4,915
in Finland, at the end of the review period	<b>1,814</b>	1,804	1,782
in Russia, at the end of the review period	<b>1,516</b>	1,566	1,612
in North America, at the end of the review period	<b>426</b>	313	391
Vianor (own) employees, at the end of the review period*	<b>1,443</b>	1,444	1,395

\* Included in Group employee figures

## BUSINESS UNIT REVIEWS

### Passenger Car Tyres

EUR million					CC*		CC*		2021
	4–6/22	4–6/21	Change	Change	1–6/22	1–6/21	Change	Change	
Net sales	<b>334.7</b>	279.9	19.6%	7.3%	<b>649.6</b>	525.8	23.6%	17.2%	1,199.2
Operating profit	<b>-225.0</b>	63.1			<b>-158.0</b>	109.1			263.4
Operating profit, %	<b>-67.2%</b>	22.6%			<b>-24.3%</b>	20.8%			22.0%
Segment operating profit	<b>63.8</b>	70.6			<b>137.9</b>	123.4			298.7
Segment operating profit, %	<b>19.1%</b>	25.2%			<b>21.2%</b>	23.5%			24.9%

\* Comparable currencies

#### April–June 2022

In April–June 2022, net sales of Passenger Car Tyres totaled EUR 334.7 million (279.9). With comparable currencies, net sales increased by 7.3%. Net sales growth was impacted by lack of tire supply, especially in Central Europe. Average Sales Price with comparable currencies increased strongly in all markets.

Segment operating profit was EUR 63.8 million (70.6) due to lower sales volumes driven by supply constraints related to the war in Ukraine and subsequent sanctions. Price increases offset higher raw material and other cost inflation.

Operating profit was EUR -225.0 million (63.1). Impairments of EUR -280.7 million related to the Russian assets were recorded as part of the Russia exit process.

#### January–June 2022

In January–June 2022, net sales of Passenger Car Tyres totaled EUR 649.6 million (525.8). With comparable currencies, net sales grew by 17.2%. Net sales growth was impacted by lack of tire supply, especially in Central Europe. Average Sales Price with comparable currencies increased strongly. The year began with good tire demand in all markets. The war in Ukraine started to impact on the operating environment in late February.

The share of sales volume of winter tires was 44% (50%), the share of summer tires was 35% (34%), and the share of all-season tires was 21% (16%).

Segment operating profit was EUR 137.9 million (123.4) despite lower sales volumes that were driven by supply constraints related to the war in Ukraine and subsequent sanctions. Price increases offset higher raw material and other cost inflation.

Operating profit was EUR -158.0 million (109.1). Impairments of EUR -280.7 million related to the Russian assets were recorded as part of the Russia exit process.

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, increased by 46% year-over-year, containing negative currency impact. Outbound logistics costs increased significantly due to extraordinary measures to secure tire supply and cost inflation.

Production output (pcs) increased by 4% year-over-year. In January–June 2022, 73% (83%) of passenger car tires (pcs) were manufactured in Russia. To diversify manufacturing capacity, the company continued its actions to increase capacity at the factories in Finland and the US, and announced its investment plans in new production capacity in Europe. Preparations for a controlled exit from Russia started in late June.

In the review period, the company's Hakkapeliitta winter tire range was extended with the Nordic non-studded Nokian Tyres Hakkapeliitta R5 for passenger cars and SUVs as well as the Nordic studded Nokian Tyres Hakkapeliitta C4 and Hakkapeliitta CR4 for vans and delivery vehicles.



## Heavy Tyres

EUR million					CC*		CC*		2021
	4-6/22	4-6/21	Change	Change	1-6/22	1-6/21	Change	Change	
Net sales	<b>73.9</b>	62.6	18.0%	16.5%	<b>140.4</b>	119.7	17.3%	15.7%	254.0
Operating profit	<b>15.6</b>	11.7			<b>28.4</b>	24.3			39.1
Operating profit, %	<b>21.1%</b>	18.8%			<b>20.2%</b>	20.3%			15.4%
Segment operating profit	<b>15.6</b>	11.7			<b>28.4</b>	24.3			40.3
Segment operating profit, %	<b>21.1%</b>	18.8%			<b>20.2%</b>	20.3%			15.9%

\* Comparable currencies

### April-June 2022

In April-June 2022, net sales of Heavy Tyres totaled EUR 73.9 million (62.6). With comparable currencies, net sales grew by 16.5% driven by strong demand in all product segments and higher sales prices.

Segment operating profit was EUR 15.6 million (11.7). Higher raw material and other cost inflation was offset by price increases.

### January-June 2022

In January-June 2022, net sales of Heavy Tyres totaled EUR 140.4 million (119.7). With comparable currencies, net sales grew by 15.7% driven by strong demand in all product segments and higher sales prices. Sales and distribution of heavy tires to Russia were discontinued in the first quarter due to the war in Ukraine.

Segment operating profit was EUR 28.4 million (24.3) due to increased sales and improved production efficiency. Higher raw material and other cost inflation was offset by price increases.

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, increased by 46% year-over-year, containing negative currency impact.

In the review period, Heavy Tyres launched several new tire sizes for wheeled excavators, backhoe loaders, trucks and busses. In May, the company released a new all-season, all-weather bus tire, Nokian Tyres Hakka Truck Coach.

**Vianor, own operations**

EUR million					CC*		CC*		2021
	4-6/22	4-6/21	Change	Change	1-6/22	1-6/21	Change	Change	
Net sales	99.1	91.5	8.3%	8.8%	156.2	149.6	4.4%	4.7%	342.9
Operating profit	9.4	9.7			-2.8	0.6			-15.0
Operating profit, %	9.4%	10.6%			-1.8%	0.4%			-4.4%
Segment operating profit	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

**April-June 2022**

In April-June 2022, net sales of Vianor totaled EUR 99.1 million (91.5). With comparable currencies, net sales increased by 8.8% as a result of good season sales.

Segment operating profit was EUR 9.6 million (10.0). Profit was impacted by increased costs due to prolonged season and inflation.

**January-June 2022**

In January-June 2022, net sales of Vianor totaled EUR 156.2 million (149.6). With comparable currencies, net sales increased by 4.7%.

Segment operating profit was EUR -2.5 million (0.2). Profit was impacted by increased costs due to prolonged season and inflation.

At the end of the review period, Vianor had 174 (174) own service centers in Finland, Sweden and Norway.

**Segments Total to Nokian Tyres Total reconciliation**

<b>4–6/2022</b>	<b>Net sales</b>	<b>Cost of sales</b>	<b>SGA</b>	<b>Other operating income/ expenses</b>	<b>Operating profit</b>	<b>Financial income/ expenses</b>	<b>Taxes</b>	<b>Result for the period</b>
Segments Total	<b>482.1</b>	<b>-329.4</b>	<b>-66.4</b>	<b>0.0</b>	<b>86.3</b>	<b>3.5</b>	<b>-13.5</b>	<b>76.3</b>
US factory ramp-up		-5.7	-0.3		-6.2		1.3	-4.9
Impairments and write-downs of tangible and intangible assets, and certain other items		-280.9			-280.9		-20.0	-300.9
Non-operative items and others		-2.0	-0.1		-2.1		0.4	-1.7
Total non-IFRS exclusion	0.0	-288.7	-0.4	0.0	-289.1	0.0	-18.3	-307.4
<b>Nokian Tyres Total</b>	<b>482.1</b>	<b>-618.1</b>	<b>-66.8</b>	<b>0.0</b>	<b>-202.8</b>	<b>3.5</b>	<b>-31.8</b>	<b>-231.1</b>

Nokian Tyres reports non-IFRS figures in addition to its IFRS-reported results. The Segments Total figures exclude costs related to the US factory ramp-up, goodwill impairment charges, restructuring and certain other items, which are not indicative of Nokian Tyres' underlying business performance.

