



# **NOKIAN TYRES** **INVESTOR PRESENTATION**

MAY 2023

**nokian<sup>®</sup>**  
**TYRES**



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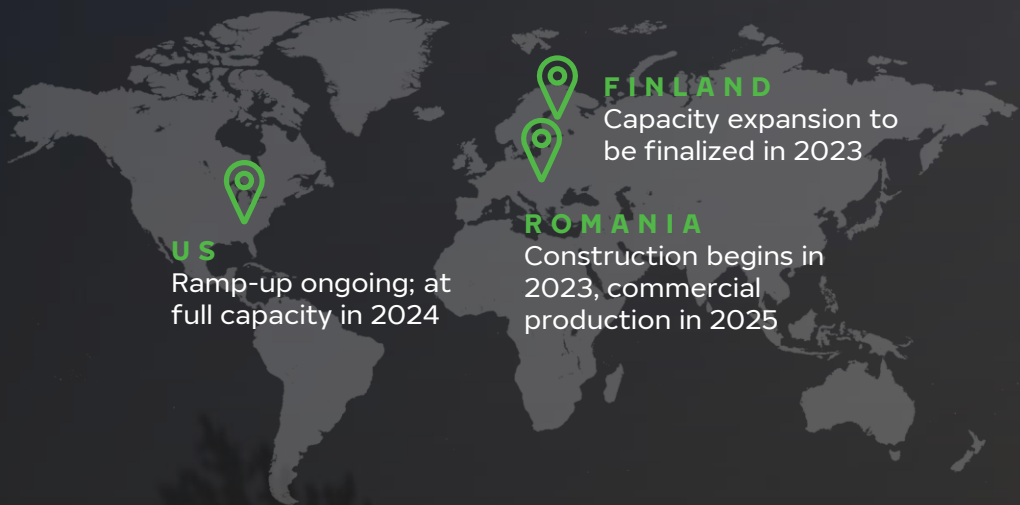
# **NOKIAN TYRES OVERVIEW**

# NOKIAN TYRES AT A GLANCE

NOKIAN TYRES DEVELOPS AND MANUFACTURES PREMIUM TIRES FOR PEOPLE WHO VALUE SAFETY, SUSTAINABILITY, AND PREDICTABILITY

- #1 in premium tires in the Nordics
- Clear strategy to reach EUR 2bn net sales by 2027
- Solid balance sheet to facilitate strategy execution
- Exit from Russia successfully completed; sales price of EUR 285m received
- Listed on Nasdaq Helsinki

## BALANCED MANUFACTURING FOOTPRINT



NET SALES<sup>1)</sup>  
**1,351**  
EUR MILLION

**3,300**  
PROFESSIONALS<sup>1)</sup>

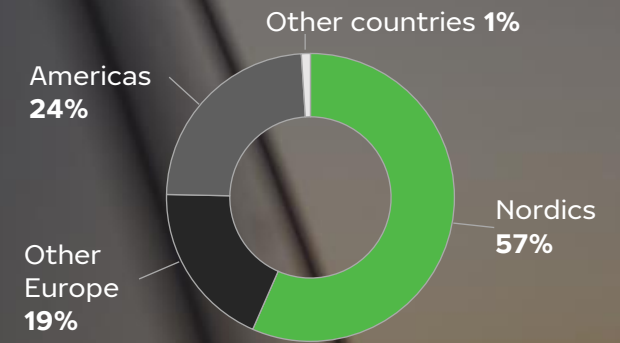
PRODUCTS SOLD IN  
**60**  
COUNTRIES

INTEREST-BEARING  
NET DEBT<sup>2)</sup>  
**46.8**  
EUR MILLION

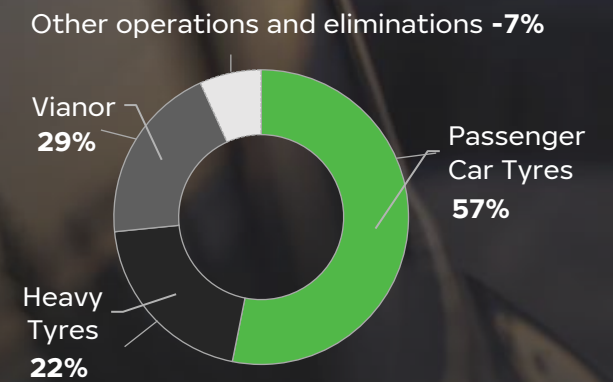
EQUITY RATIO<sup>2)</sup>  
**67.8%**

GEARING<sup>2)</sup>  
**3.3%**

## NET SALES BY GEOGRAPHICAL AREA, %



## NET SALES BY BUSINESS UNIT, %



<sup>1)</sup> Restated 2022 figures excluding Russia  
<sup>2)</sup> As of Q1 2023

Note: Restated LTM figures excluding Russia as of Q1 2023



# BUSINESS UNITS OVERVIEW

## PASSENGER CAR TYRES



- Develops and manufactures high-quality winter, all-season and summer tires for passenger cars, SUVs and vans
- Focus on premium segments in the replacement tire market

