

Nokian Tyres plc Interim Report January–September 2023, October 31, 2023 at 2:00 p.m. EET

Nokian Tyres plc Interim Report January–September 2023: Market environment challenging, building the new Nokian Tyres on track

July–September 2023

- Segments net sales were EUR 276.1 million (July–September 2022: 333.5) and decreased by 17.2%. With comparable currencies, segments net sales decreased by 12.7% due to demanding car and tire market environment as well as high inventories in the distribution. Net sales were EUR 276.1 million (333.5) and decreased by 17.2%.
- Segments operating profit was EUR 19.6 million (-17.9). Operating profit was EUR 8.3 million (-8.5). EUR -11.3 million (9.6) was booked as non-IFRS exclusions.
- Earnings per share were EUR 0.03 (0.18).
- Cash flow from operating activities was EUR -90.8 million (-99.2).

January–September 2023

- Segments net sales were EUR 805.6 million (January–September 2022: 988.8) and decreased by 18.5%. With comparable currencies, segments net sales decreased by 14.9% due to lower passenger car tire supply volumes as well as due to demanding car and tire market environment and high inventories in the distribution. Net sales were EUR 805.6 million (988.8) and decreased by 18.5%.
- Segments operating profit was EUR 20.7 million (17.6). Operating profit was EUR -1.0 million (59.8). EUR -21.7 million (42.2) was booked as non-IFRS exclusions.
- Earnings per share were EUR -2.55 (-1.16).
- Cash flow from operating activities was EUR -215.2 million (-322.9).
- The sale of Nokian Tyres' operations in Russia was completed in March. The sale price was EUR 285 million. Nokian Tyres no longer has any operations in Russia.
- In October, the Board decided on the second divided installment of EUR 0.20 per share to be paid in December 2023.

Guidance for 2023 (updated on October 24, 2023)

In 2023, Nokian Tyres' segments net sales are expected to be approximately EUR 1,150–1,200 million and segments operating profit percentage of net sales approximately 5.5–6%.

As of 2023, segments net sales and segments operating profit exclude Russia and other items, which are not indicative of Nokian Tyres' underlying business performance.

Jukka Moisio, President and CEO:

"In July-September 2023, our profitability continued to improve, and segments EBITDA rose close to 17 percent. At the same time, the car and tire market continued to be demanding, and inventories in the distribution were on a high level. Customers' focus on inventory management together with low consumer confidence affected third quarter net sales negatively. Despite lower volumes, margins were on a good level, and we estimate, based on the customer feedback, that we have maintained or further improved our market share in premium winter tires.

During the quarter, we continued to make good progress with our strategic investments to build up new capacity in our core markets. I'm especially pleased to see that our new passenger car tire factory in Romania, which will be the world's first zero CO2 emission tire factory, is starting to take shape and is well on track for the first tires to be produced in less than a year.

In the fourth quarter, which is the most important season for Nokian Tyres in 2023, we expect cash generation to be strong. Our strong balance sheet enables us to continue to execute our growth plan and reward our shareholders. While the market environment is currently challenging, it does not affect our

long-term financial targets. Nokian Tyres team is doing an excellent job in developing high-quality products, delivering first-class service, and building the new Nokian Tyres.”

Key figures

EUR million	7–9 /2023	7–9 /2022	Change	CC* Change	1–9 /2023	1–9 /2022	Change	CC* Change	2022
Net sales	276.1	333.5	-17.2%	-12.7%	805.6	988.8	-18.5%	-14.9%	1,350.5
Operating profit	8.3	-8.5			-1.0	59.8			56.7
Operating profit, %	3.0%	-2.6%			-0.1%	6.1%			4.2%
Result before tax	3.3	-11.9			-12.8	37.8			11.2
Result for the period	4.2	24.3			-351.7	-159.8			-175.5
EPS, EUR	0.03	0.18			-2.55	-1.16			-1.27
Segments net sales	276.1	333.5	-17.2%	-12.7%	805.6	988.8	-18.5%	-14.9%	1,350.5
Segments EBITDA	46.1	7.4			98.6	92.3			118.7
Segments EBITDA, %	16.7%	2.2%			12.2%	9.3%			8.8%
Segments operating profit	19.6	-17.9			20.7	17.6			17.8
Segments operating profit, %	7.1%	-5.4%			2.6%	1.8%			1.3%
Segments EPS, EUR	0.09	0.25			-2.41	-0.99			-0.86
Segments ROCE, %**					1.4%	4.9%			0.9%
Equity ratio, %					60.1%	64.0%			64.9%
Gearing, %					28.2%	22.2%			9.8%
Interest-bearing net debt					386.2	373.6			140.9
Capital expenditure	69.5	26.9			156.6	59.6			129.7
Cash flow from operating activities	-90.8	-99.2			-215.2	-322.9			-4.3

* Comparable currencies

** Restated rolling 12 months excluding Russia

In addition to IFRS figures, Nokian Tyres publishes alternative non-IFRS segments figures, which exclude the ramp-up of the US factory, the preparations for the Romanian factory ramp-up and other possible items that are not indicative of the Group's underlying business performance.

Following the completion of the Russia exit in March 2023, Nokian Tyres has excluded Russia from its IFRS and non-IFRS figures as of January 1, 2023, and has restated the financial year 2022 accordingly. The balance sheet and the cash flow figures have not been restated.

FINANCIAL RESULTS IN JULY–SEPTEMBER 2023

Following the completion of the Russia exit in March 2023, Nokian Tyres has excluded Russia from its IFRS and non-IFRS figures as of January 1, 2023, and has restated the financial year 2022 accordingly. The balance sheet and the cash flow figures have not been restated.

Net sales in July–September 2023 amounted to EUR 276.1 million (July–September 2022: 333.5) and decreased by 17.2%.

Segments net sales were EUR 276.1 million (333.5) and decreased by 17.2%. With comparable currencies, segments net sales decreased by 12.7% due to demanding car and tire market environment as well as high inventories in the distribution. Currency exchange rates affected segments net sales negatively by EUR 15.1 million.

Segments net sales by geographical area

EUR million	7–9 /2023	7–9 /2022	Change	CC* Change	2022
Nordics	143.3	178.3	-19.6%	-12.8%	722.3
Other Europe	65.1	58.0	12.2%	11.3%	302.8
Americas	66.7	93.2	-28.4%	-24.9%	314.6
Other countries	1.0	4.0	-74.9%	-68.3%	10.6
Total	276.1	333.5	-17.2%	-12.7%	1,350.5

* Comparable currencies

Segments net sales by business unit

EUR million	7–9 /2023	7–9 /2022	Change	CC* Change	2022
Passenger Car Tyres	169.6	215.5	-21.3%	-16.6%	810.7
Heavy Tyres	59.7	68.4	-12.7%	-10.1%	271.0
Vianor	68.1	76.5	-11.0%	-4.2%	362.0
Other operations and eliminations	-21.2	-26.8	20.9%		-93.2
Total	276.1	333.5	-17.2%	-12.7%	1,350.5

* Comparable currencies

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, decreased by 13% year-over-year, containing currency impact. Raw material unit costs decreased by 4% from the second quarter of 2023.

Operating profit was EUR 8.3 million (-8.5). The non-IFRS exclusions were EUR -11.3 million (9.6), of which EUR -9.1 million (-7.3) were related to the US factory ramp-up and EUR -2.2 million (0.0) to the preparations for the Romanian factory ramp-up.