<b>1–6/2022</b>	<b>Net sales</b>	<b>Cost of sales</b>	<b>SGA</b>	<b>Other operating income/ expenses</b>	<b>Operating profit</b>	<b>Financial income/ expenses</b>	<b>Taxes</b>	<b>Result for the period</b>
Segments Total	<b>898.6</b>	<b>-616.9</b>	<b>-128.5</b>	<b>-0.4</b>	<b>152.8</b>	<b>1.8</b>	<b>-25.7</b>	<b>128.9</b>
US factory ramp-up		-12.3	-0.9		-13.3		2.8	-10.5
Impairments and write-downs of tangible and intangible assets, and certain other items		-280.9			-280.9		-20.0	-300.9
Non-operative items and others		-2.0	-0.1		-2.1		0.4	-1.7
Total non-IFRS exclusion	0.0	-295.2	-1.0	0.0	-296.3	0.0	-16.8	-313.0
<b>Nokian Tyres Total</b>	<b>898.6</b>	<b>-912.2</b>	<b>-129.5</b>	<b>-0.4</b>	<b>-143.5</b>	<b>1.8</b>	<b>-42.5</b>	<b>-184.2</b>

Nokian Tyres reports non-IFRS figures in addition to its IFRS-reported results. The Segments Total figures exclude costs related to the US factory ramp-up, goodwill impairment charges, restructuring and certain other items, which are not indicative of Nokian Tyres' underlying business performance.

## SHARES AND SHAREHOLDERS

At the end of June 2022, the number of shares was 138,921,750.

Number of shares (million units)*	30.6.22	30.6.21
at the end of period	138.25	138.22
in average	138.24	138.22
in average, diluted	138.24	138.22

\* Excluding treasury shares

### Authorizations

In April 2022, the Annual General Meeting authorized the Board of Directors to resolve to repurchase a maximum of 13,800,000 shares in the company by using funds in the unrestricted shareholders' equity. The proposed number of shares corresponds to approximately 9.9% of all shares in the company. The authorization will be effective until the next AGM, however at most until June 30, 2023, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on March 30, 2021.

In April 2022, the Annual General Meeting authorized the Board of Directors to resolve to offer no more than 13,800,000 shares through a share issue, or by granting special rights under Chapter 10, Section 1 of the Finnish Limited Liability Companies Act that entitle to shares (including convertible bonds), on one or more occasions. The Board may decide to issue new shares or shares held by the company. The maximum number of shares included in the proposed authorization accounts for approximately 9.9% of all shares in the company. The authorization will be effective until the next AGM, however at most until June 30, 2023, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on March 30, 2021.

In April 2022, the Annual General Meeting authorized the Board of Directors to resolve on donations in the aggregate maximum amount of EUR 250,000 to be made to universities, institutions of higher education or to other non-profit or similar purposes during 2022 and 2023. The donations can be made in one or more instalments. The Board of Directors may decide on the donation recipients, purposes of use and other terms of the donations.

In March 2021, the Annual General Meeting authorized the Board of Directors to resolve to repurchase a maximum of 13,800,000 shares in the company by using funds in the unrestricted shareholders' equity. The number of shares corresponded to approximately 9.9% of all shares in the company. The authorization was effective until the Annual General Meeting of 2022.

In March 2021, the Annual General Meeting authorized the Board of Directors to resolve to offer no more than 13,800,000 shares through a share issue, or by granting special rights under Chapter 10, Section 1 of the Finnish Limited Liability Companies Act that entitle to shares (including convertible bonds), on one or more occasions. The maximum number of shares included in the proposed authorization accounted for approximately 9.9% of all shares in the company. The authorization was effective until the Annual General Meeting of 2022.

The Board did not utilize the authorizations in January–June 2022.

### Own shares

No share repurchases were made during the review period, and the company did not possess any own shares on June 30, 2022.

Nokian Tyres has an agreement with a third-party service provider concerning the share-based incentive program for key personnel. The third party owns Nokian Tyres' shares related to the incentive program until the shares are given to the participants of the program. On June 30, 2022, the number of these shares was 670,426, reported as treasury shares (June 30, 2021: 697,400). This number of shares corresponded to 0.48% (0.50%) of the total shares and voting rights in the company.

## Trading in shares

A total of 182,062,645 (58,318,858) Nokian Tyres' shares were traded in Nasdaq Helsinki in January–June 2022, representing 131% (42%) of the company's overall share capital. The average daily volume in January–June 2022 was 1,468,247 shares (474,137). Nokian Tyres' shares are also traded on alternative exchanges.

Nokian Tyres' share price was EUR 10.43 (34.05) at the end of June 2022. The volume weighted average share price in January–June 2022 was EUR 16.43 (31.13), the highest was EUR 34.90 (34.62) and the lowest was EUR 10.22 (27.98). The company's market capitalization at the end of June 2022 was EUR 1.4 billion (4.7 billion).

At the end of June 2022, the company had 71,807 (56,077) registered shareholders. The percentage of Finnish shareholders was 42.3% (43.0%), and 57.7% (57.0%) were non-Finnish holders and foreign shareholders registered in the nominee register. Public sector entities owned 15.8% (14.9%), financial and insurance corporations 2.7% (7.0%), households 18.0% (13.9%), non-profit institutions 2.4% (3.5%), and private companies 3.3% (3.7%).

## Changes in ownership

Transaction date	Shareholder	Threshold	% of shares and voting rights	% of shares and voting rights through financial instruments	Total, %
February 9, 2022	BlackRock, Inc	Above 5%	4.85%	0.15%	5.00%
February 10, 2022	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
February 11, 2022	BlackRock, Inc	Above 5%	4.93%	0.09%	5.03%
February 15, 2022	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
February 24, 2022	BlackRock, Inc	Above 5%	4.87%	0.13%	5.00%
February 25, 2022	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
March 8, 2022	BlackRock, Inc	Above 5%	4.98%	0.16%	5.15%
March 9, 2022	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
March 14, 2022	BlackRock, Inc	Above 5%	5.36%	0.12%	5.49%
March 15, 2022	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
March 18, 2022	BlackRock, Inc	Above 5%	8.04%	0.07%	8.12%
April 13, 2022	Amundi Asset Management	Above 5%	5.17%		5.17%
April 14, 2022	Amundi Asset Management	Below 5%	4.30 %		4.30%
April 14, 2022	JPMorgan Chase & Co.	Above 5%	5.90%	0.50%	6.40%
April 29, 2022	JPMorgan Chase & Co.	Below 5%	0.04%	1.71%	1.75%
May 3, 2022	Société Générale SA	Above 5%	1.69%	3.42%	5.11%
May 3, 2022	JPMorgan Chase & Co.	Above 5%	5.00%	0.53%	5.53%
May 4, 2022	JPMorgan Chase & Co.	Below 5%	4.95%	0.55%	5.50%
May 6, 2022	Société Générale SA	Below 5%	1,29%	3.31%	4.60%
May 9, 2022	JPMorgan Chase & Co.	Above 5%	5.01%	0.61%	5.62%
May 9, 2022	Amundi Asset Management	Above 5%	5.08%		5.08%
May 10, 2022	JPMorgan Chase & Co.	Below 5%	4.96%	0.66%	5.62%
May 12, 2022	JPMorgan Chase & Co.	Above 5%	5.65%	0.66%	6.31%

May 31, 2022	JPMorgan Chase & Co.	Above 5%	5.10%	2.40%	7.50%
June 1, 2022	JPMorgan Chase & Co.	Below 5%	2.26%	0.80%	3.06%
June 9, 2022	Amundi Asset Management	Below 5%	4.92%		4.92%
June 10, 2022	Amundi Asset Management	Above 5%	5.84%		5.84%
June 16, 2022	Amundi Asset Management	Below 5%	4.51%		4.51%
June 20, 2022	Société Générale SA	Above 5%	1.98%	4.17%	6.15%

Detailed information on notifications of change in shareholding can be found at [www.nokiantyres.com/company/investors/share/flagging-notifications/](http://www.nokiantyres.com/company/investors/share/flagging-notifications/).

