

Annual Sustainability-Linked Bond Report 2025

1. Introduction

On June 14, 2023, Nokian Tyres Plc (Group) issued a sustainability-linked bond (Bond). Nokian Tyres has prepared and published this Annual Report to ensure that bondholders have up-to-date and adequate information on the Group's performance against selected Key Performance Indicators (KPIs) linked to its Sustainability Performance Targets (SPTs).

2. KPIs: Definition, Scope, and Calculation Methodology

The Bond Terms and Conditions are structured around two KPIs and corresponding SPTs, each measured with reference to a 2022 baseline year. Both KPIs relate to greenhouse gas emissions intensity measured per production ton. Both SPTs were derived from the Group's 2020 SBTi-validated targets, for which verified and published historical greenhouse gas emissions data was available.

KPI 1	Greenhouse gas emissions intensity: Scope 1 and 2, in t CO₂ eq / production t
Definition	Reduction of Scope 1 and 2 carbon emissions relative to tire production in tons. Scope 1 emissions: direct emissions from the Group's own sources and sources controlled by it. Scope 2 emissions: indirect emissions from purchased energy.
Scope	The reporting of environmental figures covers all the Group's Scope 1 and 2 emissions from all owned and controlled assets / operations.
Calculation methodology	The Group calculates its tire production's greenhouse gas emissions in compliance with the ISO 14064 standard ¹ and Greenhouse Gas Protocol. Historical emissions are calculated according to Greenhouse Gas Protocol. Market-based emissions are used for Scope 2 emissions. In Finland, the emission calculation is based on the suppliers' certificate of the actual energy sources used. In other locations, emission calculations are based on emission factors of purchased electricity.
Baseline Year	2022

¹ ISO 14064 standard is no longer in use in calculation. This does not materially affect the reported emissions or reaching the KPIs.

KPI 2	Greenhouse gas emissions intensity: Scope 3 emissions from product use, in t CO₂ eq / production t
Definition	Reduction of Scope 3 carbon emissions from product use relative to tire production in tons.
Scope	Scope 3 emissions from product use. Covers emissions from product use phase (category 11) of all products (passenger car and van tires as well as heavy vehicle tires), i.e., 100% of use phase emissions are in scope.
Calculation methodology	The Group calculates its tire production's greenhouse gas emissions in compliance with the ISO 14064 standard ¹ and Greenhouse Gas Protocol. Historical emissions are calculated according to Greenhouse Gas Protocol.
Baseline Year	2022

3. KPI Performance in 2025: Sustainability Performance Targets met

The Group's performance regarding Scope 1 and 2 emissions intensity and Scope 3 emissions intensity from product use align with target objectives.

KPI	Bond baseline 2022*	Actual 2025	Target 2025	Target 2026	Target 2027	Target 2030
Scope 1 and 2 emissions intensity	0.22 t CO ₂ eq / production t	-47% (0.11 t CO ₂ eq / production t)	-25%	-33%	-41%	-65% (0.08 t CO ₂ eq / production t)
Scope 3 emissions intensity from product use	28.61 t CO ₂ eq / production t	-19% (23.11 t CO ₂ eq / production t)	-7%	-10%	-12%	-20% (22.89 t CO ₂ eq / production t)

*Nokian Tyres recalculated its baseline emissions in 2026, in line with the Group's current operational structure. The recalculation also resulted in changes in 2030 target values. Please refer to section 4 for more details.

Sustainability Performance Targets related to the EUR 100,000,000 senior unsecured sustainability-linked notes

The Bond Terms and Conditions include target thresholds for each KPI for the Testing Date, which is 31 December 2025. The Scope 1 and 2 Emissions Threshold for the Testing Date is -25% and the Scope 3 Emissions Threshold is -7%. Nokian Tyres has met both thresholds, as stated in the table above, and therefore no Step Up Margin will be applicable to the Bond.

