

Nokian Tyres plc Financial Statement Release 2023, February 6, 2024 at 2:00 p.m. EET

**Nokian Tyres plc Financial Statement Release 2023:  
Building the new Nokian Tyres on track****October–December 2023**

- Net sales were EUR 368.0 million (October–December 2022: 361.7) and increased by 1.7%. With comparable currencies, net sales increased by 6.3%.
- Segments operating profit was EUR 44.5 million (0.2). Operating profit was EUR 33.1 million (-3.2). EUR -11.3 million (-3.4) was booked as non-IFRS exclusions.
- Earnings per share were EUR 0.19 (-0.11).
- Cash flow from operating activities was EUR 297.6 million (318.6).

**January–December 2023**

- Net sales were EUR 1,173.6 million (January–December 2022: 1,350.5) and decreased by 13.1%. With comparable currencies, net sales decreased by 9.2% due to lower passenger car tire supply volumes, demanding car and tire market environment and high inventories in the distribution.
- Segments operating profit was EUR 65.1 million (17.8). Operating profit was EUR 32.1 million (56.7). EUR -33.0 million (38.9) was booked as non-IFRS exclusions.
- Earnings per share were EUR -2.36 (-1.27).
- Cash flow from operating activities was EUR 82.4 million (-4.3).
- The sale of Nokian Tyres' operations in Russia was completed in March, after which all Nokian Tyres' operations in Russia ended. The sale price was EUR 285 million.
- The Board of Directors proposes a dividend of EUR 0.55 per share for the financial year 2023 to be paid in two installments (dividend for the financial year 2022: 0.55).

**Guidance for 2024**

In 2024, Nokian Tyres' net sales with comparable currencies and segments operating profit are expected to grow significantly compared to the previous year.

**Jukka Moisio, President and CEO:**

"2023 marked a new beginning for Nokian Tyres. We completed our exit from Russia, announced long-term financial targets, and advanced our strategic investments to build up capacity. I want to thank all our employees for their commitment and excellent work to build the new Nokian Tyres, as well as our customers for their trust.

In 2023, the car and tire market was demanding due to economic uncertainties, high inflation, and low consumer confidence. Dealers focused on reducing their inventories, resulting in lower replacement tire sell-in. We improved our performance and volume delivery towards the end of the year in line with our expectations, and our cash flow was strong. This provides us with a solid foundation for 2024 to continue further improving our activities.

We are taking firm steps forward in sustainability. One of our targets was to reduce our factories' direct CO2 emissions by 52% per production ton by 2030 compared to 2015, and we reached this target already in 2023. Our long-term sustainability target is to achieve net-zero emissions by 2050. Nokian Tyres was again included in the Dow Jones Sustainability Europe Index, an achievement that we are proud of.

Important and exciting milestones will be reached in 2024, when we celebrate the 90th anniversary of our innovation, the winter tire. Our new and the world's first zero CO2 emission tire factory in Romania will start production, US investment phase will be completed, and new innovative products will be launched. Tire sell-in is expected to grow in 2024, and with our increasing capacity and competitive

product portfolio, we are ready to seize this opportunity. Our strong balance sheet enables us to both continue executing on our clear growth strategy toward EUR 2 billion net sales with strong profits and reward our shareholders.”

**Key figures**

EUR million	10–12/2023	10–12/2022	2023	2022
Net sales	<b>368.0</b>	361.7	<b>1,173.6</b>	1,350.5
Net sales change, %	<b>1.7%</b>		<b>-13.1%</b>	
Net sales change in comparable currencies, %	<b>6.3%</b>		<b>-9.2%</b>	
Operating profit	<b>33.1</b>	-3.2	<b>32.1</b>	56.7
Operating profit, %	<b>9.0%</b>	-0.9%	<b>2.7%</b>	4.2%
Result before tax	<b>27.1</b>	-26.6	<b>14.2</b>	11.2
Result for the period	<b>26.2</b>	-15.7	<b>-325.5</b>	-175.5
EPS, EUR	<b>0.19</b>	-0.11	<b>-2.36</b>	-1.27
Segments net sales	<b>368.0</b>	361.7	<b>1,173.6</b>	1,350.5
Segments net sales change, %	<b>1.7%</b>		<b>-13.1%</b>	
Segments sales change in comparable currencies, %	<b>6.3%</b>		<b>-9.2%</b>	
Segments EBITDA	<b>71.9</b>	26.4	<b>170.5</b>	118.7
Segments EBITDA, %	<b>19.5%</b>	7.3%	<b>14.5%</b>	8.8%
Segments operating profit	<b>44.5</b>	0.2	<b>65.1</b>	17.8
Segments operating profit, %	<b>12.1%</b>	0.0%	<b>5.5%</b>	1.3%
Segments ROCE, %			<b>4.0%</b>	0.9%
Equity ratio, %			<b>58.0%</b>	64.9%
Gearing, %			<b>16.6%</b>	9.8%
Interest-bearing net debt			<b>223.6</b>	140.9
Capital expenditure	<b>95.5</b>	65.6	<b>252.1</b>	129.7
Cash flow from operating activities	<b>297.6</b>	318.6	<b>82.4</b>	-4.3

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

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

## FINANCIAL RESULTS IN OCTOBER–DECEMBER 2023

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

Net sales in October–December 2023 totaled EUR 368.0 million (October–December 2022: 361.7) and increased by 1.7%.

Segments net sales were EUR 368.0 million (361.7) and increased by 1.7%. With comparable currencies, segments net sales increased by 6.3%. Currency exchange rates affected segments net sales negatively by EUR 16.6 million.

### Segments net sales by geographical area

EUR million	10–12 /2023	10–12 /2022	Change	CC* Change	% of total net sales in 10–12/23	% of total net sales in 10–12/22
Nordics	232.5	233.7	-0.5%	5.6%	63.2%	64.6%
Other Europe	67.5	52.8	27.7%	27.4%	18.3%	14.6%
Americas	67.2	72.1	-6.8%	-3.4%	18.3%	19.9%
Other countries	0.8	3.1	-74.3%	-74.4%	0.2%	0.9%
Total	368.0	361.7	1.7%	6.3%	100.0%	100.0%

\* Comparable currencies

### Segments net sales by business unit

EUR million	10–12 /2023	10–12 /2022	Change	CC* Change	% of total net sales in 10–12/23**	% of total net sales in 10–12/22**
Passenger Car Tyres	197.9	186.5	6.1%	10.6%	53.8%	51.6%
Heavy Tyres	61.8	64.6	-4.4%	-2.6%	16.8%	17.9%
Vianor	126.0	129.4	-2.6%	3.7%	34.2%	35.8%
Other operations and eliminations	-17.8	-18.8	5.5%			
Total	368.0	361.7	1.7%	6.3%		

\* Comparable currencies

\*\* Includes internal sales

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, decreased by 20% year-over-year, containing currency impact. Raw material unit costs decreased by 6% from the third quarter of 2023.

Operating profit was EUR 33.1 million (-3.2). Non-IFRS exclusions were EUR -11.3 million (-3.4), of which EUR -10.3 million (-6.8) were related to the US factory ramp-up and EUR -1.0 million (0.0) to the preparations for the Romanian factory ramp-up.

Segments operating profit was EUR 44.5 million (0.2). Currency exchange rates affected segments operating profit negatively by EUR 2.5 million.

**Segments operating profit by business unit**

EUR million	10–12 /2023	10–12 /2022
Passenger Car Tyres	22.0	-27.0
Heavy Tyres	7.3	6.1
Vianor	12.1	10.7
Other operations and eliminations	3.1	-4.6
Segments operating profit total	44.5	0.2
Non-IFRS exclusions	-11.3	-3.4

**Financial items and taxes**

Net financial expenses were EUR 6.0 million (23.4), including net interest expenses of EUR 5.1 million (4.5). Net financial expenses include an expense of EUR 0.9 million (18.9) due to exchange rate differences. Result before tax was EUR 27.1 million (-26.6) and taxes were EUR -0.8 million (8.8). Segments result before tax was EUR 38.4 million (-23.3). Result for the period was EUR 26.2 million (-15.7). Segments result for the period was EUR 34.4 million (18.0). Earnings per share were EUR 0.19 (-0.11).

**Cash flow**

In October–December 2023, cash flow from operating activities was EUR 297.6 million (318.6). Working capital decreased by EUR 244.5 million (decreased by 294.1). Inventories decreased by EUR 23.8 million (decreased by 46.4) and receivables decreased by EUR 174.2 million (decreased by 257.9). Payables increased by EUR 46.4 million (decreased by 10.3).

**Investments**

Investments in October–December 2023 totaled EUR 95.5 million (70.3). Depreciations and amortizations totaled EUR 30.2 million (31.9).

**FINANCIAL RESULTS IN 2023**

*Following the completion of the Russia exit in March 2023, Nokian Tyres has excluded Russia from its IFRS and non-IFRS segments figures as of January 1, 2023, and has restated the financial year 2022 accordingly. Figures for 2021 have not been restated and include Russia. The balance sheet and the cash flow figures have not been restated.*

In 2023, Nokian Tyres continued to build the new Nokian Tyres and to recover from the disruption that the company faced in 2022. During 2023, Nokian Tyres completed the exit from Russia, announced long-term financial targets, and advanced its strategic investments to build up capacity. One of the key priorities is building the world's first zero CO2 emission tire factory in Romania, which is progressing as planned and where production is estimated to start in the second half of 2024.

The car and tire market was demanding in 2023 due to economic uncertainties, high inflation, and low consumer confidence. Dealers focused on reducing their inventories, resulting in lower replacement tire sell-in. Despite the economic slowdown, Nokian Tyres has steadily improved performance and volume delivery. In the long-term, the company aims for EUR 2 billion net sales with strong profits.

