

Nokian Tyres plc Financial Statement Release 2022, February 7, 2023 at 2:00 p.m.

Nokian Tyres plc Financial Statement Release 2022: Resilient performance in an unprecedented business environment

October–December 2022

- Net sales were EUR 411.3 million (512.6 in October–December 2021) and decreased by 19.8%. With comparable currencies, net sales decreased by 22.2% due to lower passenger car tire supply volumes.
- Segments operating profit was EUR 13.5 million (88.0), with no significant currency impact. The decline was driven by lower passenger car tire supply volumes and changed factory mix. Operating profit was EUR -13.5 million (53.0). EUR -27.0 million (-35.0) was booked as non-IFRS exclusions.
- Segments earnings per share were EUR 0.11 (0.49). Earnings per share were EUR -0.11 (0.27).
- Cash flow from operating activities was EUR 318.6 million (492.6).

January–December 2022

- Net sales were EUR 1,776.1 million (1,714.1 in 2021) and grew by 3.6%. With comparable currencies, net sales decreased by 2.2%. The year began with good demand in all markets. The war in Ukraine started to impact on the operating environment in late February. Tire imports from Russia to Europe and North America ended in July.
- Segments operating profit was EUR 221.2 million (324.8), with positive currency impact of approximately EUR 31 million. The decline was driven by lower passenger car tire supply volumes and changed factory mix due to lower production in Russia. Operating profit was EUR -116.2 million (268.2). EUR -337.4 million (-56.7) 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. In October, an agreement for the sale of the Russian operations was signed. The sale process is ongoing. The transaction is subject to approval by the relevant regulatory authorities in Russia and other conditions, which creates substantial uncertainties related to the timing, terms and conditions and the closing of the transaction.
- Segments earnings per share were EUR 1.30 (1.84). Earnings per share were EUR -1.27 (1.49).
- Segments ROCE was 10.3% (15.8%).
- Cash flow from operating activities was EUR -4.3 million (396.5).
- The Board of Directors proposes a dividend of EUR 0.35 per share for the financial year 2022 to be paid in May. In addition, it is proposed that the AGM would authorize the Board of Directors to decide on the second dividend instalment of a maximum of EUR 0.20 per share to be distributed in December (dividend for the financial year 2021: 0.55).

Guidance for 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.

Restated comparison figures for 2021–2022 excluding Russia

Nokian Tyres has restated alternative non-IFRS figures for 2021 and 2022 to reflect the way Nokian Tyres' management monitors the business following the Russia exit announcement and the ongoing

process. The balance sheet will not be restated.

EUR million	2022 reported figures	2022 segments figures excl. Russia	2021 reported figures	2021 segments figures excl. Russia
Net sales	1,776.1	1,350.5	1,714.1	1,393.1
Segments operating profit	221.2	17.8	324.8	210.1
Segments operating profit %	12.5%	1.3%	19.0%	15.1%

Nokian Tyres will publish more detailed restated comparison figures for 2021 and 2022 in a separate release.

Jukka Moisio, President and CEO:

“The year 2022 was exceptional and full of major changes. I am proud of the Nokian Tyres team, who showed exceptional strength and resilience in the midst of the unprecedented events, responding to fast-changing situations while at the same time caring for customers and for each other.

During the year, we started to build the new Nokian Tyres without Russia, increased production in Finland and in the US, and launched high performing new products in our core segments, making our product portfolio the strongest ever. We also made the decision to build a new passenger car tire factory in Romania, which will be the world’s first zero CO2 emission factory in the tire industry, and the decision to start collaborating with tire contract manufacturers. These actions are extremely important in terms of additional capacity and our future growth.

Despite the challenging operating environment, we had many successes and achievements in 2022. In Heavy Tyres, we had a record year in terms of net sales, profitability and productivity. Vianor delivered all-time high net sales, and in North America, we reached the highest ever sales volume of passenger car tires. We improved workplace safety to the best ever level and were included in the Dow Jones Sustainability Europe Index, being one of the top-scoring companies in the Automobiles and Automotive components industry.

As we enter 2023, our focus will be on adding new capacity, retaining a competitive premium product portfolio and serving our customers. The first half of the year will be demanding as we are lacking supply, but we expect our volumes to start picking up again from the second half of 2023 onwards as we continue to progress our ongoing strategic projects. The year 2023 will be a new start for Nokian Tyres to EUR 2 billion business long-term.”

Key figures

EUR million	10–12/22	10–12/21	Change	CC* Change	2022	2021	Change	CC* Change
Net sales	411.3	512.6	-19.8%	-22.2%	1,776.1	1,714.1	3.6%	-2.2%
Operating profit	-13.5	53.0			-116.2	268.2		
Operating profit %	-3.3%	10.3%			-6.6%	15.6%		
Result before tax	-38.5	49.9			-146.3	258.2		
Result for the period	-15.7	37.1			-175.5	206.2		
EPS, EUR	-0.11	0.27			-1.27	1.49		
Segments operating profit	13.5	88.0			221.2	324.8		
Segments operating profit %	3.3%	17.2%			12.5%	19.0%		
Segments EBITDA	51.3	122.7			366.9	454.6		
Segments EPS, EUR	0.11	0.49			1.30	1.84		
Segments ROCE, %					10.3%	15.8%		
Equity ratio, %					64.9%	68.4%		
Cash flow from operating activities	318.6	492.6			-4.3	396.5		
Gearing, %					9.8%	-6.1%		
Interest-bearing net debt					140.9	-98.7		
Capital expenditure	70.1	60.1			129.7	119.6		

* Comparable currencies

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 Financial Statement Release, the following exchange rates for the Russian ruble have been used: 85.3 at the end of 2021, 98.0 average in January–March 2022, 84.5 average in January–June 2022, 76.3 average in January–September 2022, 70.4 average in January–December 2022 and 77.9 at the end of 2022 (source: Refinitiv).

FINANCIAL RESULTS IN OCTOBER–DECEMBER 2022

Net sales in October–December 2022 decreased by 19.8% and amounted to EUR 411.3 million (October–December 2021: 512.6). With comparable currencies, net sales decreased by 22.2% due to lower passenger car tire supply volumes, specifically in Central Europe and Russia. Currency exchange rates affected net sales positively by EUR 12.6 million.

Net sales by geographical area

EUR million	10–12/22	10–12/21	Change	CC* Change	% of total net sales in 10–12/22	% of total net sales in 10–12/21
Nordics	233.7	228.3	2.3%	6.7%	57%	45%
Other Europe	52.8	129.7	-59.3%	-59.8%	13%	25%
Russia and Asia	52.8	92.9	-43.2%	-59.5%	13%	18%
Americas	72.1	61.7	16.9%	6.2%	18%	12%
Total	411.3	512.6	-19.8%	-22.2%	100%	100%

* Comparable currencies

Net sales by business unit

EUR million	10–12/22	10–12/21	Change	CC* Change	% of total net sales in 10–12/22**	% of total net sales in 10–12/21**
Passenger Car Tyres	236.0	342.8	-31.2%	-35.9%	57%	67%
Heavy Tyres	64.8	65.3	-0.8%	-1.3%	16%	13%
Vianor	129.4	123.1	5.1%	9.4%	31%	24%
Other operations and eliminations	-18.8	-18.6	-0.8%			
Total	411.3	512.6	-19.8%	-22.2%		

* Comparable currencies

** Includes internal sales

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, increased by 39% year-over-year, containing negative currency impact. Raw material unit costs increased by 2% from the third quarter of 2022.