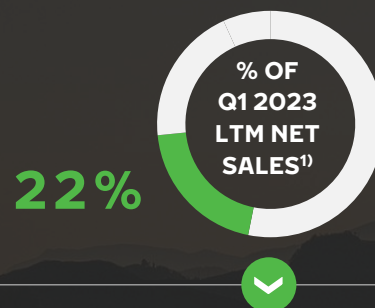


- **NORDICS:** Strengthen #1 position
- **NORTH AMERICA:** Grow sales by ~100%
- **CENTRAL EUROPE:** Safeguard market presence, then grow

## HEAVY TYRES



- Develops and manufactures special tires for heavy machinery and trucks
- Focus on niche product segments especially in the forestry, agricultural and on-road end-use areas
- Heavy tires are sold in both the replacement and original equipment markets



- **Grow sales to EUR 400m by 2027**

## VIANOR



- A chain of service centers specializing in car maintenance and tire services
- The largest distributor for Nokian Tyres in the Nordics, 173 own service centers
- Supports Nokian Tyres' strategy by strengthening our leading market position and high profitability in the Nordics



- **Supporting Nordics market share**

### TARGETS

<sup>1)</sup> Restated LTM Net Sales excluding Russia as of Q1 2023. Percentages do not sum up to 100% due to negative result of other operations and eliminations.

# INNOVATION AND PRODUCT EXCELLENCE CONTINUE TO BE THE DRIVING FORCE FOR OUR SUCCESS

## PREMIUM BRAND

As a leader in the premium tire segment, the Nokian Tyres brand is a proven quality guarantee.

## SUPERIOR PRODUCTS

Our expanding range of safe, sustainable and high-performing tires meet the needs of evolving consumer expectations.

## CONTINUOUS DEVELOPMENT

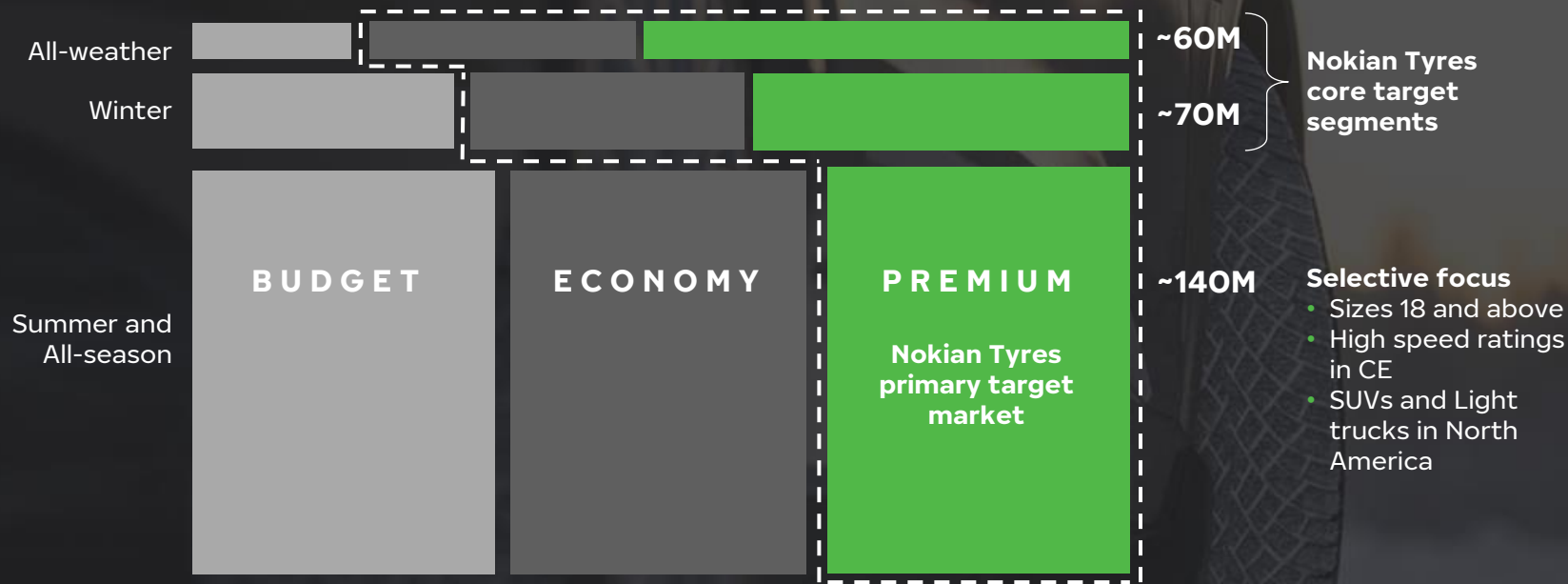
We have a strong innovation pipeline and continue to push the boundaries of development to maintain competitive advantage.