In sustainability, Nokian Tyres took significant steps forward. One of the company's main greenhouse gas emissions reduction targets was to cut its factories' direct CO2 emissions by 52% per production ton by 2030 compared to 2015, and this target was achieved already in 2023. Being included in the Dow Jones Sustainability Europe Index is a proof of Nokian Tyres' commitment to responsible business practices and ongoing efforts in sustainable initiatives.

## Net sales and operating profit

Net sales in 2023 totaled EUR 1,173.6 million (2022: 1,350.5; 2021: 1,714.1) and decreased by 13.1%.

Segments net sales were EUR 1,173.6 million (2022: 1,350.5; 2021: 1,714.1) and decreased by 13.1%. With comparable currencies, segments net sales decreased by 9.2% due to lower passenger car tire supply volumes, specifically in Central Europe, as well as due to demanding car and tire market environment and high inventories in the distribution. Currency exchange rates affected segments net sales negatively by EUR 51.9 million.

### Segments net sales by geographical area

EUR million	2023	2022	Change	CC* Change	% of total net sales in 2023	% of total net sales in 2022
Nordics	671.7	722.3	-7.0%	-0.3%	57.2%	53.5%
Other Europe	226.0	302.8	-25.4%	-26.1%	19.3%	22.4%
Americas	268.7	314.6	-14.6%	-12.8%	22.9%	23.3%
Other countries	7.2	10.6	-32.3%	-32.3%	0.6%	0.8%
Total	1,173.6	1,350.5	-13.1%	-9.2%	100.0%	100.0%

\* Comparable currencies

### Segments net sales by business unit

EUR million	2023	2022	Change	CC* Change	% of total net sales in 2023**	% of total net sales in 2022**
Passenger Car Tyres	653.4	810.7	-19.4%	-15.8%	55.7%	60.0%
Heavy Tyres	257.1	271.0	-5.1%	-3.4%	21.9%	20.1%
Vianor	344.0	362.0	-5.0%	1.8%	29.3%	26.8%
Other operations and eliminations	-80.9	-93.2	13.2%			
Total	1,173.6	1,350.5	-13.1%	-9.2%		

\* Comparable currencies

\*\* Includes internal sales

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, decreased by 5% year-over-year, containing currency impact.

Operating profit was EUR 32.1 million (2022: 56.7; 2021: 268.2). Non-IFRS exclusions were EUR -33.0 million (38.9), of which EUR -30.2 million (-27.4) were related to the US factory ramp-up, and EUR -3.2 million (0.0) to the preparations for the Romanian factory ramp-up. The result for discontinued operations (Russian operations) was EUR -338.0 million: Profit from sale was EUR 30.5 million, operative result was EUR -2.2 million, and previous years' cumulative translation difference was EUR -366.3 million. Operating profit percentage of net sales was 2.7% (2022: 4.2%; 2021: 15.6%).

Segments operating profit was EUR 65.1 million (2022: 17.8; 2021: 324.8). Currency exchange rates affected segments operating profit negatively by EUR 4.4 million. Segments operating profit percentage was 5.5% (2022: 1.3%; 2021: 18.9%). Segments ROCE was 4.0% (0.9%).

## Segments operating profit by business unit

EUR million	2023	2022
Passenger Car Tyres	36.7	-24.7
Heavy Tyres	32.8	44.1
Vianor	3.4	3.1
Other operations and eliminations	-7.8	-4.6
Segments operating profit total	65.1	17.8
Non-IFRS exclusions	-33.0	38.9

## Financial items and taxes

Net financial expenses were EUR 17.8 million (45.5), including net interest expenses of EUR 14.1 million (11.2). Net financial expenses include an expense of EUR 3.8 million (34.3) due to exchange rate differences. Result before tax was EUR 14.2 million (11.2) and taxes were EUR -1.7 million (4.1). Segments result before tax was EUR 47.4 million (-27.7). Result for the period was EUR -325.5 million (-175.5). Segments result for the period was EUR -298.1 million (-118.4). Earnings per share were EUR -2.36 (-1.27).

Return on equity was -23.4% (2022: -11.5%; 2021: 13.1%).

## Guidance given for 2023

In Nokian Tyres' financial statement release for 2022 published on February 7, 2023, the company published the following outlook 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.

On October 24, the outlook was updated as follows:

In 2023, Nokian Tyres' segments net sales are expected to be approximately EUR 1,150–1,200 million and segments operating profit percentage of net sales approximately 5.5–6%. As of 2023, segments net sales and segments operating profit exclude Russia and other items, which are not indicative of Nokian Tyres' underlying business performance.

## Cash flow

In 2023, cash flow from operating activities was EUR 82.4 million (-4.3). Working capital increased by EUR 43.5 million (increased by 257.1). Inventories increased by EUR 40.5 million (increased by 93.4) and receivables increased by EUR 4.0 million (increased by 93.9). Payables increased by EUR 1.0 million (decreased by 69.8).

## Investments

Investments in 2023 totaled EUR 252.1 million (129.7). Depreciations and amortizations totaled EUR 114.9 million (113.5).

To expand its manufacturing footprint and rebuild capacity, the company continued its actions to increase capacity at the factories in Finland and in the US, and began work on building a new passenger car tire factory in Romania. The construction work at the world's first zero CO2 emission tire factory in Romania is proceeding as planned. The first tires are estimated to be produced in the second half of 2024 and commercial tire production is expected to start in early 2025. The annual capacity of the factory will be 6 million tires with an expansion potential in the future. The site will also house a distribution facility for storage and distribution of tires. The total investment is estimated to be

approximately EUR 650 million.

## Financial position

EUR million	Dec 31, 2023	Dec 31, 2022
Cash and cash equivalents	414.9	259.0
Interest-bearing liabilities	638.5	399.9
of which current interest-bearing liabilities	142.9	198.8
Interest-bearing net debt	223.6	140.9
Unused credit limits	831.3	799.3
of which committed	330.3	305.4
Gearing, %	16.6%	9.8%
Equity ratio, %	58.0%	64.9%

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

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

In December, a syndicated sustainability-linked revolving credit facility of EUR 200 million was signed to replace a total of EUR 175 million of existing revolving credit facilities, and to be used as a backup for general corporate purposes.

The average interest rate of interest-bearing financial liabilities was 4.5%.

## Personnel

	2023	2022	2021
Group employees			
on average	3,754	3,517	4,941*
at the end of the review period	3,433	3,313	4,915*
in Finland, at the end of the review period	1,767	1,728	1,782
in North America, at the end of the review period	558	458	391
Vianor (own) employees, at the end of the review period**	1,387	1,400	1,395

\* Including Russia. The sale of Nokian Tyres' operations in Russia was completed in March 2023, after which all Nokian Tyres' operations in Russia ended.

\*\* Included in Group employee figures

Salaries, incentives, and other related costs in 2023 were EUR 232.2 million (2022: 237.5; 2021: 270.7).

## Research and development

Nokian Tyres' competitive position is based on its ability to continually develop new, innovative and sustainable products. In 2023, Nokian Tyres introduced several new tire models. Approximately 50% of R&D investments is allocated to product testing. Nokian Tyres' R&D costs in 2023 totaled EUR 24.3 million (2022: 29.6; 2021: 31.9), which is 11.6% (2022: 12.0%; 2021: 11.0%) of the operating expenses.

## Sales and distribution

In 2023, Nokian Tyres continued to develop and optimize its distribution footprint to ensure efficient distribution in the changed operating environment. In Central Europe, the company adapted its reach to align with the current passenger car tire availability.



Nokian Tyres' distribution network consists of Nokian Tyres' own Vianor service centers, which are all located in the Nordics, and Vianor service centers run by partners, the Nokian Tyres Authorized Dealer (NAD) partners, other tire and vehicle retailers, wholesalers, distributors as well as online stores.

Heavy Tyres operates in both the aftermarket and OEM market, with a focus on European and North American markets. In 2023, sales and distribution development in Heavy Tyres continued.

**BUSINESS UNIT REVIEWS**
**Passenger Car Tyres**

EUR million	10–12/2023	10–12/2022	2023	2022
Net sales	197.9	186.5	653.4	810.7
Net sales change, %	6.1%		-19.4%	
Net sales change in comparable currencies, %	10.6%		-15.8%	
Operating profit	11.0	-21.3	4.1	23.3
Operating profit, %	5.6%	-11.4%	0.6%	2.9%
Segment operating profit	22.0	-27.0	36.7	-24.7
Segment operating profit, %	11.1%	-14.5%	5.6%	-3.1%

**October–December 2023**

In October–December 2023, net sales of Passenger Car Tyres totaled EUR 197.9 million (186.5). With comparable currencies, net sales increased by 10.6% due to higher sales volumes.

Operating profit was EUR 11.0 million (-21.3). Segment operating profit was EUR 22.0 million (-27.0). The increase was mainly due to higher sales volumes and lower costs.

**January–December 2023**

In 2023, net sales of Passenger Car Tyres totaled EUR 653.4 million (810.7). With comparable currencies, net sales decreased by 15.8%. The decrease was due to lower supply volumes, specifically in Central Europe, as well as due to demanding car and tire market environment and high inventories in the distribution. Average Sales Price with comparable currencies increased strongly.

The share of sales volume of winter tires was 63% (47%), the share of summer tires was 12% (25%), and the share of all-season tires was 25% (28%).