### Managers' transactions

Nokian Tyres announced managers' transactions on February 9, 10 and 22, March 4, April 29 and May 2. Read more at [www.nokiantyres.com/company/publications/releases/2022/managementTransactions/](http://www.nokiantyres.com/company/publications/releases/2022/managementTransactions/).

### DECISIONS MADE AT THE ANNUAL GENERAL MEETING 2022

On April 28, 2022, the Annual General Meeting (AGM) of Nokian Tyres adopted the financial statements for 2021, discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2021 and adopted the company's Remuneration Report for governing bodies.

#### Dividend

The AGM decided that a dividend of EUR 0.55 per share shall be paid from the financial year January 1–December 31, 2021. The dividend was paid on May 11, 2022 to shareholders who were registered in the Company's shareholders' register maintained by Euroclear Finland Oy on the dividend record date on May 2, 2022.

#### Remuneration for members of the Board of Directors

The AGM decided that the members of the Board of Directors be paid the following remuneration: to the Chairman of the Board of Directors EUR 110,000 per year; to the Deputy Chairman and to the Chairs of the Board Committees EUR 75,000 per year each, and to members EUR 52,500 per year each. 60 per cent of the annual fee will be paid in cash and 40 per cent in Company shares.

Furthermore, the General Meeting decided on a meeting fee of EUR 700 for each Board and Board Committee meeting. For Board members resident in Europe, the fee for each meeting in Europe outside a member's home country is doubled, and for each meeting outside Europe the fee is tripled. For Board members resident outside Europe, the fee for each meeting outside a member's home country is tripled. If a member participates in a meeting via telephone or video connection, the remuneration is EUR 700. Travel expenses will be compensated in accordance with the Company's travel policy.

#### Members of the Board of Directors and Auditors

The AGM decided that the number of the members of the Board of Directors shall be nine. Jukka Hienonen, Heikki Allonen, Veronica Lindholm, Inka Mero, Christopher Ostrander, Jouko Pölönen, George Rietbergen and Pekka Vauramo were re-elected as members of the Board of Directors and Susanne Hahn was elected as a new member of the Board of Directors for a term ending at the closing of the Annual General Meeting 2023. Jukka Hienonen was re-elected as the Chairman and Pekka Vauramo as Deputy Chairman of the Board of Directors.

Ernst & Young O, an authorized public accountant firm, was re-elected as the company's auditor for a term ending at the closing of the Annual General Meeting 2023.

## Authorizations

The AGM authorized the Board of Directors to resolve to repurchase a maximum of 13,800,000 shares in the company by using funds in the unrestricted shareholders' equity. The proposed number of shares corresponds to approximately 9.9% of all shares in the company. The authorization will be effective until the next AGM, however at most until June 30, 2023, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on March 30, 2021.

The AGM authorized the Board of Directors to resolve to offer no more than 13,800,000 shares through a share issue, or by granting special rights under Chapter 10, Section 1 of the Finnish Limited Liability Companies Act that entitle to shares (including convertible bonds), on one or more occasions. The Board may decide to issue new shares or shares held by the company. The maximum number of shares included in the proposed authorization accounts for approximately 9.9% of all shares in the company. The authorization will be effective until the next AGM, however at most until June 30, 2023, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on March 30, 2021.

The AGM authorized the Board of Directors to resolve on donations in the aggregate maximum amount of EUR 250,000 to be made to universities, institutions of higher education or to other non-profit or similar purposes during 2022 and 2023. The donations can be made in one or more instalments. The Board of Directors may decide on the donation recipients, purposes of use and other terms of the donations.

## BOARD OF DIRECTORS' WORKING ARRANGEMENTS

In its organizing meeting on April 28, 2022, the Board of Directors elected Veronica Lindholm as the Chairman and Jukka Hienonen and Pekka Vauramo as members of the Personnel and Remuneration Committee. Further, the Board of Directors elected Jouko Pölönen as the Chairman and Heikki Allonen and Inka Mero as members of the Audit Committee.

## SHAREHOLDERS' NOMINATION BOARD

In June 2022, the following members were appointed to Nokian Tyres' Shareholders' Nomination Board:

- Mr. Pauli Anttila (Investment Director, Solidium Oy), appointed by Solidium Oy
- Mr. Timo Sallinen (Senior Vice President, Investments, Varma Mutual Pension Insurance Company), appointed by Varma Mutual Pension Insurance Company
- Mr. Mikko Mursula (Deputy CEO, Investments, Ilmarinen Mutual Pension Insurance Company), appointed by Ilmarinen Mutual Pension Insurance Company
- Mr. Carl Pettersson (CEO, Elo Mutual Pension Insurance), appointed by Elo Mutual Pension Insurance
- Mr. Jukka Hienonen, Chairman of the Board, Nokian Tyres plc

## CORPORATE SUSTAINABILITY

In January, Nokian Tyres introduced the Nokian Tyres Green Step concept tire that is a masterpiece of sustainable innovation: 93% of the materials used in the tire are either recycled or renewable. Innovations made during the process of designing the Green Step will be incorporated in the future tires, moving the company closer to its goal: by the year 2030, 50% of all raw materials used in the tires made by Nokian Tyres will be recycled or renewable.

In April, Nokian Tyres published its Corporate Sustainability Report 2021. The report is available on the company's website at [www.nokiantyres.com/company/sustainability/](http://www.nokiantyres.com/company/sustainability/).

**Sustainability as part of Nokian Tyres management remuneration**

In February, Nokian Tyres plc's Board of Directors decided to include a climate related goal as part of the short-term incentive targets of the Group Management Team. Nokian Tyres develops and manufactures premium tires for consumers and customers who value safety, sustainability and innovative products. Sustainability is at the heart of Nokian Tyres business and one of the five cornerstones of the company's strategy. According to the Company's Board of Directors, it is important that the Group Management Team targets include not only financial criteria, but also sustainability.

**CHANGES IN MANAGEMENT**

In June, Nokian Tyres announced that Andrey Pantyukhov, who has been heading Nokian Tyres' business area Russia and Asia, is no longer a member of Nokian Tyres' Management Team as the company initiates an exit from Russia.

**SHARE-BASED LONG-TERM INCENTIVE SCHEME 2022–2024 FOR THE MANAGEMENT AND SELECTED KEY EMPLOYEES OF NOKIAN TYRES PLC**

In February, Nokian Tyres announced that the Board of Directors of Nokian Tyres plc had decided on a share-based long-term incentive scheme for the Company's management and selected key employees for years 2022–2024 as a continuation to the earlier plans decided in 2019, 2020 and 2021. The decision includes Performance Share Plan 2022 ("PSP 2022") as the main structure and Restricted Share Plan 2022 ("RSP 2022") as a complementary structure.

The purpose of the share-based incentive scheme is to align the goals of the Company's shareholders and key personnel in order to increase the value of the Company in the long term and to commit key personnel to the Company and its strategic targets.

**Performance Share Plan 2022**

The Performance Share Plan consists of annually commencing individual three-year Performance Periods, followed by the payment of the potential share reward. The commencement of each individual Performance Period is subject to a separate approval by the Board of Directors.

The Performance Period (PSP 2022–2024) commenced effective as of the beginning of 2022 and the potential share reward thereunder will be paid in the first half of 2025 provided that the performance targets set by the Board of Directors are achieved. The potential reward will be paid partly in shares of Nokian Tyres plc and partly in cash. Cash portion of the reward is intended to cover the taxes arising from the paid reward. Eligible to participate in PSP 2022–2024 are approximately 235 individuals, including the members of Nokian Tyres Management Team.