Segments operating profit amounted to EUR 19.6 million (-17.9). Currency exchange rates affected segments operating profit negatively by EUR 1.3 million.

Segments operating profit by business unit

EUR million	7–9 /2023	7–9 /2022	2022
Passenger Car Tyres	18.8	-18.1	-24.7
Heavy Tyres	7.2	9.1	44.1
Vianor	-4.8	-5.1	3.1
Other operations and eliminations	-1.7	-3.7	-4.6

Segments operating profit total	19.6	-17.9	17.8
Non-IFRS exclusions	-11.3	9.6	38.9

Financial items and taxes

Net financial expenses were EUR 5.1 million (3.3), including net interest expenses of EUR 3.9 million (2.3). Net financial expenses include an expense of EUR 1.2 million (1.0) due to exchange rate differences. Result before tax was EUR 3.3 million (-11.9) and taxes were EUR 0.9 million (1.0). Segments result before tax was EUR 14.5 million (-21.3). Result for the period amounted to EUR 4.2 million (24.3). Segments result for the period amounted to EUR 13.0 million (35.2). Earnings per share were EUR 0.03 (0.18), and segments earnings per share were 0.09 (0.25).

Cash flow

In July–September 2023, cash flow from operating activities was EUR -90.8 million (-99.2). Working capital increased by EUR 126.3 million (increased by 150.2). Inventories increased by EUR 14.4 million (decreased by 4.7) and receivables increased by EUR 105.6 million (increased by 151.3). Payables decreased by EUR 6.3 million (decreased by 4.0).

Investments

Investments in July–September 2023 amounted to EUR 69.5 million (26.9). Depreciations and amortizations totaled EUR 29.1 million (27.7).

FINANCIAL RESULTS IN JANUARY–SEPTEMBER 2023

Following the completion of the Russia exit in March 2023, Nokian Tyres has excluded Russia from its IFRS and non-IFRS figures as of January 1, 2023, and has restated the financial year 2022 accordingly. The balance sheet and the cash flow figures have not been restated.

Net sales in January–September 2023 amounted to EUR 805.6 million (January–September 2022: 988.8) and decreased by 18.5%.

Segments net sales were EUR 805.6 million (988.8) and decreased by 18.5%. With comparable currencies, segments net sales decreased by 14.9% due to lower passenger car tire supply volumes, specifically in Central Europe, as well as due to demanding car and tire market environment and high inventories in the distribution. Currency exchange rates affected segments net sales negatively by EUR 35.4 million.

Segments net sales by geographical area

EUR million	1-9/2023	1-9/2022	Change	CC* Change	2022
Nordics	439.2	488.6	-10.1%	-3.1%	722.3
Other Europe	158.6	249.9	-36.6%	-37.4%	302.8
Americas	201.5	242.6	-16.9%	-15.6%	314.6
Other countries	6.4	7.7	-16.3%	-16.3%	10.6
Total	805.6	988.8	-18.5%	-14.9%	1,350.5

* Comparable currencies

Segments net sales by business unit

EUR million	1-9/2023	1-9/2022	Change	CC* Change	2022
Passenger Car Tyres	455.5	624.2	-27.0%	-23.7%	810.7
Heavy Tyres	195.3	206.4	-5.3%	-3.6%	271.0
Vianor	218.0	232.7	-6.3%	0.7%	362.0
Other operations and eliminations	-63.2	-74.4	15.1%		-93.2
Total	805.6	988.8	-18.5%	-14.9%	1,350.5

* Comparable currencies

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, were flat year-over-year, containing currency impact.

Operating profit was EUR -1.0 million (59.8). The non-IFRS exclusions were EUR -21.7 million (42.2), of which EUR -19.9 million (-20.6) were related to the US factory ramp-up, and EUR -2.2 million (0.0) to the preparations for the Romanian factory ramp-up. The result for discontinued operations (Russian operations) was EUR -338.9 million: Profit from sale was EUR 29.6 million, operative result was EUR -2.2 million, and previous years' cumulative translation difference was EUR -366.3 million.

Segments operating profit amounted to EUR 20.7 million (17.6). Currency exchange rates affected segments operating profit negatively by EUR 1.9 million.

Segments operating profit by business unit

EUR million	1-9/2023	1-9/2022	2022
Passenger Car Tyres	14.8	2.2	-24.7
Heavy Tyres	25.5	37.9	44.1
Vianor	-8.8	-7.7	3.1
Other operations and eliminations	-10.9	-14.9	-4.6
Segments operating profit total	20.7	17.6	17.8
Non-IFRS exclusions	-21.7	42.2	38.9

Financial items and taxes

Net financial expenses were EUR 11.8 million (22.0), including net interest expenses of EUR 9.0 million (6.6). Net financial expenses include an expense of EUR 2.8 million (15.4) due to exchange rate differences. Result before tax was EUR -12.8 million (37.8) and taxes were EUR -1.0 million (-4.8). Segments result before tax was EUR 8.9 million (-4.4). Result for the period amounted to EUR -351.7 million (-159.8). Segments result for the period amounted to EUR -332.6 million (-136.4). Earnings per share were EUR -2.55 (-1.16), and segments earnings per share were -2.41 (-0.99).

Cash flow

In January–September 2023, cash flow from operating activities was EUR -215.2 million (-322.9). Working capital increased by EUR 288.0 million (increased by 551.2). Inventories increased by EUR 64.3 million (increased by 139.8) and receivables increased by EUR 178.2 million (increased by 351.9). Payables decreased by EUR 45.5 million (decreased by 59.4).

Investments

Investments in January–September 2023 amounted to EUR 156.6 million (59.6). To expand its manufacturing footprint and rebuild capacity, the company began work on building a new passenger car tire factory in Romania and continued its actions to increase capacity at the factories in Finland and the

US. The construction work at the world's first zero CO2 emission tire factory in Romania is proceeding as planned.

Depreciations and amortizations totaled EUR 84.7 million (81.7).

Financial position on September 30, 2023

EUR million	September 30, 2023	September 30, 2022	Dec 31, 2022
Cash and cash equivalents	248.1	119.7	259.0
Interest-bearing liabilities	634.3	493.3	399.9
of which current interest-bearing liabilities	140.8	255.9	198.8
Interest-bearing net debt	386.2	373.6	140.9
Unused credit limits	810.0	743.6	799.3
of which committed	305.3	255.4	305.4
Gearing ratio, %	28.2%	22.2%	9.8%
Equity ratio, %	60.1%	64.0%	64.9%

The committed credit limits and 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.

In May, a total of EUR 300 million long-term bilateral credit facilities were withdrawn to refinance a total of EUR 150 million bilateral facilities due in May and to finance investments. In June, a EUR 100 million sustainability-linked five-year bond was issued.

The average interest rate of interest-bearing financial liabilities was 4.3%.

Personnel

	1-9/2023	1-9/2022	2022
Group employees			
on average	3,758	4,974*	4,947*
at the end of the review period	3,660	4,774*	4,542*
in Finland, at the end of the review period	1,914	1,861	1,728
in North America, at the end of the review period	546	436	458
Vianor (own) employees, at the end of the review period**	1,632	1,594	1,400

* Including Russia. Nokian Tyres' operations in Russia ended on March 30, 2023.