Operating profit was EUR 4.1 million (23.3). Segment operating profit was EUR 36.7 million (-24.7). In 2022, logistics costs increased significantly due to extraordinary measures to secure tire supply and due to cost inflation.

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, decreased by 5% year-over-year, containing currency impact.

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

During the review period, the company launched upgraded tire ranges for passenger cars, sport utility vehicles and crossovers in the Central European market, including Nokian Tyres Snowproof winter tire range, Nokian Tyres Seasonproof 1 all-season tire range as well as Nokian Tyres Powerproof 1 and Nokian Tyres Wetproof 1 summer tire ranges.

## Heavy Tyres

EUR million	10–12/2023	10–12/2022	2023	2022
Net sales	61.8	64.6	257.1	271.0
Net sales change, %	-4.4%		-5.1%	
Net sales change in comparable currencies, %	-2.6%		-3.4%	
Operating profit	7.3	1.6	32.8	39.5
Operating profit, %	11.8%	2.5%	12.8%	14.6%
Segment operating profit	7.3	6.1	32.8	44.1
Segment operating profit, %	11.8%	9.5%	12.8%	16.3%

### October–December 2023

In October–December 2023, net sales of Heavy Tyres totaled EUR 61.8 million (64.6). With comparable currencies, net sales decreased by 2.6%.

Operating profit was EUR 7.3 million (1.6). Segment operating profit was EUR 7.3 million (6.1).

### January–December 2023

In 2023, net sales of Heavy Tyres totaled EUR 257.1 million (271.0). With comparable currencies, net sales decreased by 3.4%.

Operating profit was EUR 32.8 million (39.5). Segment operating profit was EUR 32.8 million (44.1). The decrease was caused by lower volumes and its impact on supply chain costs as well as negative currency impact.

Production was temporarily adapted during the summer and Christmas breaks to meet the market demand.

Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, decreased by 5% year-over-year, containing currency impact.

During the review period, Heavy Tyres introduced new additions to its harbor and excavator tire ranges and expanded the availability of the Nokian Tyres Intuitu smart tires from Finland and France to Spain.

**Vianor, own operations**

EUR million	10–12/2023	10–12/2022	2023	2022
Net sales	126.0	129.4	344.0	362.0
Net sales change, %	-2.6%		-5.0%	
Net sales change in comparable currencies, %	3.7%		1.8%	
Operating profit	12.1	10.7	3.4	2.8
Operating profit, %	9.6%	8.3%	1.0%	0.8%
Segment operating profit	12.1	10.7	3.4	3.1
Segment operating profit, %	9.6%	8.3%	1.0%	0.9%
Number of own service centers at period end			174	173

**October–December 2023**

In October–December 2023, net sales of Vianor totaled EUR 126.0 million (129.4). With comparable currencies, net sales increased by 3.7%.

Operating profit was EUR 12.1 million (10.7). Segment operating profit was EUR 12.1 million (10.7).

**January–December 2023**

In 2023, net sales of Vianor totaled EUR 344.0 million (362.0). With comparable currencies, net sales increased by 1.8%

Operating profit was EUR 3.4 million (2.8). Segment operating profit was EUR 3.4 million (3.1).

At the end of the review period, Vianor had 174 (173) own service centers in Finland, Sweden and Norway.

**Segments Total to Nokian Tyres Total reconciliation in 10–12/2023**

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

EUR million	Net sales	Cost of sales	SGA	Other operating income/ expenses	Operating profit	Financial income/ expenses	Taxes	Result from continuing operations	Result from discontinued operations	Result for the period
<b>Segments Total</b>	<b>368.0</b>	<b>-270.5</b>	<b>-56.1</b>	<b>3.1</b>	<b>44.5</b>	<b>-6.1</b>	<b>-3.9</b>	<b>34.4</b>	<b>0.0</b>	<b>34.4</b>
Profit from sale									-0.1	-01
Translation difference										
US factory ramp-up		-9.6	-0.7		-10.3		2.8	-7.5		-7.5
Romanian factory preparations			-1.0		-1.0		0.2	-0.8		-0.8
Non-operative items and others										
Total non-IFRS exclusion		-9.6	-1.7	0.0	-11.3		3.1	-8.3	0.0	-8.3
<b>Nokian Tyres Total</b>	<b>368.0</b>	<b>-280.1</b>	<b>-57.8</b>	<b>3.1</b>	<b>33.1</b>	<b>-6.1</b>	<b>-0.8</b>	<b>26.3</b>	<b>-0.1</b>	<b>26.2</b>

**Segments Total to Nokian Tyres Total reconciliation in 1–12/2023**

EUR million	Net sales	Cost of sales	SGA	Other operating income/ expenses	Operating profit	Financial income/ expenses	Taxes	Result from continuing operations	Result from discontinued operations	Result for the period
<b>Segments Total</b>	<b>1,173.6</b>	<b>-904.6</b>	<b>-208.7</b>	<b>4.8</b>	<b>65.1</b>	<b>-17.8</b>	<b>-9.7</b>	<b>37.7</b>	<b>0.0</b>	<b>37.7</b>
Profit from sale									30.5	30.5
Translation difference									-366.3	-366.3
US factory ramp-up		-27.9	-2.3		-30.2		7.2	-23.0		-23.0
Romanian factory preparations			-3.2		-3.2		0.6	-2.6		-2.6
Non-operative items and others				0.4	0.4			0.4	-2.2	-1.8
Total non-IFRS exclusion	0.0	-27.9	-5.5	0.4	-33.0	0.0	7.8	-25.2	-2.2	-27.4
<b>Nokian Tyres Total</b>	<b>1,173.6</b>	<b>-932.5</b>	<b>-214.2</b>	<b>5.1</b>	<b>32.1</b>	<b>-17.8</b>	<b>-1.7</b>	<b>12.5</b>	<b>-338.0</b>	<b>-325.5</b>

## CORPORATE GOVERNANCE

In its corporate governance and administration, Nokian Tyres follows the Finnish Limited Liability Companies Act, laws and regulations relating to publicly listed companies in Finland, the Articles of Association, the charters of Nokian Tyres' Board of Directors and its committees, the Nasdaq Helsinki rules and regulations, and the orders and instructions from the European Securities and Markets Authority as well as from the Financial Supervisory Authority. Nokian Tyres complies without exceptions the Finnish Corporate Governance Code 2020 for listed companies. The code is published at [www.cgfinland.fi/en/](http://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 26, 2024.

## SHARES AND SHAREHOLDERS

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

Number of shares (million units)*	Dec 31, 2023	Dec 31, 2022
at the end of period	<b>137.87</b>	138.25
in average	<b>137.98</b>	138.25
in average, diluted	<b>137.98</b>	138.25

\* Excluding treasury shares

### Authorizations

In April 2023, the Annual General Meeting authorized the Board of Directors to resolve to repurchase a maximum of 13,800,000 shares in the company by using funds in the unrestricted shareholders' equity. The proposed number of shares corresponds to approximately 9.9% of all shares in the company. The authorization will be effective until the next Annual General Meeting, however, at most until June 30, 2024, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on April 28, 2022.

In April 2023, the Annual General Meeting authorized the Board of Directors to resolve to offer no more than 13,800,000 shares through a share issue, or by granting special rights under Chapter 10, Section 1 of the Finnish Limited Liability Companies Act that entitle to shares (including convertible bonds), on one or more occasions. The Board may decide to issue new shares or shares held by the company. The maximum number of shares included in the proposed authorization accounts for approximately 9.9% of all shares in the company. The authorization will be effective until the next Annual General Meeting, however at most until June 30, 2024, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on April 28, 2022.

In April 2023, the Annual General Meeting authorized the Board of Directors to resolve on donations in the aggregate maximum amount of EUR 250,000 to be made to universities, institutions of higher education or to other non-profit or similar purposes during 2023 and 2024. The donations can be made in one or more installments. The Board of Directors may decide on the donation recipients, purposes of use and other terms of the donations.

In April 2022, the Annual General Meeting authorized the Board of Directors to resolve to repurchase a maximum of 13,800,000 shares in the company by using funds in the unrestricted shareholders' equity. The proposed number of shares corresponded to approximately 9.9% of all shares in the company. The authorization was effective until the Annual General Meeting of 2023.

In April 2022, the Annual General Meeting authorized the Board of Directors to resolve to offer no more than 13,800,000 shares through a share issue, or by granting special rights under Chapter 10, Section 1

of the Finnish Limited Liability Companies Act that entitle to shares (including convertible bonds), on one or more occasions. The maximum number of shares included in the proposed authorization accounted for approximately 9.9% of all shares in the company. The authorization was effective until the Annual General Meeting of 2023.

In April 2022, the Annual General Meeting authorized the Board of Directors to resolve on donations in the aggregate maximum amount of EUR 250,000 to be made to universities, institutions of higher education or to other non-profit or similar purposes during 2022 and 2023.

In 2023, based on the authorization given to the Board by the AGM, a donation of EUR 60,000, divided over three years, was made to the Baltic Sea Action Group (BSAG) to support the protection of the Baltic Sea.

### Own shares

No share repurchases were made during the review period, and the company did not possess any own shares on December 31, 2023.

Nokian Tyres has an agreement with a third-party service provider concerning the share-based incentive program for key personnel. The third party owns Nokian Tyres' shares related to the incentive program until the shares are given to the participants of the program. On December 31, 2023, the number of these shares was 1,054,507, reported as treasury shares (December 31, 2022: 670,426). This number of shares corresponded to 0.76% (0.48%) of the total shares and voting rights in the company.

### Trading in shares

A total of 223,641,182 (276,602,916) Nokian Tyres' shares were traded in Nasdaq Helsinki in 2023, representing 161% (199%) of the company's overall share capital. The average daily volume in 2023 was 891,001 shares (1,093,292). Nokian Tyres' shares are also traded on alternative exchanges.