Operating profit was EUR -13.5 million (53.0). The non-IFRS exclusions were EUR -27.0 million (-35.0), including EUR -6.8 million (-9.0) related to the US factory ramp-up, EUR -16.0 million related to the Russia exit process and EUR -4.2 million other impairments and write-downs.

Segments operating profit amounted to EUR 13.5 million (88.0), with no significant currency impact. The decline was driven by lower passenger car tire supply volumes and changed factory mix.

Segments operating profit by business unit

EUR million	10–12/2022	10–12/2021
Passenger Car Tyres	-13.8	77.7
Heavy Tyres	6.3	4.1
Vianor	10.7	8.4
Other operations and eliminations	10.3	-2.1
Segments operating profit total	13.5	88.0
Non-IFRS exclusions	-27.0	-35.0

Financial items and taxes

Net financial expenses were EUR 25.0 million (3.0), including net interest expenses of EUR 4.6 million (1.7). Net financial expenses include an expense of EUR 20.5 million (1.3) mainly due to the open exposure in ruble as ruble hedging market no longer exists. Segments result before tax was EUR 5.5 million (85.0). Result before tax was EUR -38.5 million (49.9) and taxes were EUR 22.8 million (12.8). Segments result for the period amounted to EUR 15.0 million (67.8). Result for the period amounted to EUR -15.7 million (37.1). Segments earnings per share were EUR 0.11 (0.49), and earnings per share were EUR -0.11 (0.27).

Cash flow

In October–December 2022, cash flow from operating activities was EUR 318.6 million (492.6). Working capital decreased by EUR 294.1 million (decreased by 384.6). Inventories decreased by EUR 46.4 million (decreased by 6.6) and receivables decreased by EUR 257.9 million (decreased by 341.9). Payables decreased by EUR 10.3 million (increased by 36.1).

Investments

Investments in October–December 2022 amounted to EUR 70.1 million (60.1). Depreciations and amortizations totaled EUR 40.0 million (36.4).

FINANCIAL RESULTS IN 2022

The year 2022 started off strongly for Nokian Tyres, driven by good demand and new products. At the end of February, the situation changed rapidly due to the war in Ukraine, causing significant uncertainty to the company's operating environment.

Nokian Tyres took several measures to manage the impacts of the war on its personnel and business. In June, the Board of Directors decided to initiate a controlled exit from Russia. During the second half of 2022, the first steps were taken to build the new Nokian Tyres without Russia. These included a decision to build in a new passenger car tire factory in Romania and to start collaborating with contract manufacturers.

In 2022, Nokian Tyres made good progress on its sustainability targets. The company improved workplace safety to the best ever level, introduced its most sustainable concept tire yet, and continued to reduce its greenhouse gas emissions to mitigate climate change.

Net sales and operating profit

Net sales in 2022 increased by 3.6% and amounted to EUR 1,776.1 million (2021: 1,714.1; 2020: 1,313.8). With comparable currencies, net sales decreased by 2.2%. Currency exchange rates affected net sales positively by EUR 98.9 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. On June 28, Nokian Tyres' Board of Directors decided to 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. An agreement for the sale of the Russian operations was signed in October. The sale process is ongoing.

Tire imports from Russia to Europe and North America ended in July. In April, the EU imposed sanctions banning tire imports from Russia to the EU, including a transition period until July 10. Lower tire supply impacted 2022 net sales negatively, specifically in Central Europe.

Net sales by geographical area

EUR million	2022	2021	Change	CC* Change	% of total net sales in 2022	% of total net sales in 2021
Nordics	722.3	684.9	5.5%	7.1%	41%	40%

Other Europe	302.8	464.8	-34.8%	-36.3%	17%	27%
Russia and Asia	436.2	335.6	30.0%	8.5%	25%	20%
Americas	314.6	228.9	37.5%	24.0%	18%	13%
Total	1,776.1	1,714.1	3.6%	-2.2%	100%	100%

* Comparable currencies

Net sales by business unit

EUR million	2022	2021	Change	CC* Change	% of total net sales in 2022**	% of total net sales in 2021**
Passenger Car Tyres	1,233.8	1,199.2	2.9%	-5.4%	69%	70%
Heavy Tyres	273.5	254.0	7.7%	6.1%	15%	15%
Vianor	362.0	342.9	5.6%	7.3%	20%	20%
Other operations and eliminations	-93.2	-81.9	-13.8%			
Total	1,776.1	1,714.1	3.6%	-2.2%		

* Comparable currencies

** Includes internal sales

Raw material unit costs (EUR/kg) in manufacturing increased by 41% year-over-year, containing negative currency impact. Logistics costs increased significantly due to extraordinary measures to secure tire supply and due to cost inflation.

Operating profit was EUR -116.2 million (2021: 268.2; 2020: 120.0). The non-IFRS exclusions were EUR -337.4 million (-56.7), including impairments and write-downs of EUR -296.6 million related to the Russia exit process and EUR -4.2 million other impairments and write-downs. Furthermore, the non-IFRS exclusions include EUR -27.4 million (-31.0) related to the US factory ramp-up and EUR -8.7 million (0.0) related to the company restructuring mainly in Central Europe. Operating profit percentage of net sales was -6.5% (2021: 15.6%; 2020: 9.1%).

Segments operating profit amounted to EUR 221.2 million (2021: 324.8; 2020: 190.2), with positive currency impact of approximately EUR 31 million. The decline was driven by lower passenger car tire supply volumes and changed factory mix due to lower production in Russia. Segments operating profit percentage was 12.5% (19.0%). Segments ROCE was 10.3% (15.8%).

Segments operating profit by business unit

EUR million	2022	2021
Passenger Car Tyres	178.9	298.7
Heavy Tyres	43.8	40.3
Vianor	3.1	4.1
Other operations and eliminations	-4.5	-18.3
Segments operating profit total	221.2	324.8
Non-IFRS exclusions	-337.4	-56.7

Financial items and taxes

Net financial expenses were EUR 30.1 million (10.0), including net interest expenses of EUR 11.8 million (7.2). Net financial expenses include an expense of EUR 18.3 million (expense of 2.7) mainly due to the open exposure in ruble as ruble hedging market no longer exists. Segments result before tax was EUR 208.0 million (314.8). Result before tax was EUR -146.3 million (258.2) and taxes were EUR 29.2 million (52.0), including write-downs in the deferred tax assets of EUR -12.2 million in Russia. Segments result for the period amounted to EUR 179.1 million (254.0). Result for the period amounted to EUR -175.5 million (206.2). Segments earnings per share were EUR 1.30 (1.84), and earnings per share were EUR -1.27 (1.49).

Return on equity was -11.5% (2021: 13.1%; 2020: 5.2%).

Guidance given for 2022

In Nokian Tyres' financial statement release for 2021 published on February 8, 2022, the company published the following outlook for 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.

On February 28, the Board of Directors withdrew the company's financial guidance for 2022 due to the uncertainties caused by the war in Ukraine.

On April 27, the company published the following guidance for 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.

On June 17, the outlook was updated as follows:

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.

On October 28, the outlook was updated as follows:

The war in Ukraine and resulting sanctions have a significant negative impact on Nokian Tyres' supply capacity and performance. In 2022, Nokian Tyres' net sales is expected to be at previous year's level or increase, and segments operating profit is expected to decrease significantly compared to 2021.