** Included in Group employee figures

BUSINESS UNIT REVIEWS

Passenger Car Tyres

EUR million	7-9/ 2023	7-9/ 2022	Change	CC* Change	1-9/ 2023	1-9/ 2022	Change	CC* Change	2022
Net sales	169.6	215.5	-21.3%	-16.6%	455.5	624.2	-27.0%	-23.7%	810.7
Operating profit	7.6	-8.7			-6.9	44.7			23.3
Operating profit, %	4.5%	-4.0%			-1.5%	7.2%			2.9%
Segment operating profit	18.8	-18.1			14.8	2.2			-24.7
Segment operating profit, %	11.1%	-8.4%			3.2%	0.3%			-3.1%

* Comparable currencies

July–September 2023

In July–September 2023, net sales of Passenger Car Tyres totaled EUR 169.6 million (215.5). With comparable currencies, net sales decreased by 16.6% due to demanding car and tire market environment as well as high inventories in the distribution. Average Sales Price with comparable currencies increased slightly.

Operating profit was EUR 7.6 million (-8.7). Segment operating profit was EUR 18.8 million (-18.1).

January–September 2023

In January–September 2023, net sales of Passenger Car Tyres totaled EUR 455.5 million (624.2). With comparable currencies, net sales decreased by 23.7%. The decrease was driven by lower supply volumes, specifically in Central Europe, as well as due to demanding car and tire market environment and high inventories in the distribution. Average Sales Price with comparable currencies increased strongly.

The share of sales volume of winter tires was 58% (41%), the share of summer tires was 16% (30%), and the share of all-season tires was 26% (29%).

Operating profit was EUR -6.9 million (44.7). Segment operating profit was EUR 14.8 million (2.2).

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, were flat year-over-year, containing currency impact.

To expand its manufacturing footprint and rebuild capacity, the company began work on building a new passenger car tire factory in Romania and continued its actions to increase capacity at the factories in Finland and the US. The construction work at the world's first zero CO2 emission tire factory in Romania is proceeding as planned. In 2023, contract manufacturing volume is expected to be approximately 1.5 million tires.

During the review period, the company launched an extended and upgraded Nokian Tyres Snowproof winter tire range for the Central European market.

Heavy Tyres

EUR million	7-9/ 2023	7-9/ 2022	Change	CC* Change	1-9/ 2023	1-9/ 2022	Change	CC* Change	2022
Net sales	59.7	68.4	-12.7%	-10.1%	195.3	206.4	-5.3%	-3.6%	271.0
Operating profit	7.2	9.1			25.5	37.9			39.5
Operating profit, %	12.1%	13.2%			13.1%	18.4%			14.6%
Segment operating profit	7.2	9.1			25.5	37.9			44.1
Segment operating profit, %	12.1%	13.2%			13.1%	18.4%			16.3%

* Comparable currencies

July–September 2023

In July–September 2023, net sales of Heavy Tyres totaled EUR 59.7 million (68.4). With comparable currencies, net sales decreased by 10.1% due to high inventory levels in the aftermarket distribution.

Operating profit was EUR 7.2 million (9.1). Segment operating profit was EUR 7.2 million (9.1). The decrease was caused by lower volumes and negative currency impact.

Production was temporarily adapted during the summer break to meet the soft aftermarket demand.

January–September 2023

In January–September 2023, net sales of Heavy Tyres totaled EUR 195.3 million (206.4). With comparable currencies, net sales decreased by 3.6%.

Operating profit was EUR 25.5 million (37.9). Segment operating profit was EUR 25.5 million (37.9). The decrease was caused by lower volumes and its impact on supply chain costs as well as negative currency impact.

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, were flat year-over-year, containing currency impact.

During the review period, Heavy Tyres introduced new additions to its harbor and excavator tire ranges.

Vianor, own operations

EUR million	7-9/ 2023	7-9/ 2022	Change	CC* Change	1-9/ 2023	1-9/ 2022	Change	CC* Change	2022
Net sales	68.1	76.5	-11.0%	-4.2%	218.0	232.7	-6.3%	0.7%	362.0
Operating profit	-4.8	-5.1			-8.8	-7.9			2.8
Operating profit, %	-7.0%	-6.7%			-4.0%	-3.4%			0.8%
Segment operating profit	-4.8	-5.1			-8.8	-7.7			3.1
Segment operating profit, %	-7.0%	-6.7%			-4.0%	-3.3%			0.9%
Number of own service centers at period end	174	174							173

* Comparable currencies

July–September 2023

In July–September 2023, net sales of Vianor totaled EUR 68.1 million (76.5). With comparable currencies, net sales decreased by 4.2%.

Operating profit was EUR -4.8 million (-5.1). Segment operating profit was EUR -4.8 million (-5.1). The third quarter is seasonally low in Vianor, therefore negative in profitability. The winter season starts in the fourth quarter.

January–September 2023

In January–September 2023, net sales of Vianor totaled EUR 218.0 million (232.7). With comparable currencies, net sales were at previous year's level.

Operating profit was EUR -8.8 million (-7.9). Segment operating profit was EUR -8.8 million (-7.7).

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 in 7–9/2023

EUR million	Net sales	Cost of sales	SGA	Other operating income/ expenses	Operating profit	Financial income/ expenses	Taxes	Result from continuing operations	Result from discontinued operations	Result for the period
Segments Total	276.1	-212.9	-44.0	0.4	19.6	-5.1	-1.5	13.0	0.0	13.0
Profit from sale										
Translation difference										
US factory ramp-up		-8.5	-0.6	0.0	-9.1	0.0	2.0	-7.1	0.0	-7.1
Romanian factory preparations		0.0	-2.2	0.0	-2.2	0.0	0.4	-1.8	0.0	-1.8
Non-operative items and others										
Total non-IFRS exclusion		-8.5	-2.8	0.4	-11.3	0.0	2.5	-8.8	0.0	-8.8
Nokian Tyres Total	276.1	-221.4	-46.8	0.4	8.3	-5.1	0.9	4.2	0.0	4.2

In addition to IFRS figures, Nokian Tyres publishes alternative non-IFRS segments figures, which exclude the ramp-up of the US factory, the preparations for the Romanian factory ramp-up and other possible items that are not indicative of the Group's underlying business performance.

Segments Total to Nokian Tyres Total reconciliation in 1–9/2023

EUR million	Net sales	Cost of sales	SGA	Other operating income/ expenses	Operating profit	Financial income/ expenses	Taxes	Result from continuing operations	Result from discontinued operations	Result for the period
Segments Total	805.6	-634.0	-152.6	1.6	20.7	-11.7	-5.8	3.1	0.0	3.1
Profit from sale									30.6	30.6
Translation difference									-366.3	-366.3
US factory ramp-up		-18.3	-1.6	0.0	-19.9		4.4	-15.5		-15.5
Romanian factory preparations			-2.2		-2.2		0.4	-1.8		-1.8
Non-operative items and others				0.4	0.4			0.4	-2.2	-1.8
Total non-IFRS exclusion	0.0	-18.3	-3.8	0.4	-21.7	0.0	4.8	-16.9	-2.2	-19.1
Nokian Tyres Total	805.6	-652.3	-156.3	2.0	-1.0	-11.8	-1.0	-13.8	-337.9	-351.7

In addition to IFRS figures, Nokian Tyres publishes alternative non-IFRS segments figures, which exclude the ramp-up of the US factory, the preparations for the Romanian factory ramp-up and other possible items that are not indicative of the Group's underlying business performance.