**STRONG BRAND AWARENESS AND CUSTOMER LOYALTY**

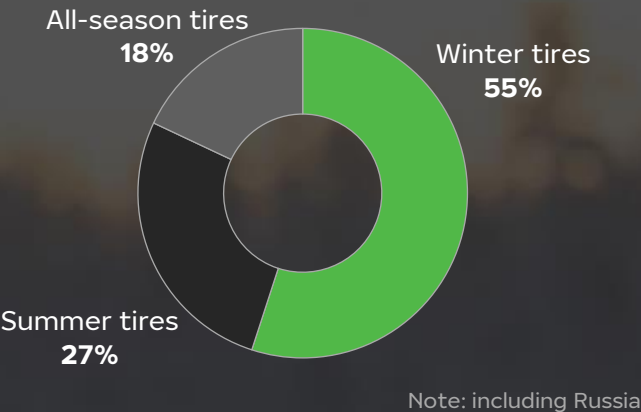
# WE ARE A NICHE PLAYER IN SELECTED PREMIUM SEGMENTS

Nokian Tyres is the inventor of the winter tire

TOTAL REPLACEMENT TIRE MARKET ~600M  
PASSENGER CAR TIRES IN EUROPE AND  
NORTH AMERICA



SALES VOLUME SPLIT FOR  
PASSENGER CAR TYRES (2022)



FOCUS ON PREMIUM SEGMENT SUPPORTS PRICING POWER



# AN EXTENSIVE DISTRIBUTION NETWORK IN THE CORE MARKETS

NOKIAN TYRES'  
PRODUCTS  
ARE SOLD IN

**~60**  
COUNTRIES

VIANOR  
HAS  
AROUND

**680**  
SERVICE  
CENTERS

NOKIAN TYRES  
AUTHORIZED DEALER  
NETWORK WITH OVER

**2,100**  
STORES



A close-up, low-angle shot of a car's rear wheel and fender, moving rapidly on a dirt road. The road surface is blurred with motion, and a cloud of dust is kicked up behind the wheel. In the distance, a small car is visible on the road, leading towards a range of mountains under a sky filled with large, white clouds.

# BUILDING NEW CAPACITY

**nokian<sup>®</sup>**  
**TYRES**

# OUR NEW JOURNEY TOWARDS EUR 2 BILLION NET SALES AND STRONG PROFITS

## INVESTMENT PHASE

2023-2025

- Capacity increase in Finland
- US factory completion
- New factory in Romania
- Growing contract manufacturing

## GROWTH PHASE

2026-2027

Increasing market penetration built on:

- New products
- Increased capacity
- Enhanced operational capabilities

Heavy Tyres: Sales growth estimated to continue above market level growth

Vianor: Distribution excellence in the Nordics

NET SALES  
**EUR  
2 BILLION**



# WE ARE CREATING A BALANCED AND SCALABLE MANUFACTURING NETWORK FOR PASSENGER CAR TYRES

Own capacity at 15+ million tires in 2027, supplemented by contract manufacturing

## USA DAYTON



~25% of total own  
production

## FINLAND NOKIA



~35% of total own  
production

## ROMANIA ORADEA



~40% of total own  
production

## VIRTUAL FACTORY

A network of  
contract manufacturers  
supporting own  
production

~1-3 million tires

# NEW WORLD-CLASS TIRE FACTORY IN ROMANIA

## CAPACITY

**6M TIRES**

Possibility to expand further

## PRODUCTS

Capability to produce winter, All-season and summer tires

## PRODUCTION

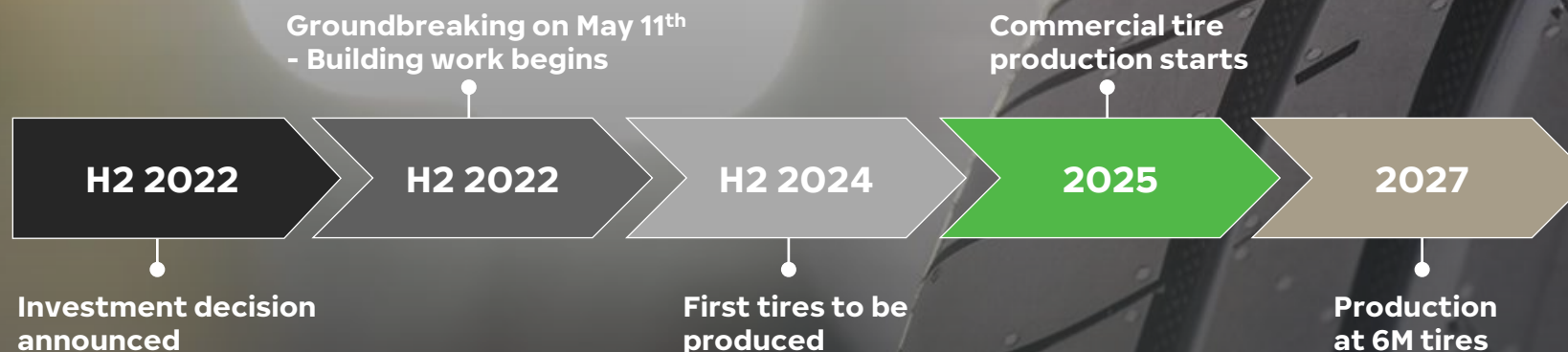
Designed for high productivity and low cost with sufficient flexibility for Central European product mix, e.g. larger rim size and SUV tires