Scope 1 and 2 emissions intensity

In 2025, Nokian Tyres' new factory in Romania started tire deliveries. This reduced the Group's Scope 1 and 2 emissions intensity, as the factory is the first zero-CO₂-emissions (Scope 1 & 2) tire factory in the world. In 2025, all energy used at the Romania factory was wind energy and thus from zero-CO₂-emissions sources. As the factory's production volume grows, it is expected to lower Nokian Tyres' Scope 1 and 2 emissions intensity in the coming years. Additionally, the Scope 1 and 2 emissions from the factory in Finland were at all-time low (only 1,328 tCO₂eq) in 2025, which contributed to the overall Scope 1 and 2 emissions intensity reduction. All electricity used in Nokian Tyres' three tire factories was produced from zero-CO₂ sources.

Scope 3 emissions intensity

When a tire rolls against the road surface, energy is primarily lost through heat generation; this is referred to as rolling resistance. Higher rolling resistance increases fuel or energy consumption and consequently the CO₂ emissions generated during the use phase. The EU Tyre Label classifies this fuel efficiency on a scale from A to E.

In its EU Taxonomy reporting, Nokian Tyres discloses the share of turnover derived from tires with an EU Tyre Label class A or B in fuel efficiency, as these represent the best-performing rolling resistance classes on the market and help reduce use-phase emissions. This share has grown steadily: 11.5% in 2023, 13.6% in 2024, and 15.5% in 2025. Reporting for 2022 also included class C tires and is therefore not fully comparable with subsequent years.

The Group continues to invest in the development of new low-rolling-resistance tires, continuously improving product energy efficiency and aiming to increase the number and share of class A and B tires. Reducing rolling resistance is an established improvement target in development projects for new key product generations, with a percentage-based target defined project-by-project.

4. Recalculations to provide comparable, accurate information

Basis for recalculation

The 2022 baseline figures set out in the Terms and Conditions include Nokian Tyres' Russian operations, including the passenger car tire factory, which led to major changes in the Group's structure. The Russian operations were divested in March 2023. As the Russian operations are not in Nokian Tyres' current emissions reporting scope, the original baseline figures are not comparable with reported emissions data.

The Group decided to recalculate the 2022 intensity figures without the Russian operations and compared them to the baseline figures set out in the Terms and

Conditions. Due to the change in intensity figures exceeding 5%, a Sustainability Recalculation Event was triggered.

Nokian Tyres also identified that erroneous emissions factors had been applied to the calculation of emissions from natural gas and electricity use at the US factory in 2022. The emissions factors were different from those used in 2023 and subsequent years. Therefore, the 2022 emissions data was revised with the correct emissions factors for the US factory, ensuring accuracy and comparability with the figures reported for 2025.

Fulfilment of the recalculation conditions

The Group conducted the recalculation based on the best available data, applying substantially the same methodology as for the original baseline. The recalculation improves the accuracy, comparability, and transparency of the reported KPI progress against the Bond SPTs.

The inclusion of the Russian operations in the 2022 baselines resulted in Bond SPT 1 being unduly easy to achieve whilst Bond SPT 2 became unduly difficult. The recalculation of the SPTs and the baselines corrects this imbalance to reflect the original ambition level while maintaining the equivalent percentage reduction. The Group considers a recalculation on this basis consistent with its sustainability strategy.

The recalculation also had an impact on the target values. Following the recalculation, the KPIs reflect Nokian Tyres' current business activities and are consistent with the operational footprint against which future performance is measured. The recalculated 2022 baselines also preserve the original level of ambition established for the Bond.

Alignment with science-based targets trajectory

Originally, the Bond SPTs and the methods for defining and calculating the Bond KPIs were consistent with Nokian Tyres' science-based emission reduction targets (SBTs) that had been approved by the Science Based Targets initiative (SBTi) in 2020. An update to these SBTs was underway during preparations for the Bond issuance in 2023. However, the SBTi approved the new SBTs only in November 2024.

The 2024 SBTi validation did not involve a recalibration of the 2020 SBTi-validated targets that formed the basis for the Bond SPTs, but resulted in entirely new and different SBTs. Because the 2024 SBTs are different from the 2020 SBTs underlying the Bond SPTs set out in the Terms and Conditions, no corresponding changes were made to the baseline figures or Bond SPTs when the 2024 SBTi validation was completed.

However, the Bond SPTs and their trajectories can still be calculated using the same reduction percentages and substantially the same calculation methodology as applied to the 2020 SBTi-validated targets. Accordingly, the recalculation uses the same metrics and reduction percentages as originally set and applies substantially the same calculation methodology, while excluding the Russian operations from the baseline data. As a result, the recalculated baselines and Bond SPTs will remain within the objective of the Issuer's SBTi-validated trajectory.