SHARES AND SHAREHOLDERS

At the end of September 2023, the number of shares was 138,921,750.

Number of shares (million units)*	30.9.23	30.9.22
at the end of period	137,87	138,25
in average	138,02	138,25
in average, diluted	138,02	138,25

* Excluding treasury shares

Authorizations

In April 2023, 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 Annual General Meeting, however, at most until June 30, 2024, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on April 28, 2022.

In April 2023, 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 Annual General Meeting, however at most until June 30, 2024, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on April 28, 2022.

In April 2023, 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 2023 and 2024. The donations can be made in one or more installments. The Board of Directors may decide on the donation recipients, purposes of use and other terms of the donations.

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 corresponded to approximately 9.9% of all shares in the company. The authorization was effective until the Annual General Meeting of 2023.

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 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 2023.

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 Board did not utilize the authorizations in January–September 2023.

Own shares

No share repurchases were made during the review period, and the company did not possess any own shares on September 30, 2023.

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 September 30, 2023, the number of

these shares was 1,054,507, reported as treasury shares (September 30, 2022: 670,426). This number of shares corresponded to 0.76% (0.48%) of the total shares and voting rights in the company.

Trading in shares

A total of 178,026,601 (232,108,261) Nokian Tyres' shares were traded in Nasdaq Helsinki in January–September 2023, representing 128% (167%) of the company's overall share capital. The average daily volume in January–September 2023 was 941,940 shares (1,221,622). Nokian Tyres' shares are also traded on alternative exchanges.

Nokian Tyres' share price was EUR 7.45 (9.90) at the end of September 2023. The volume weighted average share price in January–September 2023 was EUR 8.59 (15.19), the highest was EUR 11.63 (34.90) and the lowest was EUR 7.11 (9.62). The company's market capitalization at the end of September 2023 was EUR 1.0 billion (1.4 billion).

At the end of September 2023, the company had 92,774 (73,591) registered shareholders. The percentage of Finnish shareholders was 61.0% (43.5%), and 39.0% (56.5%) were non-Finnish holders and foreign shareholders registered in the nominee register. Public sector entities owned 17.3% (15.8%), financial and insurance corporations 6.1% (3.3%), households 30.0% (18.6%), non-profit institutions 2.1% (2.4%), and private companies 5.6% (3.5%).

Changes in ownership

Transaction date	Shareholder	Threshold	% of shares and voting rights	% of shares and voting rights through financial instruments	Total, %
January 3, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
January 4, 2023	Norges Bank	Above 5%	4.99%	0.06%	5.05%
January 5, 2023	BlackRock, Inc	Above 5%	4.93%	0.21%	5.15%
January 9, 2023	Norges Bank	Below 5%	4.99%	0.00%	4.99%
January 10, 2023	BlackRock, Inc	Above 5%	5.04%	0.20%	5.24%
January 10, 2023	Société Générale SA	Above 5%	0.38%	5.40%	5.78%
January 11, 2023	BlackRock, Inc	Below 5%	4.78%	0.24%	5.02%
January 12, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
January 12, 2023	Norges Bank	Above 5%	5.05%	0.00%	5.05%
January 16, 2023	BlackRock, Inc	Above 5%	4.67%	0.61%	5.29%
January 17, 2023	Norges Bank	Below 5%	4.90%	0.00%	4.90%
January 18, 2023	Norges Bank	Above 5%	5.20%	0.00%	5.20%
January 18, 2023	BlackRock, Inc	Above 5%	5.11%	0.60%	5.71%
January 18, 2023	Société Générale SA	Below 5%	0.16%	4.78%	4.94%
January 24, 2023	Société Générale SA	Above 5%	0.56%	4.54%	5.10%
February 1, 2023	BlackRock, Inc	Below 5%	4.61%	0.42%	5.04%
February 2, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
February 3, 2023	BlackRock, Inc	Above 5%	4.80%	0.49%	5.29%
February 7, 2023	Société Générale SA	Below 5%	0.10%	3.78%	3.88%
February 8, 2023	BlackRock, Inc	Above 5%	5.90%	0.29%	6.19%
February 9, 2023	BlackRock, Inc	Below 5%	3.76%	1.57%	5.33%

February 13, 2023	Norges Bank	Below 5%	4.88%	0.13%	5.01%
February 14, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
February 14, 2023	JPMorgan Chase & Co.	Above 5%	3.47%	1.61%	5.08%
February 14, 2023	Norges Bank	Below 5%	4.28%	0.13%	4.42%
February 15, 2023	JPMorgan Chase & Co.	Below 5%	Below 5%	Below 5%	Below 5%
February 16, 2023	BlackRock, Inc	Above 5%	4.42%	0.66%	5.09%
February 17, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
February 21, 2023	BlackRock, Inc	Above 5%	4.66%	0.44%	5.11%
March 3, 2023	Société Générale SA	Above 5%	0.25%	5.18%	5.43%
March 9, 2023	JPMorgan Chase & Co.	Above 5%	3.77%	1.30%	5.07%
March 10, 2023	Bank of America Corporation	Above 5%	1.1013224%	4.325991%	5.427315%
March 10, 2023	Société Générale SA	Below 5%	0.05%	4.78%	4.83%
March 13, 2023	Bank of America Corporation	Below 5%	0.694290%	3.665487%	4.359777%
March 13, 2023	JPMorgan Chase & Co.	Below 5%	Below 5%	Below 5%	Below 5%
March 13, 2023	Société Générale SA	Above 5%	0.04%	6.36%	6.40%
March 14, 2023	JPMorgan Chase & Co.	Above 5%	3.50%	2.07%	5.57%
March 15, 2023	JPMorgan Chase & Co.	Below 5%	Below 5%	Below 5%	Below 5%
March 17, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
March 17, 2023	The Goldman Sachs Group	Above 5%	2.59%	3.27%	5.86%
March 20, 2023	Bank of America Corporation	Above 5%	2.576416%	2.734651%	5.311067%
March 20, 2023	The Goldman Sachs Group	Below 5%	2.26%	0.96%	3.22%
March 21, 2023	Bank of America Corporation	Below 5%	2.517747%	1.657154%	4.174901%
July 6, 2023	Société Générale SA	Below 5%	0.08%	4.41%	4.49%
July 11, 2023	Société Générale SA	Above 5%	0.08%	5.24%	5.32%
July 12, 2023	Société Générale SA	Below 5%	0.04%	4.64%	4.68%

Detailed information on notifications of change in shareholding can be found at www.nokiantyres.com/company/investors/share/flagging-notifications/.

Managers' transactions

Nokian Tyres announced managers' transactions on March 8, April 27 and 28, and May 5. Read more at www.nokiantyres.com/company/publications/releases/2023/managementTransactions/.

THE ANNUAL GENERAL MEETING 2023

On April 26, 2023, the Annual General Meeting adopted the financial statements for 2022, discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2022 and adopted the company's Renumeration Report for governing bodies. More information is available on the company's website at www.nokiantyres.com/company/investors/ir-services/ir-calendar/annual-general-meetings/.

Dividend

The AGM decided that a dividend of EUR 0.35 per share shall be paid for the financial year 2022. The dividend was paid on May 11, 2023 to shareholders who were registered in the company's shareholders' register maintained by Euroclear Finland Oy on the dividend record date on April 28, 2023. In October

2023, the Board of Directors made a decision on the payment of a second dividend installment of EUR 0.20 per share based on the authorization given by the AGM 2023. The second dividend installment will be paid on December 5, 2023 to shareholders who are registered in the company's shareholders' register maintained by Euroclear Finland Oy on the dividend record date on November 2, 2023.