Cash flow

In 2022, cash flow from operating activities was EUR -4.3 million (396.5). Working capital increased by EUR 257.1 million (increased by 5.5). Inventories increased by EUR 93.4 million (increased by 70.8) and receivables increased by EUR 93.9 million (increased by 22.0). Payables decreased by EUR 69.8 million (increased by 98.3).

Investments

Investments in 2022 amounted to EUR 129.7 million (119.6). Depreciations and amortizations totaled EUR 154.9 million (140.5). Impairments of EUR 155.7 million (17.0) mainly related to the Russian fixed assets were recorded as part of the Russia exit process.

In June, Nokian Tyres acquired three hectares of land and, in October, an industrial property in Nokia, Finland to secure future development opportunities at the Nokia factory.

In November, Nokian Tyres' Board of Directors made a decision to invest approximately EUR 650 million in a new passenger car tire factory in Romania - the world's first zero CO₂ emission factory in the tire industry. The site location in Romania supports this target as there is green energy produced near the site. In addition, Nokian Tyres is evaluating the production processes to find the most sustainable ways to produce tires. The investment is a significant strategic decision enabling the company's future growth. Construction is scheduled to begin in the first half of 2023 and the first tires are estimated to be produced in the second half of 2024. Commercial tire production is expected to start in 2025.

Financial position on December 31, 2022

EUR million	Dec 31, 2022	Dec 31, 2021
Cash and cash equivalents	259.0	385.9
Interest-bearing liabilities	399.9	287.2
of which current interest-bearing liabilities	198.8	40.3
Interest-bearing net debt	140.9	-98.7
Unused credit limits*	799.3	811.7
of which committed	305.4	305.5
Gearing ratio, %	9.8%	-6.1%
Equity ratio, %	64.9%	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. The interest-bearing liabilities were increased by EUR 150 million with two bilateral facilities in May.

Personnel

	2022	2021	2020
Group employees			
on average	4,947	4,941	4,862
at the end of the review period	4,542	4,915	5,080
in Finland, at the end of the review period	1,728	1,782	1,904
in Russia, at the end of the review period	1,229	1,612	1,615
in North America, at the end of the review period	458	391	366
Vianor (own) employees, at the end of the review period*	1,400	1,395	1,606

* Included in Group employee figures

Salaries, incentives, and other related costs in 2022 were EUR 277.3 million (2021: 270.7; 2020: 224.7).

Research and development

Nokian Tyres' competitive position is based on its ability to continually develop new, innovative and sustainable products. In 2022, Nokian Tyres introduced several new tire models. Approximately 50% of R&D investments is allocated to product testing. Nokian Tyres' R&D costs in 2022 totaled EUR 29.6 million (2021: 31.9; 2020: 22.7), which is 7.3% (2021: 11.0%; 2020: 8.0%) of the operating expenses.

Sales and distribution

In 2022, Nokian Tyres continued to develop and optimize its retail network in order to ensure efficient distribution in the changed operating environment. Nokian Tyres' distribution network consists of Nokian Tyres' own Vianor service centers and service centers run by partners, the Nokian Tyres Authorized Dealer (NAD) partners, the N-Tyre retailers, and other tire and vehicle retailers as well as online stores. At the end of 2022, the number of stores was as follows:

- Vianor: 1,008 (1,047) service centers in total, of which 835 (872) partners
- NAD: 2,295 (2,346) stores
- N-Tyre: 99 (110) stores

BUSINESS UNIT REVIEWS

Passenger Car Tyres

EUR million	10–12/22	10–12/21	Change	CC*		2022	2021	Change	CC* Change
				Change	Change				
Net sales	236.0	342.8	-31.2%	-35.9%	1,233.8	1,199.2	2.9%	-5.4%	
Operating profit	-31.8	64.6			-149.3	263.4			
Operating profit, %	-13.5%	18.9%			-12.1%	22.0%			
Segment operating profit	-13.8	77.7			178.9	298.7			
Segment operating profit, %	-5.8%	22.1%			14.5%	24.9%			

* Comparable currencies

October–December 2022

In October–December 2022, net sales of Passenger Car Tyres totaled EUR 236.0 million (342.8). With comparable currencies, net sales decreased by 35.9%. The decrease was driven by lower supply volumes, specifically in Central Europe and Russia. Average Sales Price with comparable currencies increased strongly.

Segment operating profit was EUR -13.8 million (77.7). The decline was driven by lower supply volumes and changed factory mix. Price increases offset raw material and other cost inflation.

Operating profit was EUR -31.8 million (64.6).

January–December 2022

In 2022, net sales of Passenger Car Tyres totaled EUR 1,233.8 million (1,199.2). With comparable currencies, net sales decreased by 5.4%. The year began with good tire demand in all markets. The war in Ukraine started to impact on the operating environment in late February. In April, the EU imposed sanctions banning tire imports from Russia to the EU, including a transition period until July 10. Tire imports from Russia to Europe and North America ended in July. Lower tire supply impacted net sales negatively, specifically in Central Europe. Average Sales Price with comparable currencies increased strongly, especially in Russia.

The share of sales volume of winter tires was 55% (62%), the share of summer tires was 27% (23%), and the share of all-season tires was 18% (15%).

Segment operating profit was EUR 178.9 million (298.7), with positive currency impact of approximately EUR 32 million. The decline was driven by lower supply volumes and changed factory mix due to lower production in Russia. Price increases offset raw material and other cost inflation.

Operating profit was EUR -149.3 million (263.4). The impairments of EUR 280.7 million related to the Russian assets were recorded as part of the Russia exit process in 2022.

Raw material unit costs (EUR/kg) in manufacturing increased by 41% year-over-year, containing negative currency impact. Logistics costs increased significantly due to extraordinary measures to secure tire supply and due to cost inflation.

Production output (pcs) decreased by 23% year-over-year. In 2022, 64% (82%) of passenger car tires (pcs) were manufactured in Russia. Preparations for a controlled exit from Russia started in late June. An agreement for the sale of the Russian operations was signed in October. The sale process is ongoing. To diversify its manufacturing footprint, the company made in November a decision to invest approximately EUR 650 million in a new passenger car tire factory in Romania, and continued actions to increase capacity at the existing factories in Finland and the US. In December, Nokian Tyres signed a contract manufacturing agreement with Qingdao Sentury Tire Co., whereby Sentury will start to manufacture selected Nokian Tyres' passenger car tires for the Central European market.

In 2022, 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	10–12/22	10–12/21	Change	CC* Change	2022	2021	Change	CC* Change
Net sales	64.8	65.3	-0.8%	-1.3%	273.5	254.0	7.7%	6.1%
Operating profit	1.8	2.9			39.2	39.1		
Operating profit, %	2.8%	4.4%			14.3%	15.4%		
Segment operating profit	6.3	4.1			43.8	40.3		
Segment operating profit, %	9.8%	6.2%			16.0%	15.9%		

* Comparable currencies

October–December 2022

In October–December 2022, net sales of Heavy Tyres totaled EUR 64.8 million (65.3). With comparable currencies, net sales decreased by 1.3% due to supply constraints.

Segment operating profit was EUR 6.3 million (4.1). The increase was driven by higher sales prices that were implemented to mitigate higher cost.

Operating profit was EUR 1.8 million (2.9).

January–December 2022

In 2022, net sales of Heavy Tyres totaled EUR 273.5 million (254.0). With comparable currencies, net sales grew by 6.1% driven by strong demand in most 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 43.8 million (40.3). Price increases offset raw material and other cost inflation.