Nokian Tyres' share price was EUR 8.26 (9.58) at the end of 2023. The volume weighted average share price in 2023 was EUR 8.40 (14.42), the highest was EUR 11.63 (34.90) and the lowest was EUR 6.18 (9.27). The company's market capitalization at the end of 2023 was EUR 1.1 billion (1.3 billion).

At the end of 2023, the company had 94,092 (76,763) registered shareholders. The percentage of Finnish shareholders was 61.5% (46.7%), and 38.5% (53.3%) were non-Finnish holders and foreign shareholders registered in the nominee register. Public sector entities owned 17.5% (16.8%), financial and insurance corporations 5.4% (3.7%), households 30.7% (20.3%), non-profit institutions 2.2% (2.0%), and private companies 5.8% (3.8%).

### Major shareholders on December 31, 2023

(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	4,238,192	3.05
3. Ilmarinen Mutual Pension Insurance Company	2,626,395	1.89
4. Elo Mutual Pension Insurance Company	2,028,000	1.46
5. Nordea Nordic Small Cap Fund	1,084,160	0.78
6. Nordea Finland Fund	1,079,413	0.78
7. The State Pension Fund	900,000	0.65
8. OP-Finland	610,000	0.44
9. Barry Staines Linoleum Ltd.	480,000	0.35
10. OP-Henkivakuutus Ltd.	479,864	0.35

**Changes in ownership**

Transaction date	Shareholder	Threshold	% of shares and voting rights	% of shares and voting rights through financial instruments	Total, %
January 3, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
January 4, 2023	Norges Bank	Above 5%	4.99%	0.06%	5.05%
January 5, 2023	BlackRock, Inc	Above 5%	4.93%	0.21%	5.15%
January 9, 2023	Norges Bank	Below 5%	4.99%	0.00%	4.99%
January 10, 2023	BlackRock, Inc	Above 5%	5.04%	0.20%	5.24%
January 10, 2023	Société Générale SA	Above 5%	0.38%	5.40%	5.78%
January 11, 2023	BlackRock, Inc	Below 5%	4.78%	0.24%	5.02%
January 12, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
January 12, 2023	Norges Bank	Above 5%	5.05%	0.00%	5.05%
January 16, 2023	BlackRock, Inc	Above 5%	4.67%	0.61%	5.29%
January 17, 2023	Norges Bank	Below 5%	4.90%	0.00%	4.90%
January 18, 2023	Norges Bank	Above 5%	5.20%	0.00%	5.20%
January 18, 2023	BlackRock, Inc	Above 5%	5.11%	0.60%	5.71%
January 18, 2023	Société Générale SA	Below 5%	0.16%	4.78%	4.94%
January 24, 2023	Société Générale SA	Above 5%	0.56%	4.54%	5.10%
February 1, 2023	BlackRock, Inc	Below 5%	4.61%	0.42%	5.04%
February 2, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
February 3, 2023	BlackRock, Inc	Above 5%	4.80%	0.49%	5.29%
February 7, 2023	Société Générale SA	Below 5%	0.10%	3.78%	3.88%
February 8, 2023	BlackRock, Inc	Above 5%	5.90%	0.29%	6.19%
February 9, 2023	BlackRock, Inc	Below 5%	3.76%	1.57%	5.33%
February 13, 2023	Norges Bank	Below 5%	4.88%	0.13%	5.01%
February 14, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
February 14, 2023	JPMorgan Chase & Co.	Above 5%	3.47%	1.61%	5.08%
February 14, 2023	Norges Bank	Below 5%	4.28%	0.13%	4.42%
February 15, 2023	JPMorgan Chase & Co.	Below 5%	Below 5%	Below 5%	Below 5%
February 16, 2023	BlackRock, Inc	Above 5%	4.42%	0.66%	5.09%
February 17, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
February 21, 2023	BlackRock, Inc	Above 5%	4.66%	0.44%	5.11%
March 3, 2023	Société Générale SA	Above 5%	0.25%	5.18%	5.43%
March 9, 2023	JPMorgan Chase & Co.	Above 5%	3.77%	1.30%	5.07%
March 10, 2023	Bank of America Corporation	Above 5%	1.1013224%	4.325991%	5.427315%
March 10, 2023	Société Générale SA	Below 5%	0.05%	4.78%	4.83%
March 13, 2023	Bank of America Corporation	Below 5%	0.694290%	3.665487%	4.359777%
March 13, 2023	JPMorgan Chase & Co.	Below 5%	Below 5%	Below 5%	Below 5%
March 13, 2023	Société Générale SA	Above 5%	0.04%	6.36%	6.40%



March 14, 2023	JPMorgan Chase & Co.	Above 5%	3.50%	2.07%	5.57%
March 15, 2023	JPMorgan Chase & Co.	Below 5%	Below 5%	Below 5%	Below 5%
March 17, 2023	BlackRock, Inc	Below 5%	Below 5%	Below 5%	Below 5%
March 17, 2023	The Goldman Sachs Group	Above 5%	2.59%	3.27%	5.86%
March 20, 2023	Bank of America Corporation	Above 5%	2.576416%	2.734651%	5.311067%
March 20, 2023	The Goldman Sachs Group	Below 5%	2.26%	0.96%	3.22%
March 21, 2023	Bank of America Corporation	Below 5%	2.517747%	1.657154%	4.174901%
July 6, 2023	Société Générale SA	Below 5%	0.08%	4.41%	4.49%
July 11, 2023	Société Générale SA	Above 5%	0.08%	5.24%	5.32%
July 12, 2023	Société Générale SA	Below 5%	0.04%	4.64%	4.68%

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

### Shares owned by the Board members and legal entities controlled by them on December 31, 2023

Board of Directors	Number of shares
Jukka Hienonen, Chair	25,808*
Pekka Vauramo, Deputy Chair	9,096
Susanne Hahn, member	4,028
Markus Korsten, member	2,386
Veronica Lindholm, member	10,004
Christopher Ostrander, member	4,660
Jouko Pölönen, member	23,690
George Rietbergen, member	7,614
Reima Rytsölä	2,386**
<b>Total</b>	<b>89,672</b>

\* In addition, 20,592 shares in an insurance wrapper, with no voting right

\*\* In addition, 5,000 shares in an insurance wrapper, with no voting right

### Shares owned by the President and CEO and legal entities controlled by him on December 31, 2023

President and CEO	Number of shares
Jukka Moisio	22,921

On December 31, 2023, Nokian Tyres' Board members and the President and CEO held a total of 112,593 Nokian Tyres shares. The shares represent 0.08% of the total number of votes.

**Shares owned by the Management Team members and legal entities controlled by them on December 31, 2023**

<b>Management Team</b>	<b>Number of shares</b>
Päivi Antola, Communications, Investor Relations and Brand	5,799
Niko Haavisto, Finance	11,250
Anna Hyvönen, Passenger Car Tyres and Vianor	22,010
Adrian Kaczmarczyk, Supply Operations	3,420
Jukka Kasi, Products and Innovations	40,367
Päivi Leskinen, Human Resources	0
Manu Salmi, Heavy Tyres and Nokia Factory	30,457
<b>Total</b>	<b>113,303</b>

**Managers' transactions**

Nokian Tyres announced managers' transactions on March 8, April 27 and 28, May 5, November 6, and December 1. Read more at

[www.nokiantyres.com/company/publications/releases/2023/managementTransactions/](http://www.nokiantyres.com/company/publications/releases/2023/managementTransactions/).

**THE ANNUAL GENERAL MEETING 2023**

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

**Dividend**

The AGM decided that a dividend of EUR 0.35 per share shall be paid for the financial year 2022. The dividend was paid on May 11, 2023 to shareholders who were registered in the company's shareholders' register maintained by Euroclear Finland Oy on the dividend record date on April 28, 2023. In October 2023, the Board of Directors made a decision on the payment of a second dividend installment of EUR 0.20 per share based on the authorization given by the AGM 2023. The second dividend installment was paid on December 5, 2023 to shareholders who were registered in the company's shareholders' register maintained by Euroclear Finland Oy on the dividend record date on November 2, 2023.

**Remuneration for members of the Board of Directors**

The AGM decided that the members of the Board of Directors be paid the following remuneration: to the Chair of the Board of Directors EUR 110,000 per year; to the Deputy Chair and to the Chairs of the Audit Committee and Personnel and Remuneration Committee EUR 75,000 per year each, and to members EUR 52,500 per year each. 60% of the annual fee will be paid in cash and 40% in company shares.

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

**Members of the Board of Directors and Auditors**

The AGM decided that the number of the members of the Board of Directors shall be nine. Susanne Hahn, Jukka Hienonen, Veronica Lindholm, Christopher Ostrander, Jouko Pölönen, George Rietbergen and Pekka Vauramo were re-elected as members of the Board of Directors, and Markus Korsten and Reima Rytsölä were elected as new members of the Board of Directors for a term ending at the closing

of the Annual General Meeting 2024. Jukka Hienonen was re-elected as the Chair and Pekka Vauramo as Deputy Chair of the Board of Directors.

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

### **Authorizations**

The AGM authorized the Board of Directors to resolve to repurchase a maximum of 13,800,000 shares in the Company by using funds in the unrestricted shareholders' equity. The proposed number of shares corresponds to approximately 9.9% of all shares in the company. The authorization will be effective until the next Annual General Meeting, however, at most until June 30, 2024, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on April 28, 2022.