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 Chair of the Board of Directors EUR 110,000 per year; to the Deputy Chair and to the Chairs of the Audit Committee and Personnel and Remuneration Committee 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 AGM 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. Susanne Hahn, Jukka Hienonen, Veronica Lindholm, Christopher Ostrander, Jouko Pölönen, George Rietbergen and Pekka Vauramo were re-elected as members of the Board of Directors, and Markus Korsten and Reima Rytsölä were elected as new members of the Board of Directors for a term ending at the closing of the Annual General Meeting 2024. Jukka Hienonen was re-elected as the Chair and Pekka Vauramo as Deputy Chair of the Board of Directors.

Ernst & Young Oy, an authorised public accountant firm, was re-elected as the company's auditor for a term ending at the closing of the Annual General Meeting 2024.

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 Annual General Meeting, however, at most until June 30, 2024, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on April 28, 2022.

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 Annual General Meeting, however at most until June 30, 2024, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on April 28, 2022.

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 2023 and 2024. The donations can be made in one or more installments. 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 26, 2023, the Board of Directors decided to change the name of the Board's Personnel and Remuneration Committee to Board's People and Sustainability Committee. Furthermore, the Board elected members to the Board's People and Sustainability Committee and Audit Committee. Veronica Lindholm was elected as the Chair and Pekka Vauramo, Jukka Hienonen and Susanne Hahn as members of the People and Sustainability Committee. Further, the Board of Directors

elected Jouko Pölönen as the Chair and Christopher Ostrander and Reima Rytsölä as members of the Audit Committee.

SHAREHOLDERS' NOMINATION BOARD

In June 2023, 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 (Director, Head of Listed Securities, 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

CHANGES IN MANAGEMENT

In September 2023, Niko Haavisto was appointed Nokian Tyres' new Chief Financial Officer (CFO) and a member of the Management team effective October 1, 2023. Niko Haavisto succeeds Teemu Kangas-Kärki, who worked as Nokian Tyres' CFO and member of the Management Team in 2018–2023.

CORPORATE SUSTAINABILITY

In March, Nokian Tyres announced its commitment to further reduce greenhouse gas emissions, aiming to achieve the science-based Net-Zero Standard by 2050. An important factor in achieving the net-zero target will be the new factory that Nokian Tyres is building in Oradea, Romania. It will be the first zero CO2 emission factory in tire industry.

In March, Nokian Tyres published its Corporate Sustainability Report for 2022.

In May, Nokian Tyres signed a research agreement for an international project aiming to improve the quality and yield of recycled carbon black from end-of-life tires. This will enable the use of higher amounts of recycled carbon black in rubber compounds, benefiting tire and rubber product manufacturers in creating more sustainable products. Nokian Tyres included recycled carbon black in a commercial product line in 2022, which is a step forward in reaching the company's target of increasing the share of recycled and renewable raw materials in tires to 50% by 2030.

In May, EcoVadis, a global standard for business sustainability ratings, awarded a Platinum Medal to Nokian Tyres. Only 1% of more than 85,000 companies assessed by EcoVadis achieve a Platinum rating.

In June, Nokian Tyres issued a EUR 100 million sustainability-linked bond. The sustainability-linked bond emphasizes the company's approach of integrating sustainability in its business model and investments.

In September, Nokian Tyres made a Baltic Sea commitment for the years 2023–2026. The commitment is focused on cooperation in BSAG's Ship Waste Action initiative, which aims to reduce the environmental burden of sea transport.

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

In February 2023, Nokian Tyres announced that the Board of Directors of Nokian Tyres plc had decided to establish a new share-based incentive plan for the group's key employees. The aim is to align the objectives of the company's shareholders and key employees for increasing the value of the company in the long-term, to retain the key employees at the company and to offer them a competitive incentive scheme that is based on earning and accumulating shares.

The Performance Share Plan 2023–2027 consists of three performance periods covering the financial years 2023–2024, 2024–2025 and 2025–2027. The Board will decide annually on the commencement and details of the performance periods.

In the plan, the target group is given an opportunity to earn Nokian Tyres plc shares based on the achievement of the targets set for the performance periods. Potential rewards of the plan will be paid by the end of April 2026, 2027, and 2028 respectively. The rewards will be paid partly in Nokian Tyres plc shares and partly in cash. The cash proportion of the reward is intended for covering taxes and tax-related expenses arising from the rewards to the participants. In general, no reward will be paid if the participant's employment or director contract terminates before the reward payment.

The rewards from the performance period 2023–2024 are based on cumulative EBITDA, increase in passenger car tire production volume and reduction in direct CO2 emissions.

The President and CEO of the company and members of the Management Team are obliged to hold 50% of the received net shares until the value of the participant's total shareholding in the company corresponds to the participant's annual gross salary. The shareholding amount must be maintained as long as the membership in the Management Team or the position as a President and CEO continues.

The value of the gross rewards to be paid from the performance period 2023–2024 will correspond to an approximate maximum total of 1,400,000 Nokian Tyres plc shares, including the cash proportion. Approximately 150 persons, including the President and CEO of the company and other Management Team members, belong to the target group of the performance period.

Restricted Share Plan 2023

The Board of Directors of Nokian Tyres plc decided to continue the Restricted Share Plan, using the same structure as previous years. 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 segments Return on Capital Employed (ROCE), which must be exceeded for a potential payment of a share reward based on the Restricted Share Plan 2023–2025.

The next plan (RSP 2023–2025) within the Restricted Share Plan structure commenced effective as of the beginning of 2023 and the potential share reward thereunder will be paid in the first half of 2026. The possible rewards paid based on RSP 2023–2025 correspond approximately to a maximum of 120,000 gross shares.

Adjustment of financial criteria for Restricted Share Plans 2020–2022, 2021–2023 and 2022–2024

In addition to the employment precondition for the payment of the share reward based on the Restricted Share Plan, a financial performance criteria was set in Restricted Share Plans 2020–2022, 2021–2023 and 2022–2024 to Nokian Tyres Management Team, incl. the President and CEO. The criteria is a threshold value, which must be exceeded for any payment of a share reward based on the Restricted Share Plan.

In February 2023, the Board of Director decided to modify the financial performance criteria. The change was necessary to reflect the radical effects on business conditions, caused by the war in Ukraine. It was decided that the threshold criteria are changed and measured against a pre-set average threshold value for segments ROCE (during the financial years during the corresponding restriction period). The previous financial threshold criteria was set for an average value for ROCE (according to IFRS), during the restriction period in question.

A threshold value tied to average segments ROCE is to be applied to Restricted Share Plans 2020–2022, 2021–2023, 2022–2024, as well as for the Restricted Share plan commencing in 2023, with a restriction period between 2023–2025.

Payments for share-based plans that ended in 2022

The Board of Directors of Nokian Tyres plc approved payments of share awards from the Performance and Restricted share plans 2020–2022.