Operating profit was EUR 39.2 million (39.1).

Raw material unit costs (EUR/kg) in manufacturing increased by 41% year-over-year, containing negative currency impact. Logistics costs increased significantly.

In 2022, 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	10–12/22	10–12/21	Change	CC* Change	2022	2021	Change	CC* Change
Net sales	129.4	123.1	5.1%	9.4%	362.0	342.9	5.6%	7.3%
Operating profit	10.7	-11.4			2.8	-15.0		
Operating profit, %	8.3%	-9.3%			0.8%	-4.4%		
Segment operating profit	10.7	8.4			3.1	4.1		
Segment operating profit, %	8.3%	6.8%			0.9%	1.2%		
Number of own service centers at period end					173	175		

* Comparable currencies

October–December 2022

In October–December 2022, net sales of Vianor totaled EUR 129.4 million (123.1). With comparable currencies, net sales increased by 9.4%.

Segment operating profit was EUR 10.7 million (8.4). The increase was driven by high operational efficiency and price increases that were implemented to mitigate higher cost.

Operating profit was EUR 10.7 million (-11.4).

January–December 2022

In 2022, net sales of Vianor totaled EUR 362.0 million (342.9). With comparable currencies, net sales increased by 7.3%.

Segment operating profit was EUR 3.1 million (4.1). Cost inflation was partially offset by price increases.

Operating profit was EUR 2.8 million (-15.0, impacted mainly by goodwill impairment).

At the end of the review period, Vianor had 173 (175) own service centers in Finland, Sweden and Norway.

Segments Total to Nokian Tyres Total reconciliation

10–12/2022	Net sales	Cost of sales	SGA	Other operating income/expenses	Operating profit	Financial income/expenses	Taxes	Result for the period
Segments Total	411.3	-327.6	-74.2	4.0	13.5	-8.0	9.5	15.0
US factory ramp-up		-6.1	-0.7		-6.8		1.5	-5.3
Impairments and write-downs of tangible and intangible assets, and certain other items		112.8	-7.1	-125.7	-20.1		11.8	-8.3
Non-operative items and others		-0.1			-0.1	-17.0		-17.1
Total non-IFRS exclusion		106.5	-7.8	-125.7	-27.0	-17.0	13.3	-30.7
Nokian Tyres Total	411.3	-221.1	-82.0	-121.7	-13.5	-25.0	22.8	-15.7

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.

1–12/2022	Net sales	Cost of sales	SGA	Other operating income/expenses	Operating profit	Financial income/expenses	Taxes	Result for the period
Segments Total	1,776.1	-1,293.8	-262.8	1.7	221.2	-13.1	-28.9	179.1
US factory ramp-up		-25.0	-2.4		-27.4		5.7	-21.7
Impairments and write-downs of tangible and intangible assets, and certain other items		-168.5	-7.1	-125.7	-301.3		-8.1	-309.4
Non-operative items and others		-2.1	-6.6		-8.7		2.0	-23.7
Total non-IFRS exclusion		-195.6	-16.1	-125.7	-337.4	-17.0	-0.3	-354.7
Nokian Tyres Total	1,776.1	-1,489.4	-278.9	-124.0	-116.2	-30.1	-29.2	-175.5

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.

CORPORATE GOVERNANCE

In its decision-making and administration, Nokian Tyres adheres to the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act and the rules issued by Nasdaq Helsinki Ltd, Nokian Tyres' Articles of Association, and the Finnish Corporate Governance Code 2020 for listed companies. Nokian Tyres complies with the code without exceptions. The code is published at www.cgfinland.fi/en/.

The Corporate Governance Statement has been prepared pursuant to the Finnish Corporate Governance Code 2020 for listed companies and the Securities Markets Act (Chapter 7, Section 7) and it is issued separately from the Board of Directors' report. The Board of Directors has reviewed the Corporate Governance Statement, and the auditor Ernst & Young Oy has verified that the Statement has been issued and that the description of the main features of the internal control and risk management systems relating to the financial reporting process is consistent with the financial statements. The Corporate Governance Statement will be published the week commencing February 27, 2023.

SHARES AND SHAREHOLDERS

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

Number of shares (million units)*	31.12.22	31.12.21
at the end of period	138,25	138,22
in average	138,25	138,22
in average, diluted	138,25	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 2022.

Own shares

No share repurchases were made during the review period, and the company did not possess any own shares on December 31, 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 December 31, 2022, the number of these shares was 670,426, reported as treasury shares (December 31, 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 276,602,916 (104,975,922) Nokian Tyres' shares were traded in Nasdaq Helsinki in 2022, representing 199% (76%) of the company's overall share capital. The average daily volume in 2022 was 1,093,292 shares (416,571). Nokian Tyres' shares are also traded on alternative exchanges.

Nokian Tyres' share price was EUR 9.58 (33.30) at the end of 2022. The volume weighted average share price in 2022 was EUR 14.42 (31.98), the highest was EUR 34.90 (36.70) and the lowest was EUR 9.27 (27.98). The company's market capitalization at the end of 2022 was EUR 1.3 billion (4.6 billion).

At the end of 2022, the company had 76,763 (55,898) registered shareholders. The percentage of Finnish shareholders was 46.7% (43.2%), and 53.3% (56.8%) were non-Finnish holders and foreign shareholders registered in the nominee register. Public sector entities owned 16.8% (15.2%), financial and insurance corporations 3.7% (7.3%), households 20.3% (13.7%), non-profit institutions 2.0% (3.4%), and private companies 3.8% (3.6%).

Major shareholders on December 31, 2022

(Does not include nominee registered shareholders or treasury shares)

	Number of shares	% of share capital
1. Solidium Oy	14,031,000	10.10
2. Varma Mutual Pension Insurance Company	3,738,192	2.69
3. Ilmarinen Mutual Pension Insurance Company	3,240,678	2.33
4. Elo Mutual Pension Insurance Company	1,553,000	1.12
5. Nordea Nordic Small Cap Fund	1,215,075	0.87
6. Nordea Bank Abp	591,046	0.43
7. Barry Staines Linoleum Ltd.	460,000	0.33
8. Samfundet Folkhälsan i Svenska Finland	441,100	0.32
9. The State Pension Fund	400,000	0.29
10. Nordea Pro Finland Fund	370,360	0.27

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%
September 13, 2022	JPMorgan Chase & Co.	Above 5%	1.14%	3.89%	5.03%
September 14, 2022	JPMorgan Chase & Co.	Below 5%	Below 5%	Below 5%	Below 5%
September 21, 2022	BlackRock, Inc	Below 5%	4.96%	0.70%	5.67%
September 22, 2022	BlackRock, Inc	Above 5%	5.68%	0.70%	6.39%
September 26, 2022	BlackRock, Inc	Below 5%	4.77%	1.19%	5.96%
October 3, 2022	BlackRock, Inc	Above 5%	5.15%	1.08%	6.23%
October 4, 2022	BlackRock, Inc	Below 5%	4.96%	1.08%	6.05%