The AGM authorized the Board of Directors to resolve to offer no more than 13,800,000 shares through a share issue, or by granting special rights under Chapter 10, Section 1 of the Finnish Limited Liability Companies Act that entitle to shares (including convertible bonds), on one or more occasions. The Board may decide to issue new shares or shares held by the company. The maximum number of shares included in the proposed authorization accounts for approximately 9.9% of all shares in the company. The authorization will be effective until the next Annual General Meeting, however at most until June 30, 2024, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on April 28, 2022.

The AGM authorized the Board of Directors to resolve on donations in the aggregate maximum amount of EUR 250,000 to be made to universities, institutions of higher education or to other non-profit or similar purposes during 2023 and 2024. The donations can be made in one or more installments. The Board of Directors may decide on the donation recipients, purposes of use and other terms of the donations.

### **BOARD OF DIRECTORS' WORKING ARRANGEMENTS**

In its organizing meeting on April 26, 2023, the Board of Directors decided to change the name of the Board's Personnel and Remuneration Committee to Board's People and Sustainability Committee. Furthermore, the Board elected members to the Board's People and Sustainability Committee and Audit Committee. Veronica Lindholm was elected as the Chair and Pekka Vauramo, Jukka Hienonen and Susanne Hahn as members of the People and Sustainability Committee. Further, the Board of Directors elected Jouko Pölönen as the Chair and Christopher Ostrander and Reima Rytsölä as members of the Audit Committee.

### **SHAREHOLDERS' NOMINATION BOARD**

In June 2023, the following members were appointed to Nokian Tyres' Shareholders' Nomination Board:

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

The Shareholders' Nomination Board proposes to the 2024 Annual General Meeting that the Board consists of nine members, the Chair and the Deputy Chair included, and that of the current Board members Susanne Hahn, Jukka Hienonen, Markus Korsten, Christopher Ostrander, Jouko Pölönen, Reima Rytsölä and Pekka Vauramo be re-elected and Elina Björklund and Elisa Markula be elected as new members to the Board of Directors for a term ending at the end of the 2025 Annual General Meeting. Of the current members, George Rietbergen and Veronica Lindholm have informed that they are not available for re-election to the Board of Directors.

Jukka Hienonen is proposed to continue as the Chair and Pekka Vauramo as the Deputy Chair 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.

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 2025 is proposed to be as follows: to the Chair of the Board of Directors EUR 115,000 (former 110,000); to the Deputy Chair of the Board and to the Chairs of the Committees EUR 76,000 (75,000), and to other members EUR 53,500 (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.

## **CHANGES IN MANAGEMENT**

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

## **CORPORATE SUSTAINABILITY**

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

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

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

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

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

In November, Nokian Tyres announced that it had reached one of its science-based greenhouse gas emissions reduction targets seven years ahead of schedule. The target was to cut the factories' direct CO<sub>2</sub> emissions by 52% per production ton by 2030 compared to the emissions level in 2015. The target was already achieved in 2023. Nokian Tyres' factory emissions per production ton are the lowest in the tire industry.

In November, Nokian Tyres joined Polestar 0 project that aims to create a climate-neutral car by 2030. The project's target is to eliminate all greenhouse gas emissions stemming from the production and end-of-life of the car. Nokian Tyres contributes to the project by developing climate-neutral premium tires.

In December, Nokian Tyres was again included in the Dow Jones Sustainability Europe Index, which means that the company is among the most sustainable listed companies in Europe.

Nokian Tyres will publish its Corporate Sustainability Report for 2023 in spring 2024.

### **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 26, 2024.

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

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

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

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

The rewards from the performance period 2023–2024 are based on cumulative EBITDA, increase in passenger car tire production volume and reduction in direct CO<sub>2</sub> emissions.

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

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

### **Restricted Share Plan 2023**

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

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

A precondition for the payment of the share reward based on the Restricted Share Plan is that the employment relationship of a participant with Nokian Tyres continues until the payment date of the reward. In addition to this precondition, a financial performance criteria is applied to Nokian Tyres Management Team. The criteria is a threshold value for segments Return on Capital Employed (ROCE), which must be exceeded for a potential payment of a share reward based on the Restricted Share Plan 2023–2025.

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

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

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

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

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

### **Payments for share-based plans that ended in 2022**

In February 2023, the Board of Directors of Nokian Tyres plc approved payments of share awards from the Performance and Restricted share plans 2020–2022.

### **Performance Share Plan 2020–2022**

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

### **Restricted Share Plan 2020–2022**

The three-year restriction period of the Restricted Share Plan 2020–2022 ended after financial year 2022. 67 key employees participate in the share-based incentive plan, including the President and CEO and members of the Management Team. The financial threshold value for segments Return on Capital

Employed (ROCE) applied for the President and CEO and the Management Team members was achieved. The rewards paid corresponded to a total of 71,550 Nokian Tyres plc gross shares. The rewards were paid in March 2023. A precondition for the payment of the share reward based on the Restricted Share Plan was that the employment relationship of a participant with Nokian Tyres continued until the payment date of the reward.

The total number of shares of the company did not change due to payments for share-based plans that ended in 2022.

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

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

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

For example, the following risks could potentially have an impact on Nokian Tyres' business:

- Nokian Tyres is subject to risks related to consumer confidence and macroeconomic and geopolitical conditions. Political uncertainties may cause serious disruption and additional trade barriers and affect the company's sales and credit risk. Economic downturns may increase trade customers' payment problems and Nokian Tyres may need to recognize impairment of trade receivables.
- The tire wholesale and retail landscape is evolving to meet changing consumer needs. New technologies are fueling this with increasing digitalization. Failure to adapt to the changes in the sales channel could have an adverse effect on Nokian Tyres' financial performance.
- Nokian Tyres' success is dependent on its ability to innovate and develop new products and services that appeal to its customers and consumers. Despite extensive testing of its products, product quality issues and failure to meet demands of performance and safety could harm Nokian Tyres' reputation and have an adverse effect on its financial performance.
- Any unexpected production or delivery breaks at Nokian Tyres' production facilities or those of its contract manufacturing partners would have a negative impact on the company's business. Interruptions in logistics could have a significant impact on production and peak season sales.
- In order to secure tire supply, Nokian Tyres has decided to invest in new production capacity in Romania and increase the share of outsourced production. Delay in these actions could have an adverse effect on Nokian Tyres' financial performance.
- Significant fluctuations in raw material prices may impact margins. Nokian Tyres sources natural rubber from producers in countries such as Indonesia and Malaysia. Although Nokian Tyres has policies such as the Supplier Code of Conduct and established processes to monitor the working conditions, it cannot fully control the actions of its suppliers. Nokian Tyres continues to expand its supplier portfolio to mitigate risks related to single-source supplying and availability of sustainable raw materials. The non-compliance with laws, regulations or standards by raw material producers, or their divergence from practices generally accepted as ethical in the European Union or the international community, could have a material adverse effect on Nokian Tyres' reputation.
- Tire industry can be subject to risks caused by climate change, such as changes in consumer tire preferences, regulatory changes or impact of extreme weather events on natural rubber producers. Nokian Tyres is committed to reducing GHG emissions from its operations in order to combat climate change. Nokian Tyres calculates the GHG emissions from its operations annually and reduces them systematically. More detailed analysis on Nokian Tyres' climate change related risks and opportunities is

provided at [www.nokiantyres.com/company/sustainability/environment/climate-change-related-risks-and-opportunities/](http://www.nokiantyres.com/company/sustainability/environment/climate-change-related-risks-and-opportunities/).

- Foreign exchange risk consists of transaction risk and translation risk. The most significant currency risks arise from the Swedish and Norwegian krona, and the US and Canadian dollar. Approximately 65% of the Group's sales are generated outside of the euro-zone.

- The availability of supporting information systems and network services is crucial to Nokian Tyres. Unplanned interruption in critical information systems or network services may cause disruption to the continuity of operations. Such systems and services may also be exposed to cyber attacks that could cause a leakage of confidential information, violation of data privacy regulations, theft of know-how and other intellectual property, production shutdown or damage to reputation. Risk analyses and projects related to information security, data protection, and customer information are continuously a special focus area at Nokian Tyres.

- 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 and CEO of Nokian Tyres in 2015–2016. The prosecutor also claimed a corporate fine against the company. In addition, four persons who were employees at Nokian Tyres in 2015 were charged for abuse of inside information. The District Court of Helsinki dismissed all charges and claims by the prosecutor in its ruling in June 2022. The decision is not yet legally binding, and the prosecutor has appealed against the decision of the District Court.

- A new and more dangerous variant of COVID-19 or other similar pandemics may slow down economic activity, and thus have a negative impact on Nokian Tyres' operations and supply chain as well as the demand and pricing for the company's products.

- Building a diverse customer base and fostering strong relationships help mitigate sales risks associated with relying on a limited number of large customers and create long-term stability for the business.

- Nokian Tyres' success relies heavily on employing the right individuals in the right positions. Failing to attract competent and committed professionals, coupled with an inability to create a motivating work environment, may have an adverse impact on the implementation of Nokian Tyres' strategy and the achievement of its financial targets.

- Various aspects of corporate sustainability, including product quality, safety, the environment, and human rights, are increasingly important. Non-compliance with the growing number of new laws, regulations, and standards, particularly those related to environmental, social and governmental (ESG) issues, or a lack of full comprehension regarding their impact on the company's business and disclosure requirements, can potentially result in fines and cause damage to the company's reputation.

- In January 2024, the European Commission initiated an unannounced inspection at Nokian Tyres plc's headquarters in Nokia, Finland. The European Commission has expressed its concerns that the inspected tire manufacturing companies may have violated EU antitrust rules that prohibit cartels and restrictive business practices. Nokian Tyres does not have information on the outcome of the inspection, and it cannot comment on the ongoing investigation. Nokian Tyres is fully co-operating with the authorities.