Performance Share Plan 2020–2022

The performance measure for the Performance Share Plan 2020–2022 was based on segments Earnings Per Share (EPS) and segments Return on Capital Employed (ROCE), both with an equal weight of 50%. The achievement for the segments Earnings Per Share (EPS) target was 50.0% and for the segments Return on Capital Employed (ROCE) target was 145.0%. The combined achievement of the set targets was thereby 97.5%. The rewards to be paid correspond to a total of approximately 158,500 Nokian Tyres plc gross shares. The rewards were paid in March 2023. Approximately 125 key employees participated in the Performance Share Plan 2020–2022, including members of the Management Team.

Restricted Share Plan 2020–2022

The three-year restriction period of the Restricted Share Plan 2020–2022 ended after financial year 2022. 67 key employees participate in the share-based incentive plan, including the President and CEO and members of the Management Team. The financial threshold value for segments Return on Capital Employed (ROCE) applied for the President and CEO and the Management Team members was achieved. The rewards paid corresponded to a total of 71,550 Nokian Tyres plc gross shares. The rewards were paid in March 2023. 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 total number of shares of the company did not change due to payments for share-based plans that ended in 2022.

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

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.

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.

- Any unexpected production or delivery breaks at Nokian Tyres' production 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 order to secure tire supply, Nokian Tyres has decided to invest in new production capacity in Romania 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/.

- Foreign exchange risk consists of transaction risk and translation risk. The most significant currency risks arise from 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.

- 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, and the prosecutor has appealed against the decision of the District Court.

- A new and more dangerous variant of COVID-19 or other similar pandemics may slow down economic activity, and thus 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 after a tax audit regarding foreign withholding tax on dividends, according to which the company was obliged to pay a total of EUR 1.9 million additional taxes, tax increases and interest for tax years 2015–2016. Taxes were paid and recognized in receivables. Nokian Tyres considered the tax authority's view unfounded and appealed against the decision.

In December 2022, Nokian Tyres received a positive decision from The Assessment Adjustment Board, according to which the additional taxes, punitive tax increase and late payment interest were removed. The Finnish tax authority refunded these in full to the company in December 2022 and the company recognized the amount in the same quarter cash flow. The Finnish Tax Authority has applied for an amendment to the decision of the Assessment Adjustment Board.

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

EXIT FROM RUSSIA

In March 2023, Nokian Tyres plc announced the completion of the sale of its operations in Russia to PJSC Tatneft. The sale price was EUR 285 million. The closing date of the sale transaction of Russian operations is considered to be March 16, 2023 when the sale price was received. Following the completion of the transaction, Nokian Tyres no longer has any operations in Russia.

The result for discontinued operations in the first quarter was EUR -338.9 million: Profit from sale was EUR 29.6 million, operative result was EUR -2.2 million, and previous years' cumulative translation difference was EUR -366.3 million.

UPDATED FINANCIAL TARGETS

In April 2023, Nokian Tyres' Board of Directors approved the company's long-term financial targets for the next five years. The Board also confirmed the previously announced non-financial targets.

Nokian Tyres' long-term financial targets are:

- Growth: Net sales EUR 2 billion
- Profitability: Segments operating profit at the level of 15%
- Capital structure: Net debt/Segments EBITDA 1-2

Nokian Tyres' dividend policy is unchanged. The company's target is to pay a dividend of at least 50% of its net earnings.

Nokian Tyres' non-financial targets can be found at:

www.nokiantyres.com/company/sustainability/fundamentals/our-targets-and-achievements/.

GUIDANCE FOR 2023 (updated on October 24, 2023)

In 2023, Nokian Tyres' segments net sales are expected to be approximately EUR 1,150–1,200 million and segments operating profit percentage of net sales approximately 5.5–6%.

As of 2023, segments net sales and segments operating profit exclude Russia and other items, which are not indicative of Nokian Tyres' underlying business performance.

Earlier guidance published on February 7, 2023:

In 2023, Nokian Tyres' segments net sales are expected to be between EUR 1,300–1,500 million and segments operating profit percentage of net sales between 6–8%. It is expected that due to seasonality, the segments operating profit will be generated in the second half of the year.

As of 2023, segments net sales and segments operating profit exclude Russia and other items, which are not indicative of Nokian Tyres' underlying business performance.

Helsinki, October 31, 2023

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.

Interim condensed consolidated financial statements

This Interim Report has been prepared in accordance with IFRS compliant recognition and measurement principles and the same accounting policies as in the most recent annual financial statements, but it has not been prepared in compliance with all requirements set out in IAS 34 'Interim Financial Reporting'.

NOKIAN TYRES CONDENSED

CONSOLIDATED INCOME STATEMENT	7-9/23	7-9/22	1-9/23	1-9/22	1-12/22	Change%
EUR million						
Net sales	276.1	333.5	805.6	988.8	1,350.5	-17.2
Cost of sales	-221.4	-281.8	-652.3	-749.3	-1,048.1	21.4
Gross profit	54.7	51.8	153.3	239.4	302.4	5.8
Other operating income	0.5	0.3	1.8	-0.7	0.9	41.3
Sales, marketing and R&D expenses	-32.1	-41.7	-102.2	-123.8	-165.6	22.9
Administration	-14.7	-18.7	-54.1	-53.6	-79.7	21.2
Other operating expenses	0.0	-0.3	0.2	-1.5	-1.3	88.8
Operating profit	8.3	-8.5	-1.0	59.8	56.7	197.7
Net financial items	-5.1	-3.3	-11.8	-22.0	-45.5	-51.8
Result before tax	3.3	-11.9	-12.8	37.8	11.2	127.5
Tax expense	0.9	1.0	-1.0	-4.8	4.1	-11.8
Result for the period, continuing operations	4.2	-10.8	-13.8	33.0	15.2	138.7
Result for the period, discontinued operations	0.0	35.1	-337.9	-192.9	-190.8	-100.1
Result for the period	4.2	24.3	-351.7	-159.8	-175.5	-82.9
Attributable to:						
Equity holders of the parent	4.2	24.3	-351.7	-159.8	-175.5	
Earnings per share from the result attributable to the equity holders of the parent:						
basic, euros	0.03	0.18	-2.55	-1.16	-1.27	-82.9
diluted, euros	0.03	0.18	-2.55	-1.16	-1.27	-82.9
continuing operations, euros	0.03	-0.08	-0.10	0.24	0.11	138.8
discontinuing operations, euros	0.00	0.25	-2.45	-1.40	-1.38	-100.1

**CONSOLIDATED OTHER COMPREHENSIVE
INCOME**

	7-9/23	7-9/22	1-9/23	1-9/22	1-12/22
EUR million					
Profit for the period	4.2	24.3	-351.7	-159.8	-175.5
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	0.0	0.0	0.0	6.8	6.8
Cash flow hedges	-2.9	4.3	-9.2	16.4	9.0
Translation differences on foreign operations	14.2	7.2	-13.4	253.2	36.7
Reclassification of discontinued operations	0.0		366.3		
Total other comprehensive income for the period, net of tax	11.3	11.5	343.7	276.4	52.4
Total comprehensive income for the period	15.4	35.8	-8.0	116.5	-123.1
Total comprehensive income attributable to:					
Equity holders of the parent	15.4	35.8	-8.0	116.5	-123.1