October 11, 2022	BlackRock, Inc	Above 5%	5.11%	0.70%	5.82%
October 12, 2022	BlackRock, Inc	Below 5%	4.70%	0.69%	5.40%
October 18, 2022	BlackRock, Inc	Above 5%	5.16%	0.86%	6.03%
October 19, 2022	BlackRock, Inc	Below 5%	4.51%	1.19%	5.70%
October 24, 2022	BlackRock, Inc	Above 5%	5.26%	0.72%	5.99%
October 25, 2022	BlackRock, Inc	Below 5%	4.19%	1.72%	5.92%
October 27, 2022	BlackRock, Inc	Above 5%	5.46%	0.33%	5.79%
October 27, 2022	Société Générale SA	Below 5%	1.17%	3.60%	4.77%
November 2, 2022	BlackRock, Inc	Below 5%	4.84%	0.40%	5.24%
November 4, 2022	BlackRock, Inc	Above 5%	5.65%	0.53%	6.19%
November 8, 2022	Société Générale SA	Above 5%	0.22%	4.93%	5.15%
November 11, 2022	Société Générale SA	Below 5%	0.52%	4.38%	4.90%
November 15, 2022	Société Générale SA	Above 5%	0.19%	4.88%	5.07%
November 24, 2022	BlackRock, Inc	Below 5%	4.97%	0.54%	5.52%
November 25, 2022	Solidium Oy	Above 10%	10.01%		10.01%
November 25, 2022	BlackRock, Inc	Above 5%	5.44%	0.46%	5.90%
November 28, 2022	Norges Bank (The Central Bank of Norway)	Above 5%	4.96%	0.06%	5.02%
November 29, 2022	Norges Bank (The Central Bank of Norway)	Below 5%	4.43%	0.06%	4.49%
November 30, 2022	Société Générale SA	Below 5%	0.61%	4.13%	4.74%
December 2, 2022	BlackRock, Inc	Below 5%	4.81%	0.38%	5.19%
December 6, 2022	BlackRock, Inc	Above 5%	5.35%	0.31%	5.67%
December 8, 2022	Société Générale SA	Above 5%	0.55%	4.56%	5.11%
December 9, 2022	JPMorgan Chase & Co.	Above 5%	2.37%	3.39%	5.76%
December 9, 2022	Société Générale SA	Below 5%	0.55%	4.11%	4.66%
December 12, 2022	BlackRock, Inc	Below 5%	3.95%	1.41%	5.37%
December 13, 2022	BlackRock, Inc	Above 5%	5.08%	0.23%	5.32%
December 13, 2022	JPMorgan Chase & Co.	Below 5%	Below 5%	Below 5%	Below 5%
December 14, 2022	BlackRock, Inc	Below 5%	4.77%	0.23%	5.00%
December 15, 2022	BlackRock, Inc	Above 5%	5.13%	0.21%	5.34%
December 19, 2022	BlackRock, Inc	Below 5%	4.99%	0.20%	5.20%
December 20, 2022	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
December 21, 2022	BlackRock, Inc	Above 5%	4.80%	0.21%	5.02%
December 23, 2022	BlackRock, Inc	Above 5%	5.27%	0.25%	5.52%
December 26, 2022	Norges Bank (The Central Bank of Norway)	Above 5%	4.84%	0.21%	5.05%
December 29, 2022	BlackRock, Inc	Below 5%	4.92%	0.25%	5.17%
December 30, 2022	Norges Bank (The Central Bank of Norway)	Below 5%	4.61%	0.33%	4.94%

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

Shareholdings of the Board of Directors, the President and CEO, and the Management Team on December 31, 2022

Board of Directors	Number of shares
Jukka Hienonen, Chairman*	20,808
Pekka Vauramo, Deputy Chairman	5,687
Heikki Allonen, member	5,891
Susanne Hahn, member	1,642
Veronica Lindholm, member	6,595
Inka Mero, member	7,284
Christopher Ostrander, member	2,274
Jouko Pölonen, member	7,281
George Rietbergen, member	5,228
Total	62,690

* In addition, 7,592 shares in an insurance wrapper, with no voting right

President and CEO	Number of shares
Jukka Moisio	18,000

Management Team	Number of shares
Päivi Antola, Communications, Investor Relations and Brand	2,374
Anna Hyvönen, Passenger Car Tyres and Vianor	16,889
Adrian Kaczmarczyk, Supply Operations	1,353
Teemu Kangas-Kärki, Finance	9,049
Jukka Kasi, Products and Innovations	6,455
Päivi Leskinen, Human Resources	0
Manu Salmi, Heavy Tyres and Nokia Factory	18,405
Total	54,525

On December 31, 2022, Nokian Tyres' Board members and the President and CEO held a total of 80,690 Nokian Tyres shares. The shares represent 0.06% of the total number of votes.

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/.

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 should be paid for 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 Oy, 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 the 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

The Shareholders' Nomination Board proposes to the 2023 Annual General Meeting that the Board consists of nine members, the Chairman and the Deputy Chairman included, and that of the current Board members Susanne Hahn, Jukka Hienonen, Veronica Lindholm, Christopher Ostrander, Jouko Pölönen, George Rietbergen and Pekka Vauramo be re-elected and Markus Korsten and Reima Rytsölä be elected as new members to the Board of Directors for a term ending at the end of the 2024 Annual General Meeting. Of the current members, Heikki Allonen and Inka Mero have informed that they are not available for re-election to the Board of Directors.

Jukka Hienonen is proposed to continue as Chairman and Pekka Vauramo as Deputy Chairman of the Board of Directors. All candidates have given their consent to the election. The candidates are independent of the Company and its major shareholders, with the exception of Reima Rytsölä, who is deemed not to be independent of a significant shareholder of the Company based on his position as the CEO of Solidium Oy.

The Shareholders' Nomination Board notes that the proposed composition of the Board of Directors, if implemented, will lead to a situation where the composition of the Company's Board of Directors in terms of the gender distribution of the members is not at an optimal level. The purpose of the Shareholders' Nomination Board is that this situation will be short-lived and rectified as soon as possible.

With regard to the selection procedure for the members of the Board of Directors, the Shareholders' Nomination Board recommends that shareholders take a position on the proposal as a whole at the General Meeting. This recommendation is based on the fact that in Nokian Tyres, in line with a good Nordic governance model, the Shareholders' Nomination Board is separate from the Board of Directors. The Shareholders' Nomination Board, in addition to ensuring that individual nominees for membership of the Board of Directors possess the required competencies, is also responsible for making sure that the proposed Board of Directors as a whole has the best possible expertise and experience for the Company and that the composition of the Board of Directors meets other requirements of the Finnish Corporate Governance Code for listed companies.

The annual remuneration to be paid to the members of the Board of Directors to be elected at the Annual General Meeting for the term of office ending at the close of the Annual General Meeting 2024 is proposed to remain at the current level and be as follows: to the Chairman of the Board of Directors EUR 110,000; to the Deputy Chairman of the Board and to the Chairmen of the Committees EUR 75,000, and to other members EUR 52,500.

The Shareholders' Nomination Board further proposes that 60% of the annual fee be paid in cash and 40% in Company shares.

The meeting fee is proposed to remain at the current level and thus be 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 proposed to be EUR 700. Travel expenses are proposed to be compensated in accordance with the Company's travel policy.

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 November, Nokian Tyres announced that it will build the world's first zero CO₂ emission factory in the tire industry. The site location in Romania supports this target as there is green energy produced near the site. In addition, Nokian Tyres is evaluating the production processes to find the most sustainable ways to produce tires.

In December, Nokian Tyres was included in the Dow Jones Sustainability Europe Index. The company scored 75 out of 100 in the 2022 S&P Global's Corporate Sustainability Assessment, achieving a full score in the Product Quality and Recall Management, Environmental Reporting, and Social Reporting criteria. Nokian Tyres was also industry best in the criterion Occupational Health and Safety.