### **Tax disputes**

In April 2021, Nokian Tyres received a decision from the Tax Administration after a tax audit regarding foreign withholding tax on dividends, according to which the company was obliged to pay a total of EUR 1.9 million additional taxes, tax increases and interest for tax years 2015–2016. Taxes were paid and recognized in receivables. Nokian Tyres considered the tax authority's view unfounded and appealed against the decision.

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



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

## EXIT FROM RUSSIA

In March 2023, Nokian Tyres plc announced the completion of the sale of its operations in Russia to PJSC Tatneft, after which all Nokian Tyres' operations in Russia ended. The closing date of the sale transaction of Russian operations is considered to be March 16, 2023, when the sale price was received. The sale price was EUR 285 million.

The result for discontinued operations (Russian operations) in the first quarter of 2023 was EUR -338.9 million: Profit from sale was EUR 29.6 million, operative result was EUR -2.2 million, and previous years' cumulative translation difference was EUR -366.3 million.

## STRATEGY AND UPDATED FINANCIAL TARGETS

Following the completion of the Russia exit in March 2023, Nokian Tyres announced its new long-term financial targets and confirmed the previously announced non-financial targets. Nokian Tyres aims for EUR 2 billion net sales and segments operating profit of approximately 15%. The company also introduced a new capital structure target: net debt to segments EBITDA ratio between 1 and 2.

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

	Long-term financial targets	Status in 2023
Organic growth	Net sales EUR 2 billion	EUR 1.17 billion
Profitability	Segments operating profit ~15%	5.5%
Capital structure	Net debt/Segments EBITDA 1-2	1.3

Nokian Tyres' strategy centers on organic growth in the key markets in the Nordics, North America and Central Europe. Focus continues to be on attractive niche segments, especially on premium winter tires, where Nokian Tyres can generate good margins. Expanding capacity together with market relevant high-quality products and enhancing commercial capabilities will boost topline growth. Margin improvement will be driven by increasing sales volume and average sales price. With a solid balance sheet and strong cash generation, the company is able to both invest in growth and reward its shareholders.

With respect to passenger car tires, the company's growth strategy is divided into two phases. The investment phase is expected to run from 2023 to 2025 and the growth phase from 2026 to 2027. In 2023, passenger car tire sales volumes decreased significantly due to the sale of the Russia operations. Therefore, rebuilding production capacity during the investment phase is integral to achieving the EUR 2 billion net sales target. During the growth phase, expanding capacity combined with the introduction of new top-performing products and enhanced operational capabilities will underpin the company's progress toward the financial targets. In the Heavy Tyres business, the focus is on expanding capacity and strengthening distribution in Central Europe and North America. Widening product portfolio and enhanced digital capabilities support long-term growth. Vianor's excellent distribution capabilities strengthen Nokian Tyres' strong position in the Nordics.

In 2023, the company continued its strategic investments to increase capacity at the factories in Finland and in the US, and began work on building a new passenger car tire factory in Romania. The construction work at the world's first zero CO2 emission tire factory in Romania is proceeding as planned and the factory will start to support sales from 2025 onwards. To supplement own production, the first contract manufacturing products were introduced to the Central European market in the latter part of 2023. Contract manufacturing brings flexibility to meet the demand.

Nokian Tyres' competitive position is based on its ability to continually develop new, innovative and sustainably manufactured products. In 2023, Nokian Tyres invested ~2% of net sales in R&D. In 2023, the company launched several upgraded tires for passenger and SUV cars as well as for heavy tire machinery. With market relevant product offerings and a robust innovation pipeline, Nokian Tyres is well-positioned to meet evolving consumer expectations. Macro trends such as the increasing number of new

car models, growing SUV and CUV penetration, and the climate change mitigation drive demand for sustainably produced innovative tires.

## **MATTERS AFTER THE REVIEW PERIOD**

On January 30, 2024, Nokian Tyres announced that, on the same day, the European Commission had initiated an unannounced inspection at Nokian Tyres plc's headquarters in Nokia, Finland. The European Commission has expressed its concerns that the inspected tire manufacturing companies may have violated EU antitrust rules that prohibit cartels and restrictive business practices. Nokian Tyres does not have information on the outcome of the inspection, and it cannot comment on the ongoing investigation. Nokian Tyres is fully co-operating with the authorities.

## **ASSUMPTIONS FOR 2024**

Sell-in in the replacement tire market is expected to grow in 2024. However, weak economic development in Nokian Tyres' main markets is expected to continue, which together with the low consumer confidence may have a negative impact on tire demand. In heavy tires, OEM demand may decrease due to high interest rates, which have a negative impact on machinery investments.

After peaking in early 2023, raw material cost is expected to moderate in 2024.

## **GUIDANCE FOR 2024**

In 2024, Nokian Tyres' net sales with comparable currencies and segments operating profit are expected to grow significantly compared to the previous year.

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

The distributable funds in the Parent company total EUR 859.4 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 75.8 million
retained in equity	EUR 783.6 million
Total	EUR 859.4 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 May 2, 2024. The payment date proposed by the Board of Directors is May 15, 2024.

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 29, 2024. 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 1, 2024.

Helsinki, February 6, 2024

Nokian Tyres plc  
Board of Directors

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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.

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**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 2022. 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. The figures in the financial statements release are unaudited.

**NOKIAN TYRES CONDENSED**

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>10-12/23</b>	10-12/22	<b>1-12/23</b>	1-12/22	Change %
EUR million					
Net sales	<b>368.0</b>	361.7	<b>1,173.6</b>	1,350.5	1.7
Cost of sales	<b>-280.1</b>	-298.8	<b>-932.5</b>	-1,048.1	6.2
<b>Gross profit</b>	<b>87.9</b>	63.0	<b>241.1</b>	302.4	39.5
Other operating income	<b>1.9</b>	1.6	<b>3.7</b>	0.9	20.0
Sales, marketing and R&D expenses	<b>-40.9</b>	-41.9	<b>-143.1</b>	-165.6	2.4
Administration	<b>-17.0</b>	-26.1	<b>-71.1</b>	-79.7	34.9
Other operating expenses	<b>1.2</b>	0.2	<b>1.4</b>	-1.3	470.5
<b>Operating profit</b>	<b>33.1</b>	-3.2	<b>32.1</b>	56.7	1,143.8
Net financial items	<b>-6.0</b>	-23.4	<b>-17.8</b>	-45.5	74.2
<b>Result before tax</b>	<b>27.1</b>	-26.6	<b>14.2</b>	11.2	201.7
Tax expense	<b>-0.8</b>	8.8	<b>-1.7</b>	4.1	-109.0
Result for the period, continuing operations	<b>26.3</b>	-17.8	<b>12.5</b>	15.2	247.9
Result for the period, discontinued operations	<b>-0.1</b>	2.1	<b>-338.0</b>	-190.8	-105.6
<b>Result for the period</b>	<b>26.2</b>	-15.7	<b>-325.5</b>	-175.5	266.6
Attributable to:					
Equity holders of the parent	<b>26.2</b>	-15.7	<b>-325.5</b>	-175.5	
Earnings per share from the result attributable to the equity holders of the parent:					
basic, euros	<b>0.19</b>	-0.11	<b>-2.36</b>	-1.27	267.0
diluted, euros	<b>0.19</b>	-0.11	<b>-2.36</b>	-1.27	267.0
continuing operations, euros	<b>0.19</b>	-0.13	<b>0.09</b>	0.11	248.2
discontinuing operations, euros	<b>0.00</b>	0.01	<b>-2.45</b>	-1.38	-105.6

**CONSOLIDATED OTHER COMPREHENSIVE  
INCOME**

	10-12/23	10-12/22	1-12/23	1-12/22
EUR million				
<b>Profit for the period</b>	<b>26.2</b>	-15.7	<b>-325.5</b>	-175.5
Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax:				
Gains/Losses from hedge of net investments in foreign operations	<b>0.0</b>	0.0	<b>0.0</b>	6.8
Cash flow hedges	<b>0.3</b>	-7.5	<b>-8.9</b>	9.0
Translation differences on foreign operations	<b>-20.1</b>	-216.5	<b>-33.5</b>	36.7
Reclassification of discontinued operations			<b>366.3</b>	
Total other comprehensive income for the period, net of tax	<b>-19.9</b>	-223.9	<b>323.8</b>	52.4
<b>Total comprehensive income for the period</b>	<b>6.3</b>	-239.6	<b>-1.7</b>	-123.1
Total comprehensive income attributable to:				
Equity holders of the parent	<b>6.3</b>	-239.6	<b>-1.7</b>	-123.1

**CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**

	31.12.23	31.12.22
EUR million		
<b>Non-current assets</b>		
Property, plant and equipment	885.2	775.0
Right of use assets	124.7	123.8
Goodwill	62.3	63.2
Other intangible assets	13.8	15.6
Investments in associates	0.1	0.1
Non-current financial investments	2.9	3.0
Other receivables	14.1	14.4
Deferred tax assets	55.0	23.5
<b>Total non-current assets</b>	<b>1,158.1</b>	<b>1,018.5</b>
<b>Current assets</b>		
Inventories	471.7	529.9
Trade receivables	224.2	326.2
Other receivables	48.8	61.1
Current tax assets	7.6	15.0
Cash and cash equivalents	414.9	259.0
<b>Total current assets</b>	<b>1,167.1</b>	<b>1,191.2</b>
<b>Total assets</b>	<b>2,325.2</b>	<b>2,209.7</b>
<b>Equity</b>		
Share capital	25.4	25.4
Share premium	181.4	181.4
Treasury shares	-16.7	-16.6
Translation reserve	-16.7	-349.5
Fair value and hedging reserves	1.6	10.5
Paid-up unrestricted equity reserve	238.2	238.2
Retained earnings	934.3	1,343.6
<b>Total equity</b>	<b>1,347.6</b>	<b>1,433.1</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	26.7	17.4
Interest-bearing liabilities	495.6	201.1
Other liabilities	0.5	0.8
<b>Total non-current liabilities</b>	<b>522.7</b>	<b>219.4</b>
<b>Current liabilities</b>		
Trade payables	155.9	121.3
Other current payables	150.6	223.1
Current tax liabilities	3.8	4.1
Provisions	1.8	9.9
Interest-bearing liabilities	142.9	198.8
<b>Total current liabilities</b>	<b>454.9</b>	<b>557.2</b>
<b>Total equity and liabilities</b>	<b>2,325.2</b>	<b>2,209.7</b>

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

Interest-bearing liabilities include EUR 91.6 million of non-current and EUR 38.7 million of current lease liabilities.