The potential share reward payable under the PSP 2022–2024 are based on the Segments Earnings Per Share (EPS) and Segments Return on Capital Employed (ROCE). The possible rewards paid based on the Performance Period of 2022–2024 will be a maximum of 513,742 gross shares.

If an employee's employment with Nokian Tyres terminates before the payment date of the share reward, said employee is not, as a main rule, entitled to any reward based on the plan.

**Restricted Share Plan 2022**

The purpose of the Restricted Share Plan is to serve as a complementary long-term incentive tool, used selectively for retention of Nokian Tyres key employees. It consists of annually commencing individual Restricted Share Plans, each with a three-year retention period after which the share rewards granted within the plan will be paid to the participants in shares of Nokian Tyres plc and partly in cash.

The commencement of each individual plan is subject to a separate approval by the Board of Directors.



A precondition for the payment of the share reward based on the Restricted Share Plan is that the employment relationship of a participant with Nokian Tyres continues until the payment date of the reward. In addition to this precondition, a financial performance criteria is applied to Nokian Tyres Management Team. The criteria is a threshold value for Return on Capital Employed (ROCE), which must be exceeded for a potential payment of a share reward based on the Restricted Share Plan 2022–2024.

The next plan (RSP 2022–2024) within the Restricted Share Plan structure commenced effective as of the beginning of 2022 and the potential share reward thereunder will be paid in the first half of 2025. The possible rewards paid based on RSP 2022–2024 correspond approximately to a maximum of 120,000 gross shares.

### **Other terms**

Nokian Tyres applies a share ownership policy to the members of Nokian Tyres Management Team. According to said policy each member of the Management Team is expected to retain in his/her ownership at least 25% of the shares received under the share-based incentive programs of the Company until the value of his/her share ownership in the Company corresponds to at least his/her annual gross base salary.

The Board of Directors anticipates that no new shares will be issued based on the share-based incentive scheme and that the scheme will, therefore, have no dilutive effect on the registered number of the Company's shares.

### **Payments for share-based plans that ended in 2021**

In February, The Board of Directors of Nokian Tyres plc approved the share awards from the Restricted Share Plan 2019–2021.

The three-year restriction period of the Restricted Share Plan 2019–2021 ended after financial year 2021. 17 key employees participated in the share-based incentive plan, including members of the Management Team. The financial threshold value for Return on Capital Employed (ROCE) applied for the Management Team members was achieved. The rewards paid corresponded to a total of 46,600 Nokian Tyres plc gross shares. The rewards were paid in March 2022. The total number of shares of the Company did not change. A precondition for the payment of the share reward based on the Restricted Share Plan was that the employment relationship of a participant with Nokian Tyres continued until the payment date of the reward.

The targets for the Performance Period 2019–2021 (PSP 2019–2021) were not achieved and no share rewards will be paid to participants.

## **SIGNIFICANT RISKS AND UNCERTAINTIES AND ONGOING DISPUTES**

Nokian Tyres' business and financial performance may be affected by several uncertainties. The Group has adopted a risk management policy, approved by the Board of Directors, which supports the achievement of strategic goals and ensures business continuity. The Group's risk management policy focuses on managing both the risks pertaining to business opportunities and the risks affecting the achievement of the Group's goals in the changing operating environment. The risk management process aims to identify and evaluate the risks and to plan and implement the practical measures for each risk. Nokian Tyres describes the overall business risks and risk management in its annual Corporate Governance Statement.

The war in Ukraine, resulting sanctions and exit from Russia are severely impacting Nokian Tyres' operating environment and causing a number of risks for Nokian Tyres' business. These include, among others, ability to serve customers especially in Central Europe, cost and supply of raw materials, ability to retain personnel, as well as execution of the consequent exit. The Group's assets in Russia may be subject to further impairments and write-downs.

In addition to the risks caused by the war in Ukraine, for example, the following risks could potentially have an impact on Nokian Tyres' business:

- Nokian Tyres is subject to risks related to consumer confidence and macroeconomic and geopolitical conditions. Political uncertainties may cause serious disruption and additional trade barriers and affect the company's sales and credit risk. Economic downturns may increase trade customers' payment problems and Nokian Tyres may need to recognize impairment of trade receivables.
- The tire wholesale and retail landscape is evolving to meet changing consumer needs. New technologies are fueling this with increasing digitalization. Failure to adapt to the changes in the sales channel could have an adverse effect on Nokian Tyres' financial performance.
- Nokian Tyres' success is dependent on its ability to innovate and develop new products and services that appeal to its customers and consumers. Despite extensive testing of its products, product quality issues and failure to meet demands of performance and safety could harm Nokian Tyres' reputation and have an adverse effect on its financial performance.
- Nokian Tyres' production facilities are located in Finland, Russia and the US. Any unexpected production or delivery breaks at these facilities would have a negative impact on the company's business. Interruptions in logistics could have a significant impact on production and peak season sales. In June, the Board decided to initiate an exit from Russia. The process is ongoing.
- In order to secure tire supply, Nokian Tyres has decided to invest in new production capacity in Europe and increase the share of outsourced production. Delay in these actions could have an adverse effect on Nokian Tyres' financial performance.
- Significant fluctuations in raw material prices may impact margins. Nokian Tyres sources natural rubber from producers in countries such as Indonesia and Malaysia. Although Nokian Tyres has policies such as the Supplier Code of Conduct and established processes to monitor the working conditions, it cannot fully control the actions of its suppliers. Nokian Tyres continues to expand its supplier portfolio to mitigate risks related to single source supplying. The non-compliance with laws, regulations or standards by raw material producers, or their divergence from practices generally accepted as ethical in the European Union or the international community, could have a material adverse effect on Nokian Tyres' reputation.
- Tire industry can be subject to risks caused by climate change, such as changes in consumer tire preferences, regulatory changes or impact of extreme weather events on natural rubber producers. Nokian Tyres is committed to reducing GHG emissions from its operations in order to combat climate change. Nokian Tyres calculates the GHG emissions from its operations annually and reduces them systematically. More detailed analysis on Nokian Tyres' climate change related risks and opportunities is provided at [www.nokiantyres.com/company/sustainability/environment/climate-change-related-risks-and-opportunities/](http://www.nokiantyres.com/company/sustainability/environment/climate-change-related-risks-and-opportunities/).
- Foreign exchange risk consists of transaction risk and translation risk. The most significant currency risks arise from the Russian ruble, the Swedish and Norwegian krona, and the US and Canadian dollar. Approximately 65% of the Group's sales are generated outside of the euro-zone. In this Half Year Financial Report, the following exchange rates for the Russian ruble have been used: 85.3 at end of 2021, 98.0 average in January–March 2022, 84.5 average in January–June 2022 and 56.4 at the end of June 2022 (source: Refinitiv). However, predictability and sustainability of the ruble exchange rate is low.
- The availability of supporting information systems and network services is crucial to Nokian Tyres. Unplanned interruption in critical information systems or network services may cause disruption to the continuity of operations. Such systems and services may also be exposed to cyber attacks that could cause a leakage of confidential information, violation of data privacy regulations, theft of know-how and other intellectual property, production shutdown or damage to reputation.
- In May 2017, the Finnish Financial Supervisory Authority filed a request for investigation with the National Bureau of Investigation regarding possible securities market offences. In October 2020, the prosecutor announced the decision to press charges against a total of six persons who acted as Board members and the President & CEO of Nokian Tyres in 2015–2016. The prosecutor also claimed a corporate fine against the company. In addition, four persons who were employees at

Nokian Tyres in 2015 were charged for abuse of inside information. The District Court of Helsinki dismissed all charges and claims by the prosecutor in its ruling in June 2022. The decision is not yet legally binding.