In December, Nokian Tyres achieved an A- score by CDP in the Climate Change sector for its actions aimed at decreasing greenhouse gas emissions and mitigating climate risks. The greenhouse gas emissions (Scope 1 and Scope 2) from Nokian Tyres' tire production in relation to turnover and production tons were clearly the lowest of the companies that have tire industry as their main industry in the CDP reports.

In 2022, Nokian Tyres' lost time incident frequency rate (LTIF) dropped to 3.2 (2021: 4.1), being at the lowest level in the company's history. Nokian Tyres aims to reach an LTIF level of 1.5 by 2025.

Nokian Tyres will publish its Corporate Sustainability Report for 2022 in spring 2023.

Sustainability as part of Nokian Tyres management remuneration

In February 2022, 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.

Non-Financial Information Statement

Nokian Tyres publishes an annual Non-Financial Information Statement in line with the Requirements of non-financial information reporting according to the Finnish Accounting Act. The Non-Financial Information Statement is issued separately from the Board of Directors' report. The Board of Directors has reviewed and signed the Non-Financial Information Statement. The Non-Financial Information Statement will be published the week commencing February 27, 2023.

CHANGES IN MANAGEMENT AND GROUP STRUCTURE

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

In August, Nokian Tyres announced that the company will reorganize the Group's organization and management structure to strengthen go-to-market execution. This is to improve operational efficiency and collaboration, and focus on building the new Nokian Tyres as the company is in the process of investing in new European capacity and exiting Russia. In the new operating model, Passenger Car Tyres' commercial operations are combined under one leadership, with increasing strategic and operational synergies across the geographical areas. Anna Hyvönen, EVP North America, Nordics and Vianor and a member of Nokian Tyres' Management Team, was appointed EVP Passenger Car Tyres and Vianor. Bahri Kurter, EVP Central Europe and a member of Nokian Tyres' Management Team, decided to leave the company to pursue other career opportunities.

Nokian Tyres' Management Team as of September 1, 2022

Jukka Moisio, President and CEO

Päivi Antola, Senior Vice President, Communications, Investor Relations and Brand

Anna Hyvönen, Executive Vice President, Passenger Car Tyres and Vianor

Adrian Kaczmarczyk, Senior Vice President, Supply Operations

Teemu Kangas-Kärki, CFO

Jukka Kasi, Senior Vice President, Products and Innovations

Päivi Leskinen, Senior Vice President, Human Resources

Manu Salmi, Executive Vice President, Heavy Tyres and Nokia Factory

OTHER MATTERS

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

In February 2022, 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 2022, 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 were 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 October, Nokian Tyres signed an agreement to sell its Russian operations to Tatneft PJSC. The sale process is ongoing. The transaction is subject to approval by the relevant regulatory authorities in Russia and other conditions, which creates substantial uncertainties related to the timing, terms and conditions and the closing of the transaction.

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.

- 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 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/.

- 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 Financial Statement Release, the following exchange rates for the Russian ruble have been used: 85.3 at the end of 2021, 98.0 average in January–March 2022, 84.5 average in January–June 2022, 76.3 average in January–September 2022, 70.4 average in January–December 2022 and 77.9 at the end of 2022 (source: Refinitiv).

- 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.

- 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. 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.

WAR IN UKRAINE – SUMMARY OF NOKIAN TYRES' ACTIONS IN 2022

On February 24, Russia started the war in Ukraine, which has a significant impact on Nokian Tyres' operating environment and manufacturing capacity.

On April 8, the EU announced new sanctions against Russia, impacting Nokian Tyres' business. The sanctions included a transition period until July 10, and they prohibited the import of tires from Russia to the EU, prohibited the export of certain raw materials from the EU to Russia, and limited transportation from and to Russia. Tire imports from Russia to Europe and North America ended in July.

On June 28, Nokian Tyres' Board of Directors decided to 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. An agreement for the sale of the Russian operations was signed on October 28. The sale process is ongoing.

Nokian Tyres has decided to invest in new production capacity in Europe and to start producing certain passenger car tires through contract manufacturing. At the same time, the company has continued to increase production capacity at its factories in Nokia, Finland and Dayton, US.

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.

Nokian Tyres has taken active measures to manage the impacts of the war in Ukraine to its personnel and business. Below is a list of examples of the measures taken since February 24:

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
- 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
- Ending passenger car tire imports from Russia to Europe and North America in July
- 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. An agreement for the sale of the Russian operations was signed on October 28. The sale process is ongoing.
- Expediting plans to diversify manufacturing footprint by investing in new production capacity in Europe, continuing to increase passenger car tire capacity at the Finnish and US factories, and starting collaboration with tire contract manufacturers. On November 1, the Board of Directors made a decision to invest approximately EUR 650 million in a greenfield passenger car tire factory in Romania.
- 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 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

EXIT FROM RUSSIA

In October, Nokian Tyres signed an agreement to sell its Russian operations to Tatneft PJSC. The sale process is ongoing. The debt free and cash free purchase price is expected to be approximately EUR 400 million. The final purchase price is affected, among other things, by net cash and working capital adjustment and changes in RUB/EUR exchange rate.

The transaction is subject to approval by the relevant regulatory authorities in Russia and other conditions, which creates substantial uncertainties related to the timing, terms and conditions and the closing of the transaction. Due to the uncertainties, final accounting implications including translation differences, among other things, can only be assessed when the transaction has been duly completed.

MATTERS AFTER THE REVIEW PERIOD

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 (The Central Bank of Norway)	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 (The Central Bank of Norway)	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 (The Central Bank of Norway)	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 (The Central Bank of Norway)	Below 5%	4.90%	0.00%	4.90%
January 18, 2023	Norges Bank (The Central Bank of Norway)	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%

ASSUMPTIONS FOR 2023

Nokian Tyres' first half of the year is expected to be weak due to constrained capacity causing lower supply of passenger car tires, and seasonality. The second half is expected to be supported by the winter tire and all-season tire season and the offtake volume.

In heavy tires, the general economic development may have a negative impact on demand in 2023.

GUIDANCE FOR 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.

THE PROPOSAL FOR THE USE OF PROFITS BY THE BOARD OF DIRECTORS

The distributable funds in the Parent company total EUR 716.1 million.

The Board of Directors proposes to the Annual General Meeting that the distributable funds are to be used as follows, if a maximum amount of dividends is paid:

A dividend of	0.55 EUR/share
be paid out, totaling	EUR 76.0 million
retained in equity	EUR 640.1 million
Total	EUR 716.1 million

The Board of Directors proposes that a dividend of EUR 0.35 per share shall be paid to the shareholders who are registered in the shareholder register maintained by Euroclear Finland Oy on the dividend record date of April 28, 2023. The payment date proposed by the Board of Directors is May 11, 2023.

In addition, it is proposed that the Annual General Meeting would authorize the Board of Directors to decide on dividend payment of a maximum of EUR 0.20 per share to be distributed in December. This shall be decided by the Board of Directors in its meeting scheduled for October 31, 2023. The

company will publish the Board decision on the possible second dividend payment separately, and at the same time confirm the pertinent record and payment dates.

No material changes have taken place in the financial position of the company since the end of the financial year. The liquidity of the company is good, and the proposed distribution of profits does not compromise the financial standing of the company as perceived by the Board of Directors.

Notice to the Annual General Meeting will be published the week commencing April 3, 2023.

Helsinki, February 7, 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.