4.1 Impact of recalculation on KPI 1

The recalculation that excluded the Russian operations led to a significant decrease in emissions of the baseline year. It also had a material impact on the Group's Scope 1 and 2 emissions intensity due to the historical emissions profile of the Russian factory. Under the original baseline 2022, which included Russia, the 2030 target trajectory reflected an emissions intensity level of 0.15 ton CO₂e per production ton.

After recalculating the 2022 baseline without the former Russian operations, the updated trajectory reflected a materially lower target level of 0.08 ton CO₂e per production ton (-48%), hence significantly increasing the ambition of the Group's Scope 1 and 2 decarbonization pathway:

- With reference to section 3, the recalculated 2022 baseline for Scope 1 and 2 emissions intensity corresponds to 52% of the original baseline level. The 2030 intensity target is now more ambitious than before. The target for percentage reduction remains consistent and has not been revised.

4.2 Impact of recalculation on KPI 2

In the Bond Prospectus, the Group stated that exiting Russia was not expected to have a material impact on Scope 3 emissions from product use phase. A subsequent analysis of the retroactively updated 2022 Scope 3 use phase emissions intensity figures revealed that this assessment was incomplete.

Russian production volumes had a significant effect on the ratio between passenger car tire production and heavy tire production. As use phase emissions passenger car tires are calculated with substantially lower emission factors per tire than for heavy tires, the change in production mix had a material effect on Scope 3 emissions intensity.

The exclusion of the Russian operations from the 2022 baseline figures shifted the ratio between the passenger car tire production and heavy tire production dramatically. The ratio of 112:1 was used when the Bond baseline was calculated in 2023. However, when Russia was excluded from calculations, the 2022 baseline ratio was 40:1. It was expected that this ratio would revert to historical norms, but as of 2025, the ratio stands at 69:1 and thus affects the Scope 3 emissions intensity from product use significantly.

- With reference to section 3, the recalculated 2022 baseline for Scope 3 emissions intensity is 21% higher than the original baseline, and the 2030 target intensity is now 20% higher. The target for percentage reduction remains consistent and has not been revised.

Independent practitioner's assurance report

To the Management of Nokian Tyres plc

Scope

We have been engaged by Nokian Tyres to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on KPI's (the "Subject Matter") reported in Nokian Tyres' Annual Report relating to sustainability-linked bond issued on June 14, 2023 for the period 1.1.-31.12.2025 (the "Report").

The Subject Matter included the following KPIs:

- KPI 1: Greenhouse gas emissions intensity: Scope 1 and 2, in t CO2 eq/production t
- KPI 2: Greenhouse gas emissions intensity: Scope 3 emissions from product use, in t CO2 eq/production t

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Nokian Tyres

In preparing Subject Matter, Nokian Tyres applied the GHG Protocol (Criteria). As a result, the subject matter information may not be suitable for another purpose.

Nokian Tyres' responsibilities

Nokian Tyres' management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG statement, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our engagement was conducted in accordance with the *International Standard for Assurance Engagements on Greenhouse Gas Statements* ('ISAE 3410') and the terms of reference for this engagement as agreed with Nokian Tyres on 21.4.2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the

Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance review.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Green House Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other relevant procedures.

Our procedures included:

- a) Gathering an understanding of Nokian Tyres' organization and activities,
- b) Interviews with personnel responsible for gathering and consolidation of the Subject Matter to understand the systems, processes and controls related to gathering and consolidating the information,
- c) Assessing sustainability data from internal and external sources and checking the data to reporting information on a sample basis to check the accuracy of the data.

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

We refer to the section 4. "Recalculations to provide comparable, accurate information" in the Annual Sustainability-Linked Bond Report 2025 where it has been described that Nokian Tyres has conducted a recalculation of the 2022 baseline figures to reflect the divestment of Russian operations, which were disposed of in March 2023. Our conclusion is not modified in respect of the matter emphasized.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter in the Annual Sustainability-linked Bond Report for the period 1.1.-31.12.2025, in order for it to be in accordance with the Criteria.

Helsinki, 28.4.2026

Ernst & Young Oy

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