- The COVID-19 pandemic represents a short-term risk to Nokian Tyres' business and operating environment. The company has proactively taken preventive actions to minimize the impacts of the pandemic and to ensure business continuity. Despite these efforts, the uncertainty over the duration of the pandemic, the containment measures and the resulting slowdown in economic activity can have a negative impact on Nokian Tyres' operations and supply chain as well as the demand and pricing for the company's products.

Nokian Tyres' risk analysis also pays special attention on corporate sustainability risks, the most significant of which are related to product quality, safety, environment, and human rights. Analyses and projects related to information security, data protection, and customer information are continuously a special focus area.

### **Tax disputes**

In April 2021, Nokian Tyres received a decision from the Tax Administration concerning a tax audit for the tax years 2015–2016, according to which the company was obliged to pay a total of EUR 1.9 million additional taxes, punitive tax increase and late payment interest. Taxes have been paid and recognized in receivables. Nokian Tyres considers the tax authority's view unfounded and has appealed against the decision.

Routine tax audits in Nokian Tyres Group entities may possibly lead to a reassessment of taxes.

### **WAR IN UKRAINE – SUMMARY OF NOKIAN TYRES' ACTIONS**

On February 24, Russia started the war in Ukraine, which has caused high uncertainty related to Nokian Tyres' operating environment and manufacturing capacity.

On April 8, the EU announced new sanctions against Russia, which impact Nokian Tyres' business. The sanctions prohibit the import of tires from Russia to the EU, prohibit the export of certain raw materials from the EU to Russia, and limit transportation from and to Russia. The sanctions have a significant impact on Nokian Tyres' ability to manufacture tires in Russia, and ability to sell tires both in Russia and in the EU, specifically in Central Europe.

On June 28, Nokian Tyres announced that it will initiate a controlled exit from Russia. Due to the war and the subsequent, tightening sanctions it is no longer feasible nor sustainable for Nokian Tyres plc to continue operations in Russia. The company is evaluating different options for the exit.

Nokian Tyres has decided to invest in new production capacity in Europe, and continues to increase production capacity at its factories in Nokia, Finland and Dayton, US. According to the plan, in the future all tires sold in the Nordic countries will be produced in Nokia, and all tires sold in North America will be produced in Dayton and in Nokia.

The Heavy Tyres business of Nokian Tyres plc is not impacted by the ban to import tires from Russia to the EU, as all Nokian Tyres' heavy tires are produced in Finland. Sales and distribution of heavy tires to Russia were discontinued in the first quarter due to the war. Nokian Tyres has never sold tires to the Russian army, and the Russian Federation is not a customer of Nokian Tyres.

In 2021, Russia represented approximately 20% of Nokian Tyres' net sales, and approximately 80% of Nokian Tyres passenger car tires were produced in Russia.

Nokian Tyres has taken active measures, such as below, to manage the impacts of the war in Ukraine to its personnel and business:

Health and safety actions

- Continuously communicating about the situation in the organization and providing support to Nokian Tyres' employees
- Being in daily contact with the Ukrainian colleagues to help them and their families stay safe
- Donating to humanitarian efforts in Ukraine

#### Operational response actions

- Ensuring compliance with applicable sanctions regime
- Establishing a crisis management team and activating contingency plans to limit the operational and financial impacts, including shipping tires closer to customers, securing the raw material supply to the factories, and transferring production of selected key product lines from Russia to Finland and the US
- Taking care of the personnel and management in Ukraine and Russia
- Stopping investments into the Russian production, and discontinuing all heavy tire sales and distribution to Russia
- Securing control of the asset base in Russia (December 31, 2021: EUR 459.5 million excl. tax and financial items). On June 28, the Board of Directors decided to initiate a controlled exit from Russia. As part of the process, impairments and write-downs of EUR 300.7 million were recorded in the second quarter.
- Expediting plans to diversify manufacturing footprint by investing in new production capacity in Europe and continuing to increase passenger car tire capacity at the Finnish and US factories
- Implementing cost measures by cutting and delaying activities and reducing discretionary spending

#### Financial response actions

- On March 30, the Board of Directors decided to change its dividend proposal to the Annual General Meeting to be held on April 28, 2022 from EUR 1.32/share to EUR 0.55/share (2021: EUR 1.20). The changed dividend proposal cut the total dividend payable to shareholders by EUR 106 million to fund the new capacity in Europe
- Taking measures to secure the company's liquidity and financial flexibility
- Leveraging the strong balance sheet to support the company in difficult times

**ASSUMPTIONS FOR 2022**

Market situation	The Nordic countries	Russia	Europe (excl. the Nordic countries)	North America
New car sales in 1–6/2022 y-o-y	-17%	-58%	-14%	-17%
Car tire sell-in in 1–6/2022 y-o-y	-6%	-20%	7%	-2%
Car tire demand E2022 (management estimate)	increase	decrease	at previous year's level	at previous year's level
Heavy tire segments* E2022 (management estimate)	at previous year's level	-	at previous year's level	at previous year's level

\* Nokian Tyres' core product segments

The war in Ukraine and resulting sanctions are severely impacting Nokian Tyres' operating environment and causing significant uncertainty. The Russia exit process announced in June will have an adverse impact on the company's supply capacity, impacting sales especially in Central Europe.

The unpredictability and sustainability of the Russian ruble exchange rate causes uncertainty in 2022. The ruble has weakened in recent years and the average EUR/RUB was 72.5 in 2019, 82.7 in 2020, and 87.2 in 2021. In 2022, however, the ruble has strengthened, and the average EUR/RUB was 84.5 in January–June 2022 and 56.4 at the end of June.

Raw material and logistics costs are estimated to increase significantly in the second half of 2022.

Passenger car tire demand is estimated to continue strong in 2022. In heavy tires, aftermarket demand is expected to continue healthy and OEM demand is expected to grow from 2021 level.

**GUIDANCE FOR 2022 (updated on June 17, 2022)**

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.

**Earlier guidance published on April 27, 2022:**

The war in Ukraine and resulting sanctions cause significant uncertainty to Nokian Tyres' operating environment. Nokian Tyres' net sales and segments operating profit in 2022 are expected to decrease significantly compared to 2021.

**Withdrawal of guidance on February 28, 2022:**

Due to the uncertainties caused by the war in Ukraine, the Board of Directors of Nokian Tyres plc decided on February 28, 2022 to withdraw the company's financial guidance for 2022 published on February 8, 2022.

**Earlier guidance published on February 8, 2022:**

In 2022, Nokian Tyres' net sales with comparable currencies are expected to grow significantly and segments operating profit is expected to grow. The global car and tire demand is expected to grow. The COVID-19 pandemic continues to cause uncertainties, including cost inflation and availability challenges, in the whole automotive value chain. In addition, current geopolitical situation causes uncertainties in 2022.

Helsinki, August 2, 2022

Nokian Tyres plc  
 Board of Directors

\*\*\*

The information hereinabove contains forward-looking statements relating to future events or future financial performance of the company. In some cases, such forward-looking statements can be identified by terminology such as “may”, “will”, “could”, “expect”, “anticipate”, “believe”, “estimate”, “predict” or other comparable terminology. Such statements are based on the current expectations, known factors, decisions, and plans of the management of Nokian Tyres. Forward-looking statements always involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Therefore, future results may even differ significantly from the results expressed in, or implied by, the forward-looking statements.

\*\*\*

## Half year condensed consolidated financial report

This Half Year Financial Report has been prepared in accordance with IAS 34 Interim Reports standard. The company has adopted certain new or revised IFRS standards and IFRIC interpretations at the beginning of the financial period as described in the Financial Statements 2021. In other respects, the same accounting policies have been followed as in the most recent annual financial statements.