## INVESTMENT

**EUR 650 MILLION**

## EMPLOYMENT

**500+ PEOPLE**



## THE FIRST ZERO CO<sub>2</sub> EMISSION TIRE FACTORY

- Electricity 100% from renewable sources
- Steam generation 100% without fossil fuels
- Energy efficient process and building solutions (LEED Certified)



# THE FINNISH FACTORY CONTINUES TO PLAY A KEY ROLE IN SERVING THE IMPORTANT NORDIC MARKET

**THE LEADING  
AND THE ONLY  
CAR TIRE  
MANUFACTURER  
IN THE NORDICS,**  
supporting North  
America and Central  
Europe

**CAPACITY  
EXPANSION**  
in passenger car tire  
production ongoing,  
to be finalized in  
2023

**MAIN HUB FOR  
R&D**  
and new technology  
implementation

**RECENT LAND  
AND PROPERTY  
ACQUISITIONS**  
secure future  
development and  
expansion  
opportunities

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TYRES**

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TYRES**



# THE US FACTORY EXPECTED TO RUN AT FULL CAPACITY IN 2024

## INVESTMENT COMPLETION

- Machine installations ongoing to reach the full capacity of up to 4 million tires in 2024
- Totally 475 employees

## EXPANDING PRODUCT PORTFOLIO

- All-season and all-weather tires
- Light truck tire production on-going, focus on large weight sizes

## SUSTAINABILITY BENCHMARK

- Leed Gold and Leed Silver certified facilities
- On-site solar power capacity of 3MW



# CONTRACT MANUFACTURING IS AN IMPORTANT PART OF OUR FUTURE PRODUCT PORTFOLIO



Ensuring tire availability in relevant markets, especially in **Central Europe**



We will work with **2–3 contract manufacturing partners** to ensure resilience in supply

- First agreements signed, total volume ~1.5 million in 2023



We use **rigorous evaluation criteria** in contract manufacturing evaluations

- Performance and quality requirements are high and are strictly followed by contract manufacturing partners and enforced by Nokian Tyres
- Partner sites audited according to Nokian Tyres' quality, safety and sustainability requirements
- Contract manufacturing is a common practice in the industry

# OUR STRONG CORNERSTONES SUPPORT STRATEGY EXECUTION AND NEW TARGETS

**SAFEST TIRES  
FOR ALL  
CONDITIONS**



**RESPONSIVE  
AND EFFECTIVE  
SUPPLY CHAIN**



**CONSUMER-  
TRUSTED  
PREMIUM BRAND**



**LEADER  
IN  
SUSTAINABILITY**



**NOKIAN TYRES  
TEAM**





An aerial photograph of a winding asphalt road through a lush green mountain valley. The road curves through the landscape, leading towards a small village and a body of water in the distance. The sky is filled with soft, colorful clouds from a sunset or sunrise. A single white car is visible on the road, and a few sheep are grazing on the grassy slopes.

# SUSTAINABILITY

**nokian<sup>®</sup>**  
**TYRES**



# SUSTAINABILITY IS INTEGRAL TO OUR BUSINESS

We were the first in our industry...



TO GIVE UP  
THE USE OF  
HARMFUL OILS IN  
TIRE COMPOUNDS



TO BRING A CLASS A  
ROLLING  
RESISTANCE  
WINTER TIRE TO  
MARKET



TO HAVE OUR  
SCIENCE-BASED  
TARGETS  
OFFICIALLY  
APPROVED



TO BUILD A  
ZERO  
CO<sub>2</sub> EMISSION  
FACTORY

**nokian**  
**TYRES**



Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

**Sustainability Award**  
Bronze Class 2022  
**S&P Global**



**OMXSUSTAIN**  
**NASDAQ OMX**  
OMX GES SUSTAINABILITY FINLAND





# WE CONTINUE TO SET THE INDUSTRY BENCHMARK ON SUSTAINABILITY

## TARGETS

## STATUS IN 2022

### SAFE AND ECOFRIENDLY TIRES

Increase the share of recycled or renewable raw materials in tires to 50% by 2030

A new recycled raw material taken into production use in 2022

### CLIMATE

Reduce CO<sub>2</sub> emissions from tire production by >50% by 2030. Achieve net zero greenhouse gas emissions by 2050

43% decrease per production to from 2015 base year

### SAFETY

Decrease accident frequency (LTIF) from 8.3 (2018) to 1.5 by 2025

3.2 – record low level  
(2021: 4.1)