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

	30.9.23	30.9.22	31.12.22
EUR million			
Non-current assets			
Property, plant and equipment	824.2	710.9	775.0
Right of use assets	120.6	133.6	123.8
Goodwill	61.7	64.1	63.2
Other intangible assets	13.7	19.9	15.6
Investments in associates	0.1	0.1	0.1
Non-current financial investments	3.1	3.3	3.0
Other receivables	8.0	11.7	14.4
Deferred tax assets	38.7	28.8	23.5
Total non-current assets	1,070.1	972.4	1,018.5
Current assets			
Inventories	499.9	623.2	529.9
Trade receivables	401.1	823.3	326.2
Other receivables	62.0	90.8	76.0
Cash and cash equivalents	248.1	119.7	259.0
Total current assets	1,211.1	1,657.0	1,191.2
Total assets	2,281.2	2,629.4	2,209.7
Equity			
Share capital	25.4	25.4	25.4
Share premium	181.4	181.4	181.4
Treasury shares	-16.7	-16.6	-16.6
Translation reserve	3.4	-133.0	-349.5
Fair value and hedging reserves	1.3	18.0	10.5
Paid-up unrestricted equity reserve	238.2	238.2	238.2
Retained earnings	938.5	1,367.0	1,343.6
Total equity	1,371.6	1,680.5	1,433.1
Non-current liabilities			
Deferred tax liabilities	4.7	35.3	17.4
Interest-bearing liabilities	493.5	237.4	201.1
Other liabilities	0.6	0.8	0.8
Total non-current liabilities	498.9	273.5	219.4
Current liabilities			
Trade payables	105.8	130.2	121.3
Other current payables	159.2	276.5	227.3
Provisions	4.9	12.9	9.9
Interest-bearing liabilities	140.8	255.9	198.8
Total current liabilities	410.7	675.4	557.2
Total equity and liabilities	2,281.2	2,629.4	2,209.7

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

Interest-bearing liabilities include EUR 89.4 million of non-current and EUR 36.5 million of current lease liabilities.

CONSOLIDATED STATEMENT OF CASH FLOWS	1-9/23	1-9/22	1-12/22
EUR million			
Result for the period	-13.8	-159.8	-175.5
Result for the discontinued operations	-337.9	-	-
Adjustments for			
Loss on sale of discontinued operations	335.5	-	-
Depreciation, amortisation and impairment	84.7	395.6	310.6
Financial income and expenses	11.8	5.1	30.2
Gains and losses on sale of intangible assets, other changes	1.6	3.5	136.3
Income Taxes	1.0	52.0	29.2
Cash flow before changes in working capital	82.8	296.4	330.8
Changes in working capital			
Current receivables, non-interest-bearing, increase (-) / decrease (+)	-178.2	-351.9	-93.9
Inventories, increase (-) / decrease (+)	-64.3	-139.8	-93.4
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	-45.5	-59.4	-69.8
Changes in working capital	-288.0	-551.2	-257.1
Financial items and taxes			
Interest and other financial items, received	8.4	2.4	3.5
Interest and other financial items, paid	-10.8	-9.2	-15.2
Income taxes paid	-7.6	-61.3	-66.2
Financial items and taxes	-10.0	-68.2	-78.0
Cash flow from operating activities (A)	-215.2	-322.9	-4.3
Cash flow from investing activities			
Cashflow from discontinued operations	199.2	-	-
Acquisitions of property, plant and equipment and intangible assets	-156.6	-59.6	-125.2
Proceeds from sale of property, plant and equipment and intangible assets	0.1	0.6	2.0
Acquisitions of Group companies	-	-	-4.5
Other cash flow from investing activities	-0.1	-0.4	0.7
Cash flow from investing activities (B)	42.5	-59.4	-126.9
Cash flow from financing activities:			
Purchase of treasury shares	4.4	0.0	0.0
Change in current financial receivables, increase (-) / decrease (+)	1.4	0.2	-0.4
Change in non-current financial receivables, increase (-) / decrease (+)	0.0	0.4	1.0
Change in current financial borrowings, increase (+) / decrease (-)	-161.3	216.9	161.4
Change in non-current financial borrowings, increase (+) / decrease (-)	399.0	-0.6	-26.9
Payment of lease liabilities	-30.5	-30.3	-40.4
Dividends received	0.0	0.0	0.0
Dividends paid	-48.4	-89.7	-89.7
Cash flow from financing activities (C)	164.5	96.9	5.1
Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)	-8.1	-285.5	-126.2
Cash and cash equivalents at the beginning of the period	259.0	385.9	385.9
Effect of exchange rate fluctuations on cash held	-2.7	19.3	-0.7
Cash and cash equivalents at the end of the period	248.1	119.7	259.0

**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

EUR million	Equity attributable to equity holders of the parent							
	A	B	C	D	E	F	G	H
Equity, 1 Jan 2022	25.4	181.4	-17.6	-393.0	1.6	238.2	1,591.5	1,627.6
Result for the period							-159.8	-159.8
Other comprehensive income, net of tax:								
Cash flow hedges					16.4			16.4
Net investment hedge				6.8				6.8
Translation differences				253.2				253.2
Total comprehensive income for the period				259.9	16.4		-159.8	116.5
Dividends paid							-76.0	-76.0
Acquisition of treasury shares								0.0
Share-based payments			1.0				1.9	2.9
Other changes							9.5	9.5
Total transactions with owners for the period			1.0				-64.6	-63.6
Equity, 30 Sep 2022	25.4	181.4	-16.6	-133.0	18.0	238.2	1,367.0	1,680.5
Equity, 1 Jan 2023	25.4	181.4	-16.6	-349.5	10.5	238.2	1,343.5	1,433.1
Result for the period							-351.7	-351.7
Other comprehensive income, net of tax:								
Cash flow hedges					-9.2			-9.2
Net investment hedge				0.0				0.0
Translation differences				352.9				352.9
Total comprehensive income for the period				352.9	-9.2		-351.7	-8.0
Dividends paid							-48.4	-48.4
Acquisition of treasury shares			-4.4					-4.4
Share-based payments			4.3				-4.8	-0.5
Other changes							-0.1	-0.1
Total transactions with owners for the period			-0.1				-53.3	-53.4
Equity, 30 Sep 2023	25.4	181.4	-16.7	3.4	1.3	238.2	938.5	1,371.6

SEGMENT INFORMATION	7-9/23	7-9/22	1-9/23	1-9/22	1-12/22	Change%
EUR million						
Net sales						
Passenger Car Tyres	169.6	215.5	455.5	624.2	810.7	-21.3
Heavy Tyres	59.7	68.4	195.3	206.4	271.0	-12.7
Vianor	68.1	76.5	218.0	232.7	362.0	-11.0
Other operations and eliminations	-21.2	-26.8	-63.2	-74.4	-93.2	20.9
Total	276.1	333.5	805.6	988.8	1,350.5	-17.2
Operating result						
Passenger Car Tyres	7.6	-8.7	-6.9	44.7	23.3	186.8
Heavy Tyres	7.2	9.1	25.5	37.9	39.5	-20.1
Vianor	-4.8	-5.1	-8.8	-7.9	2.8	6.9
Other operations and eliminations	-1.7	-3.7	-10.9	-14.9	-9.0	55.3
Total	8.3	-8.5	-1.0	59.8	56.7	197.7
Operating result, % of net sales						
Passenger Car Tyres	4.5	-4.0	-1.5	7.2	2.9	210.3
Heavy Tyres	12.1	13.2	13.1	18.4	14.6	-8.5
Vianor	-7.0	-6.7	-4.0	-3.4	0.8	-4.6
Total	3.0	-2.6	-0.1	6.1	4.2	218.0
NET SALES BY GEOGRAPHICAL AREA	7-9/23	7-9/22	1-9/23	1-9/22	1-12/22	Change%
EUR million						
Nordics	143.3	178.3	439.2	488.6	722.3	-19.6
Other Europe	65.1	58.0	158.6	249.9	302.8	12.2
Americas	66.7	93.2	201.5	242.6	314.6	-28.4
Other countries	1.0	4.0	6.4	7.7	10.6	-74.9
Total	276.1	333.5	805.6	988.8	1,350.5	-17.2

ADDITIONAL IMPAIRMENT TESTING OF CASH GENERATING UNIT PASSENGER CAR TYRES

The war in Ukraine severely impacted Nokian Tyres' operational environment and production capacity. The company also considers the relationship between its market capitalization and its book value when reviewing for indicators of impairment. The company's market capitalization at the end of September 2023 was EUR 1.1 billion and it was below the amount of equity EUR 1.4 billion indicating a need for impairment testing.