### Accounting implications of the effects of war in Ukraine and COVID-19

The war in Ukraine, resulting sanctions and exit from Russia are severely impacting Nokian Tyres' operating environment and causing a number of risks for Nokian Tyres' business. These include, among others, ability to serve customers especially in Central Europe, cost and supply of raw materials, ability to retain personnel, as well as execution of the consequent exit. The reported figures include impairments of EUR -280.7 million related to the Russian assets and write-down of EUR -20.0 million of deferred tax assets in Russia. The impairments of assets have an impact on the costs of sales and the write-down of deferred tax assets on the tax expense. Nokian Tyres Management is continuously following the situation. In this Half Year Financial Report, the following exchange rates for the Russian ruble have been used: 85.3 at end of 2021, 98.0 average in January-March 2022, 84.5 average in January-June 2022 and 56.4 at the end of June 2022 (source: Refinitiv).

The Group has assessed the potential accounting implications of decreased economic activity as a result of the COVID-19 pandemic. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The COVID-19 pandemic has not had a significant effect on the financial values of assets or on the impairments made in 2021. Goodwill impairments in 2021 were not related to COVID-19.

The COVID-19 pandemic continues to cause uncertainties, including cost inflation and availability challenges, in the whole automotive value chain.

The Half Year Financial Report figures are unaudited.

### NOKIAN TYRES CONDENSED

CONSOLIDATED INCOME STATEMENT	4-6/22	4-6/21	1-6/22	1-6/21	1-12/21	Change %
Million euros						
Net sales	482.1	416.2	898.6	758.0	1,714.1	15.8
Cost of sales	-618.1	-269.1	-912.2	-508.2	-1,162.1	-129.7
<b>Gross profit</b>	<b>-136.0</b>	147.1	<b>-13.6</b>	249.8	552.0	-192.4
Other operating income	0.3	0.4	0.8	1.6	2.9	-15.5
Sales, marketing and R&D expenses	-43.9	-45.0	-86.9	-87.7	-197.3	2.3
Administration	-22.9	-19.3	-42.6	-35.6	-89.1	-18.7
Other operating expenses	-0.3	-1.4	-1.2	-2.1	-0.3	79.2
<b>Operating profit</b>	<b>-202.8</b>	81.8	<b>-143.5</b>	126.1	268.2	-348.0
Net financial items	3.5	-2.2	1.8	-2.8	-10.0	260.1
<b>Result before tax</b>	<b>-199.3</b>	79.6	<b>-141.7</b>	123.3	258.2	-350.4
Tax expense	-31.8	-15.1	-42.5	-23.3	-52.0	-110.9
<b>Result for the period</b>	<b>-231.1</b>	64.5	<b>-184.2</b>	100.0	206.2	-458.4
Attributable to:						
Equity holders of the parent	-231.1	64.5	-184.2	100.0	206.2	
Earnings per share from the result attributable to the equity holders of the parent:						
basic, euros	-1.67	0.47	-1.33	0.72	1.49	-458.3
diluted, euros	-1.67	0.47	-1.33	0.72	1.49	-458.3

<b>CONSOLIDATED OTHER COMPREHENSIVE INCOME</b>	<b>4-6/22</b>	4-6/21	<b>1-6/22</b>	1-6/21	1-12/21
Million euros					
<b>Result for the period</b>	<b>-231.1</b>	64.5	<b>-184.2</b>	100.0	206.2
Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax:					
Gains/Losses from hedge of net investments in foreign operations	<b>1.0</b>	-	<b>6.8</b>	-	-
Cash flow hedges	<b>9.4</b>	1.0	<b>12.2</b>	1.3	4.4
Translation differences on foreign operations	<b>260.2</b>	-3.9	<b>246.0</b>	30.1	54.5
Total other comprehensive income for the period, net of tax	<b>270.6</b>	-3.0	<b>264.9</b>	31.5	58.9
<b>Total comprehensive income for the period</b>	<b>39.4</b>	61.5	<b>80.8</b>	131.5	265.1
Total comprehensive income attributable to:					
Equity holders of the parent	<b>39.4</b>	61.5	<b>80.8</b>	131.5	265.1



**CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**

	<b>30.6.22</b>	30.6.21	31.12.21
Million euros			
<b>Non-current assets</b>			
Property, plant and equipment	<b>705.0</b>	834.7	870.9
Right of use assets	<b>141.8</b>	149.1	153.5
Goodwill	<b>64.2</b>	79.5	65.3
Other intangible assets	<b>20.6</b>	21.7	21.7
Investments in associates	<b>0.1</b>	0.1	0.1
Non-current financial investments	<b>2.9</b>	2.8	2.9
Other receivables	<b>12.7</b>	6.3	6.2
Deferred tax assets	<b>23.6</b>	21.0	21.6
<b>Total non-current assets</b>	<b>970.9</b>	1,115.1	1,142.1
<b>Current assets</b>			
Inventories	<b>629.7</b>	385.1	415.1
Trade receivables	<b>675.0</b>	481.6	357.4
Other receivables	<b>88.2</b>	87.4	83.1
Cash and cash equivalents	<b>219.5</b>	187.1	385.9
<b>Total current assets</b>	<b>1,612.4</b>	1,141.2	1,241.4
<b>Total assets</b>	<b>2,583.4</b>	2,256.4	2,383.5
<b>Equity</b>			
Share capital	<b>25.4</b>	25.4	25.4
Share premium	<b>181.4</b>	181.4	181.4
Treasury shares	<b>-16.6</b>	-17.8	-17.6
Translation reserve	<b>-140.2</b>	-417.4	-393.0
Fair value and hedging reserves	<b>13.7</b>	-1.5	1.6
Paid-up unrestricted equity reserve	<b>238.2</b>	238.2	238.2
Retained earnings	<b>1,342.6</b>	1,480.9	1,591.5
<b>Total equity</b>	<b>1,644.6</b>	1,489.3	1,627.6
<b>Non-current liabilities</b>			
Deferred tax liabilities	<b>31.3</b>	27.9	37.8
Interest-bearing liabilities	<b>246.1</b>	242.9	246.9
Other liabilities	<b>0.8</b>	0.9	0.9
<b>Total non-current liabilities</b>	<b>278.2</b>	271.7	285.7
<b>Current liabilities</b>			
Trade payables	<b>154.3</b>	131.3	172.6
Other current payables	<b>279.3</b>	273.5	251.6
Provisions	<b>10.4</b>	6.3	5.8
Interest-bearing liabilities	<b>216.5</b>	84.2	40.3
<b>Total current liabilities</b>	<b>660.5</b>	495.3	470.3
<b>Total equity and liabilities</b>	<b>2,583.4</b>	2,256.4	2,383.5

Changes in working capital arising from operative business are partly covered by EUR 500 million domestic commercial paper programme.

Interest-bearing liabilities include EUR 108.3 million of non-current and EUR 38.6 million of current lease liabilities.

Assets excluding tax and financial items include EUR 574.5 million of assets located in Russia and Belarus.