Condensed consolidated financial statements

This financial statements release 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 2020. However, the adaptation of these new or amended standards has not had a significant effect on the reported figures. On the other respects, the same accounting policies have been followed as in the previous 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. On June 28, Nokian Tyres' Board of Directors decided to 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. An agreement for the sale of the Russian operations was signed in October. The sale process is ongoing. The transaction is subject to approval by the relevant regulatory authorities in Russia and other conditions, which creates substantial uncertainties related to the timing, terms and conditions and the closing of the transaction.

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 booked in June 2022. The impairments and write-downs of EUR 280.7 million in December 2022 have been allocated to the fixed assets, inventories and trade receivables and EUR 12.2 million to the deferred tax assets. The impairments and write-downs of assets have an impact on the costs of sales and other operating expenses and the write-down of deferred tax assets on the tax expense. Nokian Tyres Management is continuously following the situation. In this Financial Statement, the following exchange rates for the Russian ruble have been used: 85.3 at the end of 2021, 98.0 average in January–March 2022, 84.5 average in January–June 2022, 76.3 average in January–September 2022, 70.4 average in January–December 2022 and 77.9 at the end of 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 figures in the financial statements release are unaudited.

NOKIAN TYRES CONDENSED CONSOLIDATED INCOME STATEMENT				
	10-12/22	10-12/21	1-12/22	1-12/21
Million euros				
Net sales	411.3	512.6	1,776.1	1,714.1
Cost of sales	-221.1	-363.6	-1,489.4	-1,162.1
Gross profit	190.2	149.0	286.7	552.0
Other operating income	3.1	0.8	4.3	2.9
Sales, marketing and R&D expenses	-46.4	-65.6	-177.6	-197.3
Administration	-35.6	-30.1	-101.4	-89.1
Other operating expenses	-124.8	-1.1	-128.2	-0.3
Operating profit	-13.5	53.0	-116.2	268.2
Net financial items	-25.0	-3.0	-30.1	-10.0
Result before tax	-38.5	49.9	-146.3	258.2
Tax expense	22.8	-12.9	-29.2	-52.0
Result for the period	-15.7	37.1	-175.5	206.2
Attributable to:				
Equity holders of the parent	-15.7	37.1	-175.5	206.2
Earnings per share from the result attributable to the equity holders of the parent				
basic, euros	-0.11	0.27	-1.27	1.49
diluted, euros	-0.11	0.27	-1.27	1.49
CONSOLIDATED OTHER COMPREHENSIVE INCOME				
	10-12/22	10-12/21	1-12/22	1-12/21
Million euros				
Result for the period	-15.7	37.1	-175.5	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	-	-	6.8	-
Cash flow hedges	-7.5	1.3	9.0	4.4
Translation differences on foreign operations	-216.5	2.6	36.7	54.5
Total other comprehensive income for the period, net of tax	-223.9	4.0	52.4	58.9
Total comprehensive income for the period	-239.6	41.0	-123.1	265.1
Total comprehensive income attributable to:				
Equity holders of the parent	-239.6	41.0	-123.1	265.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.22	31.12.21
Million euros		
Non-current assets		
Property, plant and equipment	775.0	870.9
Right of use assets	123.8	153.5
Goodwill	63.2	65.3
Other intangible assets	15.6	21.7
Investments in associates	0.1	0.1
Non-current financial investments	3.0	2.9
Other receivables	14.4	6.2
Deferred tax assets	23.5	21.6
Total non-current assets	1,018.5	1,142.1
Current assets		
Inventories	529.9	415.1
Trade receivables	326.2	357.4
Other receivables	61.1	74.2
Current tax assets	15.0	8.9
Cash and cash equivalents	259.0	385.9
Total current assets	1,191.2	1,241.4
Total assets	2,209.7	2,383.5
Equity		
Share capital	25.4	25.4
Share premium	181.4	181.4
Treasury shares	-16.6	-17.6
Translation reserve	-349.5	-393.0
Fair value and hedging reserves	10.5	1.6
Paid-up unrestricted equity reserve	238.2	238.2
Retained earnings	1,343.6	1,591.5
Total equity	1,433.1	1,627.6
Non-current liabilities		
Deferred tax liabilities	17.4	37.8
Interest-bearing liabilities	201.1	246.9
Other liabilities	0.8	0.9
Total non-current liabilities	219.4	285.7
Current liabilities		
Trade payables	121.3	172.6
Other current payables	223.1	238.1
Current tax liabilities	4.1	13.5
Provisions	9.9	5.8
Interest-bearing liabilities	198.8	40.3
Total current liabilities	557.2	470.3
Total equity and liabilities	2,209.7	2,383.5

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

Interest-bearing liabilities include EUR 92.6 million of non-current and EUR 36.5 million of current lease liabilities.

After the impairments and write-downs, the assets excluding tax and financial items include EUR 262.1 million, net assets excluding net debt include EUR 210.8 million and cash and cash equivalents include EUR 70.7 million of assets located in Russia and Belarus.

CONSOLIDATED STATEMENT OF CASH FLOWS	1-12/22	1-12/21
Million euros		
Result for the period	-175.5	206.2
Adjustments for		
Depreciation, amortisation and impairment	310.6	157.5
Financial income and expenses	30.2	10.0
Gains and losses on sale of intangible assets, other changes	136.3	12.9
Income Taxes	29.2	52.0
Cash flow before changes in working capital	330.8	438.6
Changes in working capital		
Current receivables, non-interest-bearing, increase (-) / decrease (+)	-93.9	-22.0
Inventories, increase (-) / decrease (+)	-93.4	-70.8
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	-69.8	98.3
Changes in working capital	-257.1	5.5
Financial items and taxes		
Interest and other financial items, received	3.5	1.7
Interest and other financial items, paid	-15.2	-9.1
Income taxes paid	-66.2	-40.2
Financial items and taxes	-78.0	-47.6
Cash flow from operating activities (A)	-4.3	396.5
Cash flow from investing activities		
Acquisitions of property, plant and equipment and intangible assets	-125.2	-119.6
Proceeds from sale of property, plant and equipment and intangible assets	2.0	1.7
Acquisitions of Group companies	-4.5	-
Other cash flow from investing activities	0.7	-0.8
Cash flow from investing activities (B)	-126.9	-118.7
Cash flow from financing activities		
Change in current financial receivables, increase (-) / decrease (+)	-0.4	1.4
Change in non-current financial receivables, increase (-) / decrease (+)	1.0	0.4
Change in current financial borrowings, increase (+) / decrease (-)	161.4	-203.4
Change in non-current financial borrowings, increase (+) / decrease (-)	-26.9	-0.9
Payment of lease liabilities	-40.4	-38.5
Dividends received	0.0	0.0
Dividends paid	-89.7	-158.7
Cash flow from financing activities (C)	5.1	-399.8
Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)	-126.2	-122.0
Cash and cash equivalents at the beginning of the period	385.9	504.2
Effect of exchange rate fluctuations on cash held	-0.7	3.7
Cash and cash equivalents at the end of the period	259.0	385.9