### HUMAN RIGHTS

Sustainability audit 100% of significant high-risk suppliers by 2025

83% audited  
(2021: 64%)

### PERSONNEL WELL-BEING

Develop personnel well-being

Equality score in the personnel survey: 66  
(2021: 65)



# NOKIAN TYRES **GREEN STEP** IS OUR MOST SUSTAINABLE CONCEPT TIRE TO DATE

**Safe and eco-friendly tires target:** Increasing the share of recycled or renewable raw materials in tires

**GREEN STEP**  
CONCEPT TIRE

**93%**

of materials recycled  
or renewable



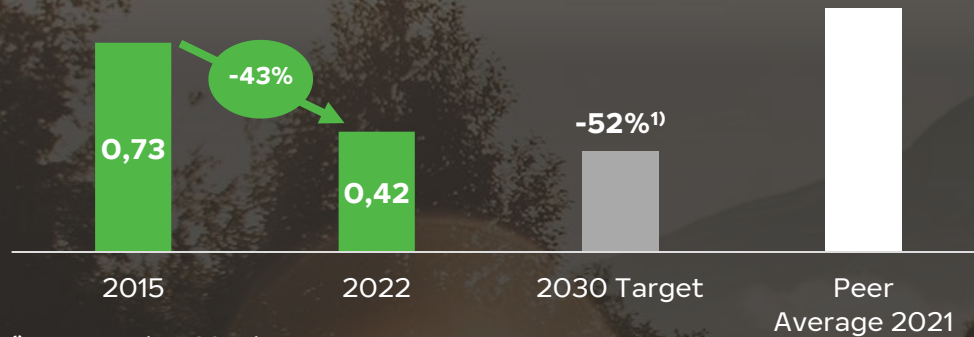
By the year  
2030,

**50%**

of all the raw  
materials used in  
our tires will be  
recycled or  
renewable

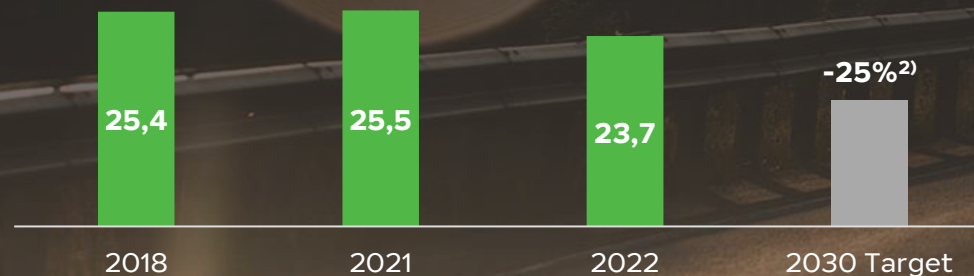
# WE ARE RAISING OUR CLIMATE AMBITION FURTHER AND UPGRADING OUR SCIENCE-BASED TARGETS

SCOPE 1 & 2 EMISSIONS, T CO<sub>2</sub> EQ/PRODUCTION T



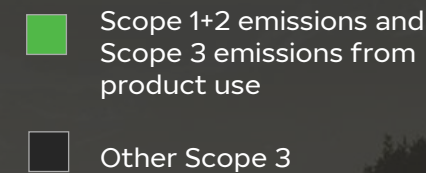
<sup>1)</sup> compared to 2015 base year

SCOPE 3 EMISSIONS (FROM PRODUCT USE), T CO<sub>2</sub> EQ/PRODUCTION T



<sup>2)</sup> compared to 2018 base year

SCOPE 1 & 2 EMISSIONS AND SCOPE 3 EMISSIONS FROM PRODUCT USE REPRESENT 85% OF OUR TOTAL EMISSIONS\*



\*Based on 2022 GHG emissions in our Sustainability-linked Bond Framework

- We've made a science-based commitment to reach net zero greenhouse gas emissions by 2050
- Our current climate target for Scope 1+2 emissions (>50% reduction by 2030) will be upgraded to be in line with limiting global warming to 1.5°C. Our tightened targets are currently under validation by the SBTi
- Emissions from our own production (Scope 1+2) are already reduced to an industry leading level in relation to turnover and production tons
- Our current target is to reduce Scope 3 CO<sub>2</sub> emissions from product use by 25% by 2030, as approved by the SBTi



# OUR SUSTAINABILITY-LINKED BOND FRAMEWORK

## KPI 1

Greenhouse gas emissions (GHG) intensity: Scope 1 and 2, in t CO<sub>2</sub> eq/production t

## SPT 1

Reduce Scope 1 and 2 GHG emissions intensity by 65% by 2030 from 2022 base year, (upgraded target is under SBTi validation)

### Rationale:

- Nokian Tyres wants to show leadership in tackling climate change by setting ambitious climate targets. Our upgraded climate target is expected to get approval from the SBTi to be in line with limiting global warming to 1.5°C.