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>1-12/23</b>	<b>1-12/22</b>
EUR million		
<b>Result for the period</b>	<b>12.5</b>	<b>-175.5</b>
Result for the discontinued operations	<b>-338.0</b>	<b>-</b>
Adjustments for		
Loss on sale of discontinued operations	<b>335.6</b>	<b>-</b>
Depreciation, amortisation and impairment	<b>114.9</b>	<b>310.6</b>
Financial income and expenses	<b>17.9</b>	<b>30.2</b>
Gains and losses on sale of intangible assets, other changes	<b>0.8</b>	<b>136.3</b>
Income Taxes	<b>1.7</b>	<b>29.2</b>
<b>Cash flow before changes in working capital</b>	<b>145.4</b>	<b>330.8</b>
Changes in working capital		
Current receivables, non-interest-bearing, increase (-) / decrease (+)	<b>-4.0</b>	<b>-93.9</b>
Inventories, increase (-) / decrease (+)	<b>-40.5</b>	<b>-93.4</b>
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	<b>1.0</b>	<b>-69.8</b>
<b>Changes in working capital</b>	<b>-43.5</b>	<b>-257.1</b>
Financial items and taxes		
Interest and other financial items, received	<b>10.8</b>	<b>3.5</b>
Interest and other financial items, paid	<b>-21.0</b>	<b>-15.2</b>
Income taxes paid	<b>-9.3</b>	<b>-66.2</b>
<b>Financial items and taxes</b>	<b>-19.5</b>	<b>-78.0</b>
<b>Cash flow from operating activities (A)</b>	<b>82.4</b>	<b>-4.3</b>
Cash flow from investing activities		
Cashflow from discontinued operations	<b>199.2</b>	<b>-</b>
Acquisitions of property, plant and equipment and intangible assets	<b>-252.1</b>	<b>-125.2</b>
Proceeds from sale of property, plant and equipment and intangible assets	<b>0.3</b>	<b>2.0</b>
Acquisitions of Group companies	<b>0.0</b>	<b>-4.5</b>
Other cash flow from investing activities	<b>0.0</b>	<b>0.7</b>
<b>Cash flow from investing activities (B)</b>	<b>-52.7</b>	<b>-126.9</b>
Cash flow from financing activities:		
Purchase of treasury shares	<b>4.4</b>	<b>0.0</b>
Change in current financial receivables, increase (-) / decrease (+)	<b>1.2</b>	<b>-0.4</b>
Change in non-current financial receivables, increase (-) / decrease (+)	<b>0.0</b>	<b>1.0</b>
Change in current financial borrowings, increase (+) / decrease (-)	<b>-161.3</b>	<b>161.4</b>
Change in non-current financial borrowings, increase (+) / decrease (-)	<b>398.8</b>	<b>-26.9</b>
Payment of lease liabilities	<b>-41.2</b>	<b>-40.4</b>
Dividends received	<b>0.0</b>	<b>0.0</b>
Dividends paid	<b>-72.1</b>	<b>-89.7</b>
<b>Cash flow from financing activities (C)</b>	<b>129.8</b>	<b>5.1</b>
<b>Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)</b>	<b>159.5</b>	<b>-126.2</b>
Cash and cash equivalents at the beginning of the period	<b>259.0</b>	<b>385.9</b>
Effect of exchange rate fluctuations on cash held	<b>-3.6</b>	<b>-0.7</b>
Cash and cash equivalents at the end of the period	<b>414.9</b>	<b>259.0</b>

In comparative year 2022, the result from discontinued operations was EUR -190.8 million and cash flow from discontinued operations operating activities included EUR -19.4 million of cash flow.

**CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY**

A = Share capital  
 B = Share premium  
 C = Treasury shares  
 D = Translation reserve  
 E = Fair value and hedging reserves  
 F = Paid-up unrestricted equity  
 reserve  
 G = Retained earnings  
 H = Total equity

EUR million	Equity attributable to equity holders of the parent							
	A	B	C	D	E	F	G	H
<b>Equity, Jan 1, 2022</b>	<b>25.4</b>	<b>181.4</b>	<b>-17.6</b>	<b>-393.0</b>	<b>1.6</b>	<b>238.2</b>	<b>1,591.5</b>	<b>1,627.6</b>
Result for the period							-175.5	-175.5
<b>Other comprehensive income, net of tax:</b>								
Cash flow hedges					9.0			9.0
Net investment hedge				6.8				6.8
Translation differences				36.7				36.7
<b>Total comprehensive income for the period</b>				<b>43.5</b>	<b>9.0</b>		<b>-175.5</b>	<b>-123.1</b>
Dividends paid							-76.0	-76.0
Acquisition of treasury shares								-
Share-based payments			1.0				-5.9	-4.9
Other changes							9.5	9.5
<b>Total transactions with owners for the period</b>			<b>1.0</b>				<b>-72.4</b>	<b>-71.4</b>
<b>Equity, Dec 31, 2022</b>	<b>25.4</b>	<b>181.4</b>	<b>-16.6</b>	<b>-349.5</b>	<b>10.5</b>	<b>238.2</b>	<b>1,343.5</b>	<b>1,433.1</b>
<b>Equity, Jan1, 2023</b>	<b>25.4</b>	<b>181.4</b>	<b>-16.6</b>	<b>-349.5</b>	<b>10.5</b>	<b>238.2</b>	<b>1,343.5</b>	<b>1,433.1</b>
Result for the period							-325.5	-325.5
<b>Other comprehensive income, net of tax:</b>								
Cash flow hedges					-8.9			-8.9
Net investment hedge				-				-
Translation differences				332.8				332.8
<b>Total comprehensive income for the period</b>				<b>332.8</b>	<b>-8.9</b>		<b>-325.5</b>	<b>-1.7</b>
Dividends paid							-76.0	-76.0
Acquisition of treasury shares			-4.4					-4.4
Share-based payments			4.3				-5.1	-0.8
Other changes							-2.6	-2.6
<b>Total transactions with owners for the period</b>			<b>-0.1</b>				<b>-83.7</b>	<b>-83.8</b>
<b>Equity, Dec 31, 2023</b>	<b>25.4</b>	<b>181.4</b>	<b>-16.7</b>	<b>-16.7</b>	<b>1.6</b>	<b>238.2</b>	<b>934.6</b>	<b>1,347.6</b>



<b>SEGMENT INFORMATION</b>	<b>10-12/23</b>	10-12/22	<b>1-12/23</b>	1-12/22	Change%
EUR million					
<b>Net sales</b>					
Passenger car tyres	<b>197.9</b>	186.5	<b>653.4</b>	810.7	6.1
Heavy Tyres	<b>61.8</b>	64.6	<b>257.1</b>	271.0	-4.4
Vianor	<b>126.0</b>	129.4	<b>344.0</b>	362.0	-2.6
Other operations and eliminations	<b>-17.8</b>	-18.8	<b>-80.9</b>	-93.2	5.5
<b>Total</b>	<b>368.0</b>	361.7	<b>1,173.6</b>	1,350.5	1.7
<b>Operating result</b>					
Passenger car tyres	<b>11.0</b>	-21.3	<b>4.1</b>	23.3	151.5
Heavy Tyres	<b>7.3</b>	1.6	<b>32.8</b>	39.5	356.4
Vianor	<b>12.1</b>	10.7	<b>3.4</b>	2.8	13.0
Other operations and eliminations	<b>2.7</b>	5.8	<b>-8.2</b>	-9.0	-54.1
<b>Total</b>	<b>33.1</b>	-3.2	<b>32.1</b>	56.7	1,143.8
<b>Operating result, % of net sales</b>					
Passenger car tyres	<b>5.6</b>	-11.4	<b>0.6</b>	2.9	148.5
Heavy Tyres	<b>11.8</b>	2.5	<b>12.8</b>	14.6	377.3
Vianor	<b>9.6</b>	8.3	<b>1.0</b>	0.8	16.0
<b>Total</b>	<b>9.0</b>	-0.9	<b>2.7</b>	4.2	1,126.0
<b>NET SALES BY GEOGRAPHICAL AREA</b>	<b>10-12/23</b>	10-12/22	<b>1-12/23</b>	1-12/22	Change%
EUR million					
Nordics	<b>232.5</b>	233.7	<b>671.7</b>	722.3	-0.5
Other Europe	<b>67.5</b>	52.8	<b>226.0</b>	302.8	27.7
Americas	<b>67.2</b>	72.1	<b>268.7</b>	314.6	-6.8
Other countries	<b>0.8</b>	3.1	<b>7.2</b>	10.6	-74.3
<b>Total</b>	<b>368.0</b>	361.7	<b>1,173.6</b>	1,350.5	1.7
<b>CHANGES IN PROPERTY, PLANT AND EQUIPMENT</b>	<b>31.12.23</b>	31.12.22			
EUR million					
Opening balance	<b>775.0</b>	870.9			
Capital expenditure	<b>254.3</b>	123.5			
Acquisitions of group companies	-	4.6			
Decrease	<b>-52.0</b>	-3.3			
Depreciation and impairment for the period	<b>-68.8</b>	-258.0			
Transfers between items	<b>-3.8</b>	-3.5			
Other changes	<b>-0.1</b>	-1.6			
Exchange differences	<b>-19.4</b>	42.4			
<b>Closing balance</b>	<b>885.2</b>	775.0			

**IMPAIRMENT TESTING OF CASH GENERATING UNIT PASSENGER CAR TYRES**

The war in Ukraine severely impacted Nokian Tyres' operational environment and production capacity. The company also considers the relationship between its market capitalisation and its book value when reviewing for indicators of impairment. The company's market capitalization at the end of December 2023 was EUR 1.1 billion and it was below the amount of equity EUR 1.3 billion indicating a need for impairment testing.