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>1-6/22</b>	<b>1-6/21</b>	<b>1-12/21</b>
Million euros			
<b>Result for the period</b>	<b>-184.2</b>	100.0	206.2
<b>Adjustments for</b>			
Depreciation, amortisation and impairment	<b>354.9</b>	68.1	157.5
Financial income and expenses	<b>-1.8</b>	2.8	10.0
Gains and losses on sale of intangible assets, other changes	<b>1.5</b>	-1.1	12.9
Income Taxes	<b>42.5</b>	23.3	52.0
<b>Cash flow before changes in working capital</b>	<b>212.9</b>	193.1	438.6
<b>Changes in working capital</b>			
Current receivables, non-interest-bearing, increase (-) / decrease (+)	<b>-200.6</b>	-157.2	-22.0
Inventories, increase (-) / decrease (+)	<b>-144.6</b>	-47.2	-70.8
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	<b>-55.5</b>	28.2	98.3
<b>Changes in working capital</b>	<b>-400.7</b>	-176.2	5.5
<b>Financial items and taxes</b>			
Interest and other financial items, received	<b>1.5</b>	0.6	1.7
Interest and other financial items, paid	<b>-6.1</b>	-4.0	-9.1
Income taxes paid	<b>-31.3</b>	-28.7	-40.2
<b>Financial items and taxes</b>	<b>-35.9</b>	-32.1	-47.6
<b>Cash flow from operating activities (A)</b>	<b>-223.7</b>	-15.1	396.5
<b>Cash flow from investing activities</b>			
Acquisitions of property, plant and equipment and intangible assets	<b>-32.8</b>	-39.3	-119.6
Proceeds from sale of property, plant and equipment and intangible assets	<b>0.5</b>	1.5	1.7
Other cash flow from investing activities	<b>-0.7</b>	-0.2	-0.8
<b>Cash flow from investing activities (B)</b>	<b>-32.9</b>	-38.0	-118.7
<b>Cash flow from financing activities</b>			
Change in current financial receivables, increase (-) / decrease (+)	<b>0.0</b>	-0.1	1.4
Change in non-current financial receivables, increase (-) / decrease (+)	<b>0.0</b>	-0.4	0.4
Change in current financial borrowings, increase (+) / decrease (-)	<b>177.0</b>	-157.9	-203.4
Change in non-current financial borrowings, increase (+) / decrease (-)	<b>-0.3</b>	-0.4	-0.9
Payment of lease liabilities	<b>-20.2</b>	-18.1	-38.5
Dividends received	<b>0.0</b>	0.0	0.0
Dividends paid	<b>-89.7</b>	-89.4	-158.7
<b>Cash flow from financing activities (C)</b>	<b>66.9</b>	-266.3	-399.8
<b>Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)</b>	<b>-189.7</b>	-319.4	-122.0
Cash and cash equivalents at the beginning of the period	<b>385.9</b>	504.2	504.2
Effect of exchange rate fluctuations on cash held	<b>23.4</b>	2.4	3.7
Cash and cash equivalents at the end of the period	<b>219.5</b>	187.1	385.9

Cash flow from operating activities include EUR -225.1 million of cash flow from Russia and Belarus.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

A = Share capital

B = Share premium

C = Treasury shares

D = Translation reserve

E = Fair value and hedging reserves

F = Paid-up unrestricted equity reserve

G = Retained earnings

H = Total equity

Million euros	Equity attributable to equity holders of the parent							
	A	B	C	D	E	F	G	H
<b>Equity, 1 Jan 2021</b>	<b>25.4</b>	<b>181.4</b>	<b>-18.2</b>	<b>-447.5</b>	<b>-2.8</b>	<b>238.2</b>	<b>1,544.9</b>	<b>1,521.3</b>
Result for the period							100.0	100.0
<b>Other comprehensive income, net of tax:</b>								
Cash flow hedges					1.3			1.3
Net investment hedge								-
Translation differences				30.1				30.1
<b>Total comprehensive income for the period</b>				<b>30.1</b>	<b>1.3</b>		<b>100.0</b>	<b>131.5</b>
Dividends paid							-165.8	-165.8
Share-based payments							2.3	2.3
Other changes			0.5				-0.5	0.0
<b>Total transactions with owners for the period</b>			<b>0.5</b>				<b>-163.9</b>	<b>-163.5</b>
<b>Equity, 30 Jun 2021</b>	<b>25.4</b>	<b>181.4</b>	<b>-17.8</b>	<b>-417.4</b>	<b>-1.5</b>	<b>238.2</b>	<b>1,480.9</b>	<b>1,489.3</b>
<b>Equity, 1 Jan 2022</b>	<b>25.4</b>	<b>181.4</b>	<b>-17.6</b>	<b>-393.0</b>	<b>1.6</b>	<b>238.2</b>	<b>1,591.5</b>	<b>1,627.6</b>
Result for the period							-184.2	-184.2
<b>Other comprehensive income, net of tax:</b>								
Cash flow hedges					12.2			12.2
Net investment hedge				6.8				6.8
Translation differences				246.0				246.0
<b>Total comprehensive income for the period</b>				<b>252.7</b>	<b>12.2</b>		<b>-184.2</b>	<b>80.8</b>
Dividends paid							-76.0	-76.0
Share-based payments			1.0				1.8	2.8
Other changes							9.5	9.5
<b>Total transactions with owners for the period</b>			<b>1.0</b>				<b>-64.7</b>	<b>-63.7</b>
<b>Equity, 30 Jun 2022</b>	<b>25.4</b>	<b>181.4</b>	<b>-16.6</b>	<b>-140.2</b>	<b>13.7</b>	<b>238.2</b>	<b>1,342.6</b>	<b>1,644.6</b>

<b>SEGMENT INFORMATION</b>	<b>4-6/22</b>	4-6/21	<b>1-6/22</b>	1-6/21	1-12/21	Change %
Million euros						
<b>Net sales</b>						
Passenger car tyres	<b>334.7</b>	279.9	<b>649.6</b>	525.8	1,199.2	19.6
Heavy tyres	<b>73.9</b>	62.6	<b>140.4</b>	119.7	254.0	18.0
Vianor	<b>99.1</b>	91.5	<b>156.2</b>	149.6	342.9	8.3
Other operations and eliminations	<b>-25.7</b>	-17.8	<b>-47.6</b>	-37.1	-81.9	-44.3
<b>Total</b>	<b>482.1</b>	416.2	<b>898.6</b>	758.0	1,714.1	15.8
<b>Operating result</b>						
Passenger car tyres	<b>-225.0</b>	63.1	<b>-158.0</b>	109.1	263.4	-456.4
Heavy tyres	<b>15.6</b>	11.7	<b>28.4</b>	24.3	39.1	32.9
Vianor	<b>9.4</b>	9.7	<b>-2.8</b>	0.6	-15.0	-3.4
Other operations and eliminations	<b>-2.8</b>	-2.8	<b>-11.1</b>	-8.0	-19.3	1.4
<b>Total</b>	<b>-202.8</b>	81.8	<b>-143.5</b>	126.1	268.2	-348.0
<b>Operating result, % of net sales</b>						
Passenger car tyres	<b>-67.2</b>	22.6	<b>-24.3</b>	20.8	22.0	
Heavy tyres	<b>21.1</b>	18.8	<b>20.2</b>	20.3	15.4	
Vianor	<b>9.4</b>	10.6	<b>-1.8</b>	0.4	-4.4	
<b>Total</b>	<b>-42.1</b>	19.6	<b>-16.0</b>	16.6	15.6	
<b>NET SALES BY GEOGRAPHICAL AREA</b>	<b>4-6/22</b>	4-6/21	<b>1-6/22</b>	1-6/21	1-12/21	Change %
Million euros						
Nordics	<b>175.4</b>	163.5	<b>310.4</b>	296.8	684.9	7.3
Other Europe	<b>85.4</b>	103.3	<b>192.0</b>	186.8	464.8	-17.4
Russia and Asia	<b>152.4</b>	93.5	<b>246.8</b>	172.7	335.6	63.1
Americas	<b>68.9</b>	55.9	<b>149.3</b>	101.7	228.9	23.2
<b>Total</b>	<b>482.1</b>	416.2	<b>898.6</b>	758.0	1,714.1	15.8

Russia and Belarus accounted for EUR 236.1 million (163.0) of net sales in Russia and Asia in the first half of 2022.