### Strategy:

- Improve energy efficiency of our production facilities
- Increase the share of low-emission or zero-emission energy
- In addition, we are building a new factory in Romania, which is the first zero CO<sub>2</sub> emission factory in tire industry

2022 (BASELINE)	2025	2026	2027	2030
0.42 t CO <sub>2</sub> eq/production t	-25%	-33%	-41%	-65%* 0.15 t CO <sub>2</sub> eq/production t

\* based on upgraded climate target in line with limiting global warming to 1.5°C that has been submitted for SBTi validation

## KPI 2

Greenhouse Gas (GHG) emissions intensity: Scope 3 emissions from product use, in t CO<sub>2</sub> eq/production t

## SPT 2

Reduce Scope 3 GHG emissions intensity from product use by 20% by 2030 from 2022 base year, (SBTi validated)

### Rationale:

- Scope 3 emissions from product use constitute >80% of our total emissions and are one of the core focus areas of our decarbonization strategy. Reducing Scope 3 emissions is key to our efforts to combat climate change.

### Strategy:

- We aim to further reduce the rolling resistance of our tires, which in turn will reduce fuel consumption of the vehicle
- Electrification and improvement of vehicle fuel efficiency and prioritizing sales towards customers favoring low emission technologies

2022 (BASELINE)	2025	2026	2027	2030
23.7 t CO <sub>2</sub> eq/production t	-7%	-10%	-12%	-20%** 19.1 t CO <sub>2</sub> eq/production t

\*\* in line with the SBTi approved target



# RATIONALE FOR ESTABLISHING THE FRAMEWORK AND THE SECOND PARTY OPINION BY SUSTAINALYTICS

## RATIONALE

Nokian Tyres has chosen to create the Framework in order to align its sustainability plan with its long-term financing strategy. The Framework will contribute to awareness around Nokian Tyres' commitment to its goals, as well as offer an opportunity to communicate with investors and other market participants about its work within this area in a dedicated and frequent manner.



## SUSTAINALYTICS COMMENTS

Sustainalytics considers both KPIs to be **very strong** based on their alignment with a material sustainability issue for Nokian Tyres, high scope of applicability and ability to be benchmarked against external science-based trajectories.

Sustainalytics considers both SPTs to be **ambitious** based on a comparison with historical performance, targets established by peers and alignment with science-based trajectories.

Sustainalytics considers the Nokian Tyres Sustainability-Linked Bond Framework to be **aligned** with the five core components of the Sustainability-Linked Bond Principles 2020 and the prospective achievement of the SPTs to be impactful.

Morningstar Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm

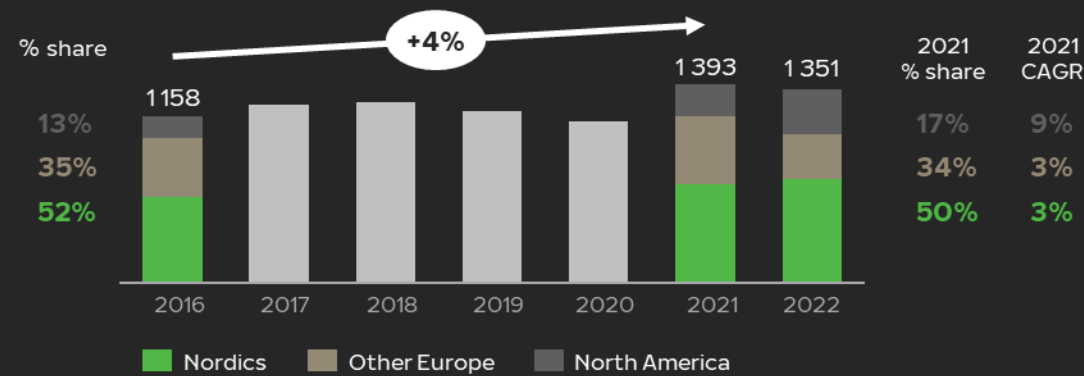
A woman with blonde hair, wearing a black coat, is smiling and shaking hands with a man whose arm and brown coat are visible on the right. They are standing in front of a modern building with large glass windows. The scene is reflected in the hood of a dark car in the foreground. A green horizontal line is positioned to the left of the word 'FINANCIALS'.