The recoverable amount of the CGU was based on five-year cash flow projections. Cash flows beyond the five-year period were calculated using a terminal value method. The weighted average cost of capital (WACC) has been calculated in the same manner as described in the Financial Statements 2022. Future cash flows after the forecast period approved by the management have been capitalized as a terminal value using a steady 2% growth rate. The goodwill allocated to the CGU Passenger Car Tyres was EUR 61.1 million. The calculations have included the investment in the new production capacity in Europe in accordance with the Board of Directors' decision. The company has committed to the investment and the investment has been substantively commenced. Due to the nature of the investment, a significant amount of the recoverable amount of the cash flow is generated in the terminal value. The recoverable amount in Passenger Car Tyres significantly exceeds the carrying amount of the cash generating unit. As a result of the additional impairment testing, no goodwill impairments were recorded in the income statement.

<b>CONTINGENT LIABILITIES</b>	<b>31.12.23</b>	<b>31.12.22</b>
EUR million		
<b>For own debt</b>		
Pledged assets	<b>5.9</b>	6.7
<b>Other own commitments</b>		
Guarantees	<b>0.3</b>	2.3

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

	31.12.23		31.12.22	
	Carrying amount	Fair value	Carrying amount	Fair value
EUR million				
<b>FINANCIAL ASSETS</b>				
Fair value through profit or loss				
Derivatives				
held for trading	2.6	2.6	3.4	3.4
Derivatives designated as hedges*	3.3	3.3	13.5	13.5
Unquoted securities	2.7	2.7	2.8	2.8
Amortized cost				
Other non-current receivables	-	-	4.3	3.2
Trade and other receivables	226.6	226.6	329.9	330.2
Money market instruments	50.7	50.7	-	-
Cash in hand and at bank	364.2	364.2	259.0	259.0
Fair value through other comprehensive income				
Unquoted shares	0.2	0.2	0.2	0.2
<b>Total financial assets</b>	<b>650.4</b>	<b>650.4</b>	613.2	612.4
<b>FINANCIAL LIABILITIES</b>				
Fair value through profit or loss				
Derivatives				
held for trading	1.7	1.7	1.0	1.0
Derivatives designated as hedges*	1.0	1.0	0.2	0.2
Amortized cost				
Interest-bearing financial liabilities	508.2	518.6	270.8	271.0
Trade and other payables	155.9	155.9	121.3	121.3
<b>Total financial liabilities</b>	<b>666.8</b>	<b>677.2</b>	393.4	393.5

\* 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 2022, the ruble derivative financial instruments were transferred into Level 3 in the fair value hierarchy due to the significant decrease in the volume of activity in the ruble markets. The inputs for these derivatives were based partly on the observable market data (foreign exchange component) and partly on unobservable inputs (interest component). The fair value of the interest component was estimated to be zero in accordance with the principle of prudence as the relevance of the observable market data was deemed low due to the infeasibility of orderly transaction execution.

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

<b>RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS</b>	<b>Ruble derivatives</b>	
	<b>2023</b>	<b>2022</b>
EUR million		
<b>Fair value Jan 1</b>	<b>0.4</b>	-
Transfers into Level 3	-	14.8
Net gains/losses recognized in profit or loss under		
Financial income and expenses	<b>0.7</b>	-14.3
Discontinued operations	<b>2.0</b>	-
<b>Fair value Dec 31</b>	<b>-</b>	<b>0.4</b>

<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>31.12.23</b>	<b>31.12.23</b>
EUR million		
<b>INTEREST RATE DERIVATIVES</b>		
Interest rate swaps		
Notional amount	<b>150.0</b>	100.0
Fair value	<b>1.6</b>	3.9
<b>FOREIGN CURRENCY DERIVATIVES</b>		
Currency forwards		
Notional amount	<b>227.6</b>	159.9
Fair value	<b>1.1</b>	2.0
Currency options, purchased		
Notional amount	<b>6.7</b>	4.8
Fair value	<b>0.0</b>	0.0
Currency options, written		
Notional amount	<b>15.6</b>	11.8
Fair value	<b>-0.3</b>	-0.1
Interest rate and currency swaps		
Notional amount	-	18.4
Fair value	-	0.4
<b>ELECTRICITY DERIVATIVES</b>		
Electricity forwards		
Notional amount	<b>9.1</b>	6.9
Fair value	<b>0.7</b>	9.4

**IFRS 16 LEASES**

EUR million

<b>Balance sheet effects</b>	<b>31.12.23</b>	<b>31.12.22</b>	
<b>Fixed assets</b>			
Right to use	<b>124.7</b>	123.8	
<b>Total</b>	<b>124.7</b>	123.8	
<b>Equity &amp; Liability</b>			
Non-current liability	<b>91.6</b>	92.6	
Current liability	<b>38.7</b>	36.5	
<b>Total</b>	<b>130.3</b>	129.1	
<b>P&amp;L effects</b>	<b>1-12/23</b>	<b>1-12/22</b>	<b>Change %</b>
Reversed rents	<b>45.1</b>	44.4	1.6
Depreciations	<b>-41.4</b>	-41.3	0.0
Finance costs	<b>-4.0</b>	-4.0	2.1
<b>Total</b>	<b>-0.2</b>	-1.0	81.2

**Discontinued operations**

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

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

<b>Discontinued operations</b>	<b>1-3/23</b>	<b>4-6/23</b>	<b>7-9/23</b>	<b>10-12/23</b>	<b>1-12/23</b>	<b>1-3/22</b>	<b>4-6/22</b>	<b>7-9/22</b>	<b>10-12/22</b>	<b>1-12/22</b>
EUR million										
Net sales	<b>13.5</b>	-	-	-	<b>13.5</b>	93.5	149.8	132.7	49.6	425.6
Operating expenses	<b>-16.4</b>	-	-	-	<b>-16.4</b>	-56.4	-400.0	-83.4	-59.9	-599.7
Operating profit	<b>-2.9</b>	-	-	-	<b>-2.9</b>	37.1	-250.2	49.3	-10.3	-174.1
Net financial items	<b>-0.5</b>	-	-	-	<b>-0.5</b>	0.9	19.4	-3.6	-1.6	15.2
<b>Result before tax, discontinued operations</b>	<b>-3.4</b>	-	-	-	<b>-3.4</b>	38.1	-230.8	45.7	-11.8	-158.8
Tax expense	<b>1.2</b>	-	-	-	<b>1.2</b>	-6.1	-29.7	-10.6	13.9	-32.5
<b>Result for the year, discontinued operations</b>	<b>-2.2</b>	-	-	-	<b>-2.2</b>	31.9	-260.5	35.1	2.1	-191.3
Profit from sale	<b>29.6</b>	<b>1.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>30.5</b>	-	-	-	-	-
Loss from sale										
- translation differences	<b>-366.3</b>	-	-	-	<b>-366.3</b>	-	-	-	-	-
<b>Result for the period, discontinued operations</b>	<b>-338.9</b>	<b>1.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>-338.0</b>	31.9	-260.5	35.1	2.1	-191.3
Earnings per share from the result attributable to the equity holders of the parent:										
basic, euros	<b>-2.59</b>	<b>0.01</b>	<b>0.03</b>	<b>0.19</b>	<b>-2.36</b>	0.34	1.67	0.18	-0.11	-1.27
diluted, euros	<b>-2.59</b>	<b>0.01</b>	<b>0.03</b>	<b>0.19</b>	<b>-2.36</b>	0.34	1.67	0.18	-0.11	-1.27
continuing operations, euros	<b>-0.14</b>	<b>0.01</b>	<b>0.03</b>	<b>0.19</b>	<b>0.09</b>	0.11	0.21	-0.08	-0.13	0.11
discontinuing operations, euros	<b>-2.45</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>-2.45</b>	0.23	-1.88	0.25	0.01	-1.38

**Profit from sale - discontinued operations**

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EUR million

Sale price 288.0

Profit from sale -Parent company and Nokian Tyres Holding Oy (preliminary) 124.2

Non-current assets 42.3

Current assets 284.1

**Total assets 326.4**

Non-current liabilities 4.7

Current liabilities 52.1

**Total liabilities 56.8**

Disposed net assets 269.6

Other group items and transactions costs 12.1

Remaining intercompany items 0.0

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**Profit from sale 30.5**

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