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 2022. Future cash flows after the forecast period approved by the management have been capitalized as a terminal value using a steady 2% growth rate. The goodwill allocated to the CGU Passenger Car Tyres was EUR 60.8 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 CGU. As a result of the additional impairment testing, no goodwill impairments were recorded in the income statement.

CONTINGENT LIABILITIES	30.9.23	30.9.22	31.12.22
EUR million			
For own debt			
Pledged assets	5.8	6.5	6.7
Other own commitments			
Guarantees	0.3	2.4	2.3

LEVEL 3 FAIR VALUE MEASUREMENTS

At the end of March 2022, 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 were based partly on the observable market data (foreign exchange component) and partly on unobservable inputs (interest component). The fair value of the interest component was estimated to be zero in accordance with the principle of prudence as the relevance of the observable market data was deemed low due to the infeasibility of orderly transaction execution.

Fair value changes of the ruble derivative financial instruments were recognized in profit or loss under discontinued operations (under financial income and expenses until March 16, 2023). The amount of the total gains or losses relating to those derivatives was in January–September 2023 EUR +2.7 million and in July–September 2023 EUR 0.0 million. The Group has no longer ruble derivatives outstanding.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS	Ruble derivatives		
	2023	2022	
EUR million			
Fair value 1 Jan	0.4	-	
Transfers into Level 3	-	14.8	
Net gains/losses recognized in profit or loss under			
Financial income and expenses	0.7	-33.6	
Discontinued operations	2.0	-	
Fair value 30 Sep	-	-18.8	
DERIVATIVE FINANCIAL INSTRUMENTS	30.9.23	30.9.22	31.12.22
EUR million			
INTEREST RATE DERIVATIVES			
Interest rate swaps			
Notional amount	150.0	100.0	100.0
Fair value	2.6	3.4	3.9
FOREIGN CURRENCY DERIVATIVES			
Currency forwards			
Notional amount	420.7	301.7	159.9
Fair value	-1.7	3.1	2.0
Currency options, purchased			
Notional amount	4.9	7.5	4.8
Fair value	0.0	0.2	0.0
Currency options, written			
Notional amount	11.9	14.9	11.8
Fair value	-0.2	-0.2	-0.1
Interest rate and currency swaps			
Notional amount	-	75.0	18.4
Fair value	-	-18.8	0.4
ELECTRICITY DERIVATIVES			
Electricity forwards			
Notional amount	9.4	5.3	6.9
Fair value	-0.7	19.1	9.4

IFRS 16 LEASES

EUR million

Balance sheet effects	30.9.23	30.9.22	31.12.22	
Fixed assets				
Right to use	120.6	133.6	123.8	
Total	120.6	133.6	123.8	
Equity & Liability				
Non-current liability	89.4	100.8	92.6	
Current liability	36.5	38.1	36.5	
Total	125.9	138.9	129.1	
P&L effects	1-9/23	1-9/22	1-12/22	Change%
Reversed rents	33.5	33.4	44.4	0.1
Depreciations	-30.6	-31.2	-41.3	1.8
Finance costs	-3.0	-3.1	-4.0	4.3
Total	-0.2	-0.9	-1.0	82.0

Discontinued operations

Nokian Tyres announced in June 2022 that it would initiate a controlled exit from Russia. Upon the closing of the transaction, Nokian Tyres has ended all its operations in Russia and the company's personnel in Russia was transferred to the new owner. In October 2022, Nokian Tyres plc signed an agreement to sell its Russian operations to PJSC Tatneft. Closing date of sale transaction of Russian operations is considered to be March 16, 2023 when sale price was received. On March 30, 2023, Nokian Tyres plc announced the completion of the sale of its operations in Russia to PJSC Tatneft after finishing the registration formalities in Russia. Sale of Kazakhstan operations was also signed during March 2023. Sale of transaction does not include any post-deal conditional terms.

Starting from March 1, 2023, Russian and Kazakhstan subsidiaries profit and loss were classified as discontinued operation. The result of current year and restated 2022 figures for Russian and Kazakhstan subsidiaries are presented below:

Discontinued operations	1-3/23	4-6/23	7-9/23	1-9/23	1-3/22	4-6/22	7-9/22	10-12/22	1-12/22
EUR million									
Net sales	13.5	-	-	13.5	93.5	149.8	132.7	49.6	425.6
Operating expenses	-16.4	-	-	-16.4	-56.4	-400.0	-83.4	-59.9	-599.7
Operating profit	-2.9	-	-	-2.9	37.1	-250.2	49.3	-10.3	-174.1
Net financial items	-0.5	-	-	-0.5	0.9	19.4	-3.6	-1.6	15.2
Result before tax, discontinued operations	-3.4	-	-	-3.4	38.1	-230.8	45.7	-11.8	-158.8
Tax expense	1.2	-	-	1.2	-6.1	-29.7	-10.6	13.9	-32.5
Result for the year, discontinued operations	-2.2	-	-	-2.2	31.9	-260.5	35.1	2.1	-191.3
Profit from sale	29.6	1.0	0.0	30.6	-	-	-	-	-
Profit from sale - translation differences	-366.3	-	-	-366.3	-	-	-	-	-
Result for the period, discontinued operations	-338.9	1.0	0.0	-337.9	31.9	-260.5	35.1	2.1	-191.3
Earnings per share from the result attributable to the equity holders of the parent:									
basic, euros	-2.59	0.01	0.03	-2.55	0.34	1.67	0.18	-0.11	-1.27
diluted, euros	-2.59	0.01	0.03	-2.55	0.34	1.67	0.18	-0.11	-1.27
continuing operations, euros	-0.14	0.01	0.03	-0.10	0.11	0.21	-0.08	-0.13	0.11
discontinuing operations, euros	-2.45	0.01	0.00	-2.45	0.23	-1.88	0.25	0.01	-1.38

Profit from sale - discontinued operations

EUR million

Sale price 288.0

Profit from sale -Parent company and Nokian Tyres Holding Oy (preliminary) 124.5

Non-current assets 42.3

Current assets 284.1

Total assets 326.4

Non-current liabilities 4.7

Current liabilities 52.1

Total liabilities 56.8

Disposed net assets 269.6

Other group items and transactions costs 12.2

Remaining intercompany items 0.0

Profit from sale 30.6

Profit from sale is adjusted by other group items e.g. bad debt provision EUR +2.9 million and deferred tax EUR +9.4 million reversals.