# FINANCIALS



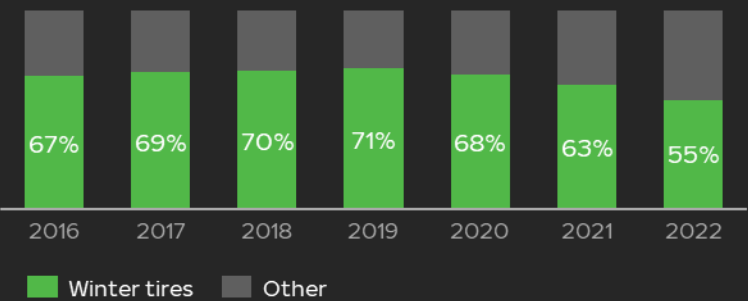
# WE HAVE A SOLID FINANCIAL BASE AS A RESULT OF LONG TRACK RECORD OF PROFITABLE GROWTH

## TRACK RECORD OF SALES GROWTH IN CORE MARKETS



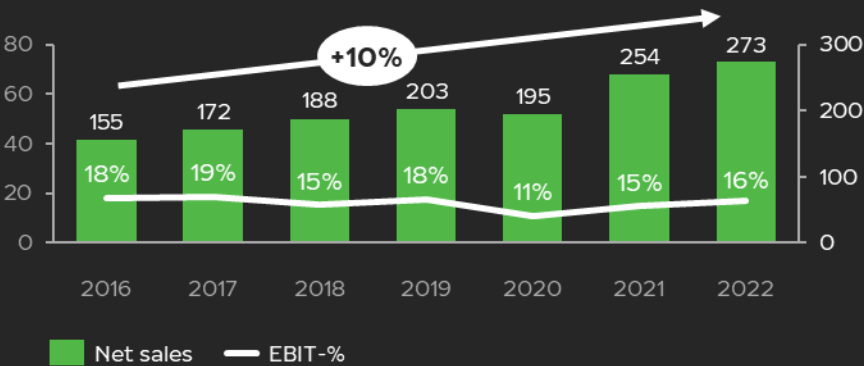
Note: Restated figures excluding Russia

## WINTER TIRES ARE OUR CORE



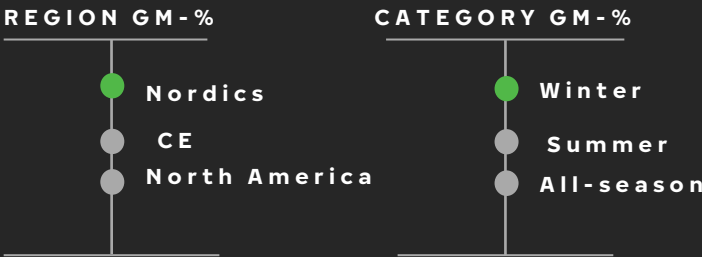
Note: Percentages represent a share of sales volume. Figures include Russia.

## HEALTHY HEAVY TYRES BUSINESS



Note: Reported figures. The Heavy Tyres business of Nokian Tyres plc is not impacted by exit from Russia, as all Nokian Tyres' heavy tires are produced in Finland or in other EU countries. Sales and distribution of heavy tires to Russia were discontinued in Q1 2022 due to the war.

## FOCUS ON HIGH MARGIN SEGMENTS



Note: Illustrative, GM-% refers to Gross Margin

# IMPACT OF EXITING RUSSIA

## Starting point for the new Nokian Tyres

### CAPACITY

- 80% of Passenger Car Tyres production used to be in Russia
- Capacity decline from exiting Russia mitigated by capacity increase in Finland
- We will further reduce the effects through contract manufacturing
- Commercial capacity from the Romania investment starting 2025
- Improving profitability with increasing sales volumes
- Improving cash flows with cum. capex equals approx. segments EBITDA in the investment phase

### SALES VOLUMES

- Despite capacity expansions in Finland and the US and new contract manufacturing agreements, sales volumes will decrease in 2023
- Average Sales Price (ASP) significantly higher without Russia sales, partly offsetting volume decline in total net sales
- Volumes expected to bottom in 2023 and increase after that

### RUSSIA TRANSACTION

- The sale price was EUR 285 million
- Result for discontinued operations was EUR -339 million of which;
  - Profit from sale EUR 30 million
  - Operative result EUR -2 million
  - Previous years' cum. translation difference EUR -366 million
- Profit from sale (preliminary) was EUR 124.8 million, of which EUR 125.3 million was in Nokian Tyres Holding Oy






# 2022 RESTATED FINANCIALS EXCLUDING RUSSIA

		REPORTED 2022	RESTATED 2022	
NET SALES	➤	1,776 MEUR	1,351 MEUR	STARTING POINT FOR THE NEW NOKIAN TYRES IN Q1/2023
SEGMENTS OPERATING PROFIT (%)	➤	221 MEUR (12.5%)	18 MEUR (1.3%)	GEARING 3.3%
OPERATING PROFIT (%)	➤	-166 MEUR (-6.6%)	57 MEUR (4.2%)	EQUITY RATIO 67.8%
PERSONNEL (YEAR-END)	➤	4,500	3,300	INTEREST-BEARING NET DEBT 47 MEUR (Incl. leasing liabilities 130 MEUR)

Note: Nokian Tyres reports non-IFRS figures in addition to its IFRS-reported results. As of January 2023, the non-IFRS segments figures exclude Russia and other items that are not indicative of Nokian Tyres' underlying business performance. Nokian Tyres has restated alternative non-IFRS figures for 2021 and 2022. The balance sheet has not been restated. More information: <https://www.nokiantyres.com/company/news-article/nokian-tyres-publishes-restated-comparison-figures-for-2021-and-2022-following-the-russia-exit-announcement/>