Cash flow from operating activities include EUR -19.6 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
Equity, 1 Jan 2021	25.4	181.4	-18.2	-447.5	-2.8	238.2	1,544.9	1,521.3
Result for the period							206.2	206.2
Other comprehensive income, net of tax:								
Cash flow hedges					4.4			4.4
Net investment hedge								-
Translation differences				54.5				54.5
Total comprehensive income for the period				54.5	4.4		206.2	265.1
Dividends paid							-165.9	-165.9
Share-based payments							6.8	6.8
Other changes			0.7				-0.5	0.2
Total transactions with owners for the period			0.7				-159.5	-158.9
Equity, 31 Dec 2021	25.4	181.4	-17.6	-393.0	1.6	238.2	1,591.5	1,627.6
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							-175.5	-175.5
Other comprehensive income, net of tax:								
Cash flow hedges					9.0			9.0
Net investment hedge				6.8				6.8
Translation differences				36.7				36.7
Total comprehensive income for the period				43.5	9.0		-175.5	-123.1
Dividends paid							-76.0	-76.0
Share-based payments			1.0				-5.9	-4.9
Other changes							9.5	9.5
Total transactions with owners for the period			1.0				-72.4	-71.4
Equity, 31 Dec 2022	25.4	181.4	-16.6	-349.5	10.5	238.2	1,343.5	1,433.1

SEGMENT INFORMATION	10-12/22	10-12/21	1-12/22	1-12/21	Change %
Million euros					
Net sales					
Passenger car tyres	236.0	342.8	1,233.8	1,199.2	-31.2
Heavy tyres	64.8	65.3	273.5	254.0	-0.8
Vianor	129.4	123.1	362.0	342.9	5.1
Other operations and eliminations	-18.8	-18.6	-93.2	-81.9	-0.8
Total	411.3	512.6	1,776.1	1,714.1	-19.8
Operating result					
Passenger car tyres	-31.8	64.6	-149.3	263.4	-149.2
Heavy tyres	1.8	2.9	39.2	39.1	-37.7
Vianor	10.7	-11.4	2.8	-15.0	194.0
Other operations and eliminations	5.8	-3.1	-9.0	-19.3	288.9
Total	-13.5	53.0	-116.2	268.2	-125.4
Operating result, % of net sales					
Passenger car tyres	-13.5	18.9	-12.1	22.0	
Heavy tyres	2.8	4.4	14.3	15.4	
Vianor	8.3	-9.3	0.8	-4.4	
Total	-3.3	10.3	-6.5	15.6	

NET SALES BY GEOGRAPHICAL AREA	10-12/22	10-12/21	1-12/22	1-12/21	Change %
Million euros					
Nordics	233.7	228.3	722.3	684.9	2.3
Other Europe	52.8	129.7	302.8	464.8	-59.3
Russia and Asia	52.8	92.9	436.2	335.6	-43.2
Americas	72.1	61.7	314.6	228.9	16.9
Total	411.3	512.6	1,776.1	1,714.1	-19.8

Russia and Belarus accounted for EUR 408.4 million (314.7) of net sales in Russia and Asia in the year 2022.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

	31.12.22	31.12.21
Million euros		
Opening balance	870.9	824.9
Capital expenditure	123.5	121.9
Acquisitions through business combinations	4.6	-
Decrease	-3.3	-9.9
Depreciation and impairment for the period	-258.0	-97.5
Transfers between items	-3.5	-7.6
Other changes	-1.6	2.4
Exchange differences	42.4	36.7
Closing balance	775.0	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 31 December 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 and write-downs in the assets of EUR 280.7 million and write-downs in the deferred tax assets of EUR 20.0 million in June 2022. The impairments and write-downs in December 2022 EUR 280.7 million have been allocated to the fixed assets, inventories and trade receivables and EUR 12.2 million to the deferred tax assets.

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 62.2 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.

CONTINGENT LIABILITIES	31.12.22	31.12.21
Million euros		
For own debt		
Pledged assets	6.7	6.3
Other own commitments		
Guarantees	2.3	3.1

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

	31.12.22		31.12.21	
Million euros	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Fair value through profit or loss				
Derivatives held for trading	3.4	3.4	14.9	14.9
Derivatives designated as hedges*	13.5	13.5	3.8	3.8
Unquoted securities	2.8	2.8	2.6	2.6
Amortized cost				
Other non-current receivables	4.3	3.2	4.8	4.3
Trade and other receivables	329.9	330.2	360.7	361.0
Money market instruments				
Bank deposits	-	-	-	-
Cash in hand and at bank	259.0	259.0	335.9	335.9
Fair value through other comprehensive income				
Unquoted shares	0.2	0.2	0.2	0.2
Total financial assets	613.2	612.4	772.9	772.8
FINANCIAL LIABILITIES				
Fair value through profit or loss				
Derivatives held for trading	1.0	1.0	5.9	5.9
Derivatives designated as hedges*	0.2	0.2	1.9	1.9
Amortized cost				
Interest-bearing financial liabilities	270.8	271.0	129.3	131.4
Trade and other payables	121.3	121.3	172.6	172.6
Total financial liabilities	393.4	393.5	309.7	311.8

* 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.

LEVEL 3 FAIR VALUE MEASUREMENTS

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 rouble 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-December 2022 was EUR -10.6 million and in October-December 2022 EUR 19.2 million.

RECONCILIATION OF LEVEL 3

FAIR VALUE MEASUREMENTS	Ruble derivatives
Million euros	
Fair value 1 Jan 2022	-
Transfers into Level 3	14.8
Net gains/losses recognized in profit or loss under financial income and expenses	-14.3
Fair value 31 Dec 2022	0.4

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 +1.8/-1.8 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 +1.5 million.

DERIVATIVE FINANCIAL INSTRUMENTS	31.12.22	31.12.21
Million euros		
INTEREST RATE DERIVATIVES		
Interest rate swaps		
Notional amount	100.0	100.0
Fair value	3.9	-1.9
FOREIGN CURRENCY DERIVATIVES		
Currency forwards		
Notional amount	159.9	426.5
Fair value	2.0	-2.2
Currency options, purchased		
Notional amount	4.8	17.7
Fair value	0.0	0.1
Currency options, written		
Notional amount	11.8	35.3
Fair value	-0.1	-0.1
Interest rate and currency swaps		
Notional amount	18.4	75.0
Fair value	0.4	11.1
ELECTRICITY DERIVATIVES		
Electricity forwards		
Notional amount	6.9	5.2
Fair value	9.4	3.8

BUSINESS COMBINATIONS

On October 13, 2022, the Group acquired all shares of real estate company Nokian Portti Oy.

This acquisition has minor impact on group accounts.

Recognized amounts of identifiable assets acquired and liabilities assumed:

Property, plant and equipment	4.6
Trade and other receivables	0.1
Cash and cash equivalents	0.1
Total Assets	4.8
Trade and other payables	0.2
Total liabilities	0.2
Total net assets	4.6
Consideration transferred	4.6
Acquired identifiable net assets	4.6
Consideration paid in cash	4.6
Cash and cash equivalents in the subsidiaries acquired	0.1
Net cash outflow	4.5

There were no other transactions recognised separately from these acquisitions. The consideration has been transferred in cash and no significant contingent consideration arrangements were included. No non-controlling interest remained in the acquiree. The identifiable assets acquired and liabilities assumed are recognised in fair value.

IFRS 16 LEASES

Million euros

Balance sheet effects	31.12.22	31.12.21	
Fixed assets			
Right to use	123.8	153.5	
Total	123.8	153.5	
Equity & Liability			
Non-current liability	92.6	118.5	
Current liability	36.5	39.4	
Total	129.1	157.9	
P&L effects	1-12/22	1-12/21	Change %
Reversed rents	44.4	39.6	12.1
Depreciations	-41.3	-37.6	-9.8
Finance costs	-4.0	-4.0	-2.1
Total	-1.0	-2.0	51.2