#### **CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

	<b>30.6.22</b>	30.6.21	31.12.21
Million euros			
Opening balance	<b>870.9</b>	824.9	824.9
Capital expenditure	<b>31.9</b>	40.5	121.9
Decrease	<b>-0.5</b>	-3.1	-9.9
Depreciation and impairment for the period	<b>-328.0</b>	-46.4	-97.5
Transfers between items	<b>-1.1</b>	-1.1	-7.6
Other changes	<b>0.2</b>	0.1	2.4
Exchange differences	<b>131.6</b>	19.8	36.7
<b>Closing balance</b>	<b>705.0</b>	834.7	870.9

## ADDITIONAL IMPAIRMENT TESTING OF CASH GENERATING UNIT PASSENGER CAR TYRES

Due to the uncertainties in the current operating environment resulting from the Russia-Ukraine war, the company has performed an additional impairment testing for cash generating unit (CGU) Passenger Car Tyres. The company also considers the relationship between its market capitalisation and its book value when reviewing for indicators of impairment. As at 30 June 2022, the market capitalisation of the company was below the book value of its equity, indicating a potential impairment of goodwill. Russian operations have been assessed separately for impairment resulting to impairments in the assets of EUR -280.7 million and write-downs in the deferred tax assets of EUR -20.0 million.

In the impairment testing calculation, the cash flow generating unit Passenger Car Tyres does not include operations in Russia. The exclusion of Russia has led to a change in the CGU Passenger Car Tyres. The recoverable amount of the CGU was based on five-year cash flow projections. Cash flows beyond the five-year period were calculated using a terminal value method. The weighted average cost of capital (WACC) has been calculated in the same manner as described in the Financial Statements 2021. Future cash flows after the forecast period approved by the management have been capitalised as a terminal value using a steady 2% growth rate. The goodwill allocated to the CGU Passenger Car Tyres was EUR 63.3 million. The calculations have included the investment in the new production capacity in Europe in accordance with the Board of Directors' decision. The company has committed to the investment and the investment has been substantively commenced. Due to the nature of the investment, a significant amount of the recoverable amount of the cash flow is generated in the terminal value. The recoverable amount in Passenger Car Tyres significantly exceeds the carrying amount of the cash-generating unit. As a result of the additional impairment testing, no goodwill impairments were recorded in the income statement.

<b>CONTINGENT LIABILITIES</b>	<b>30.6.22</b>	30.6.21	31.12.21
Million euros			
<b>For own debt</b>			
Pledged assets	<b>6.6</b>	5.8	6.3
<b>Other own commitments</b>			
Guarantees	<b>2.4</b>	3.0	3.1

**CARRYING AMOUNTS AND FAIR  
VALUES OF FINANCIAL ASSETS  
AND LIABILITIES**

	30.6.22		30.6.21		31.12.21	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Million euros						
<b>FINANCIAL ASSETS</b>						
Fair value through profit or loss						
Derivatives						
held for trading	3.6	3.6	13.9	13.9	14.9	14.9
Derivatives designated as hedges*	17.3	17.3	0.9	0.9	3.8	3.8
Unquoted securities	2.9	2.9	2.5	2.5	2.6	2.6
Amortized cost						
Other non-current receivables	6.7	6.0	5.3	4.8	4.8	4.3
Trade and other receivables	678.7	679.2	482.0	482.4	360.7	361.0
Money market instruments	-	-	-	-	50.0	50.0
Bank deposits	-	-	-	-	-	-
Cash in hand and at bank	219.5	219.5	187.1	187.1	335.9	335.9
Fair value through other comprehensive income						
Unquoted shares	0.2	0.2	0.3	0.3	0.2	0.2
<b>Total financial assets</b>	<b>928.8</b>	<b>928.7</b>	<b>692.0</b>	<b>691.9</b>	<b>772.9</b>	<b>772.8</b>
<b>FINANCIAL LIABILITIES</b>						
Fair value through profit or loss						
Derivatives						
held for trading	24.4	24.4	2.8	2.8	5.9	5.9
Derivatives designated as hedges*	0.2	0.2	2.8	2.8	1.9	1.9
Amortized cost						
Interest-bearing financial liabilities	315.6	316.4	174.9	177.1	129.3	131.4
Trade and other payables	154.3	154.3	131.3	131.3	172.6	172.6
<b>Total financial liabilities</b>	<b>494.5</b>	<b>495.3</b>	<b>311.8</b>	<b>314.0</b>	<b>309.7</b>	<b>311.8</b>

\* Fair value changes are recognised according to the hedge accounting standards for hedging relationships.

In principle, all items measured at fair value through profit or loss excluding unquoted securities have been classified to Level 2 in the fair value hierarchy and items include Group's derivative financial instruments. To establish the fair value of these instruments the Group uses generally accepted valuation models with inputs based on observable market data.

At the end of March, the ruble derivative financial instruments were transferred into Level 3 in the fair value hierarchy due to the significant decrease in the volume of activity in the ruble markets. The inputs for these derivatives are based partly on the observable market data (foreign exchange component) and partly on unobservable inputs (interest component). The fair value of the interest component is assumed to be zero in accordance with the principle of prudence as the relevance of the observable market data is deemed low due to the infeasibility of orderly transaction execution.

Fair value changes of the ruble derivative financial instruments are recognized in profit or loss under financial income and expenses. The amount of the total gains or losses relating to those derivatives in January-June 2022 was EUR -33.5 million and in April-June 2022 EUR -37.2 million.

**RECONCILIATION OF LEVEL 3  
FAIR VALUE MEASUREMENTS**
**Ruble derivatives**

Million euros

<b>Fair value 1 Jan 2022</b>	-
Transfers into Level 3	14.8
Net gains/losses recognized in profit or loss under financial income and expenses	-37.2
<b>Fair value 30 Jun 2022</b>	<b>-22.5</b>

**Sensitivity**

As the fair value is based only on the foreign exchange component, the sensitivity of the fair value is linearly dependent on the changes in the EUR/RUB exchange rate. A 10% base currency appreciation/depreciation against the quote currency would have an effect of EUR +9.6/-9.6 million on the fair value. If orderly transactions could have been executed based on the observable market data the fair value of the interest component would have been EUR +21.3 million.

**DERIVATIVE FINANCIAL**
**INSTRUMENTS**

Million euros

**INTEREST RATE DERIVATIVES**

Interest rate swaps

Notional amount	<b>100.0</b>	100.0	100.0
Fair value	<b>1.4</b>	-2.8	-1.9

**FOREIGN CURRENCY DERIVATIVES**

Currency forwards

Notional amount	<b>305.1</b>	296.7	426.5
Fair value	<b>1.6</b>	-1.4	-2.2

Currency options, purchased

Notional amount	<b>9.5</b>	11.7	17.7
Fair value	<b>0.1</b>	0.1	0.1

Currency options, written

Notional amount	<b>19.0</b>	25.9	35.3
Fair value	<b>-0.1</b>	-0.1	-0.1

Interest rate and currency swaps

Notional amount	<b>75.0</b>	75.0	75.0
Fair value	<b>-22.5</b>	12.5	11.1

**ELECTRICITY DERIVATIVES**

Electricity forwards

Notional amount	<b>6.0</b>	5.1	5.2
Fair value	<b>15.8</b>	0.9	3.8

**BUSINESS COMBINATIONS**

No new business combinations have been executed during the period.

**IFRS 16 LEASES**

Million euros

<b>Balance sheet effects</b>	<b>30.6.22</b>	30.6.21	31.12.21	
<b>Fixed assets</b>				
Right to use	<b>141.8</b>	149.1	153.5	
<b>Total</b>	<b>141.8</b>	149.1	153.5	
<b>Equity &amp; Liability</b>				
Non-current liability	<b>108.3</b>	114.4	118.5	
Current liability	<b>38.6</b>	37.9	39.4	
<b>Total</b>	<b>146.9</b>	152.2	157.9	
<b>P&amp;L effects</b>	<b>1-6/22</b>	1-6/21	1-12/21	Change %
Reversed rents	<b>22.3</b>	18.1	39.6	23.2
Depreciations	<b>-20.9</b>	-17.6	-37.6	-18.7
Finance costs	<b>-2.1</b>	-1.6	-4.0	-29.0
<b>Total</b>	<b>-0.7</b>	-1.2	-2.0	36.1