# UPDATED FINANCIAL TARGETS FOR THE NEXT 5 YEARS

Conservative leverage target despite investment phase

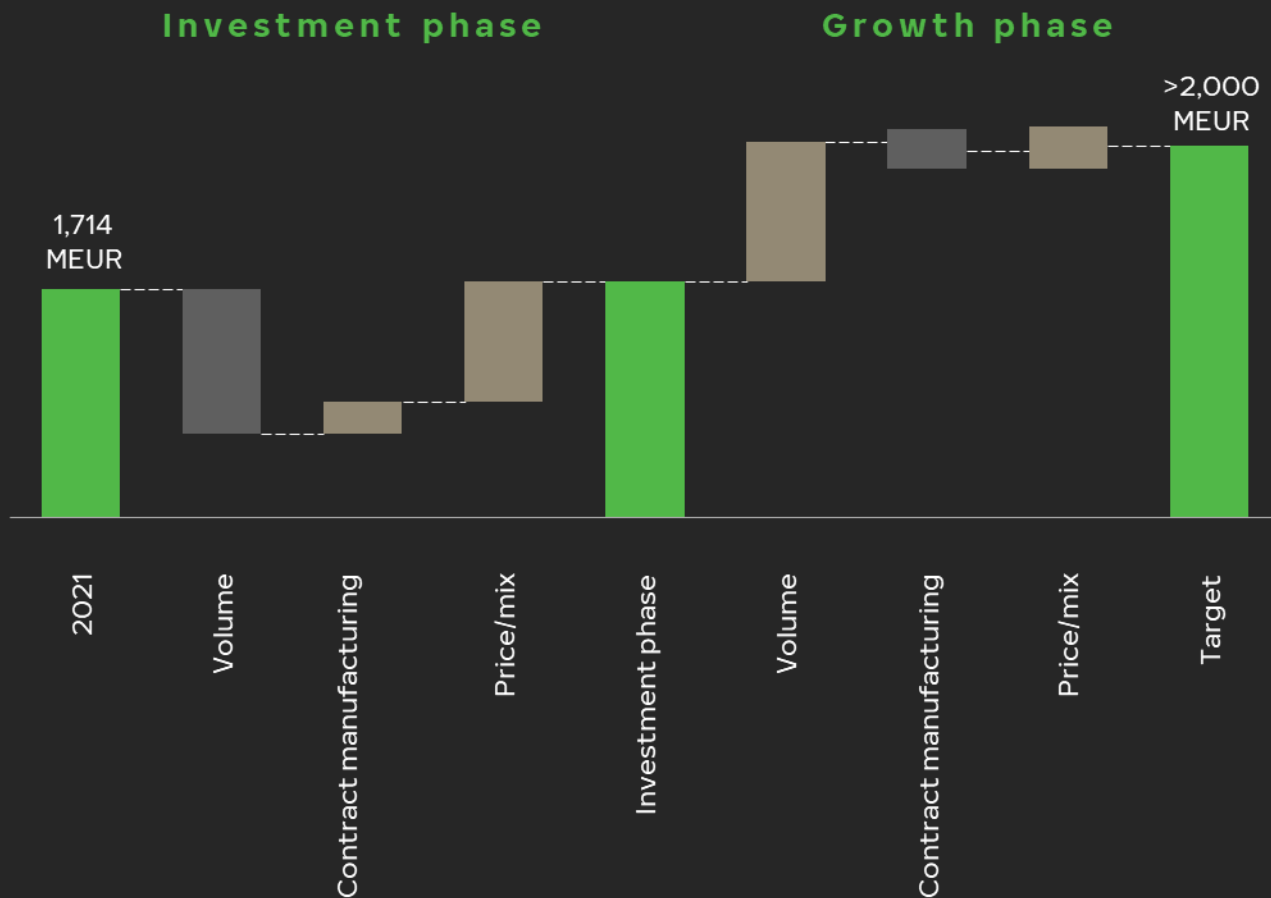
	INVESTMENT PHASE (2023–2025)	GROWTH PHASE (2026–2027)
 <b>A: Net sales</b>	Growing sales in line with capacity increase	<b>Net sales EUR 2 billion</b>
 <b>B: Profitability</b>	Segments EBITDA 15+%  Segments operating profit high single digit %	Segments EBITDA 23–25%  <b>Segments operating profit ~15%</b>
 <b>C: Capital structure</b>	Net debt/Segments EBITDA 1–2	<b>Net debt/Segments EBITDA 1–2</b>

Dividend policy unchanged: Nokian Tyres’ target is to pay a dividend of at least 50% of its net earnings



# EUR 2 BILLION GROWTH PLAN SUPPORTED BY INCREASE IN AVERAGE SALES PRICE AND NEW CAPACITY

## NET SALES



### Investment phase

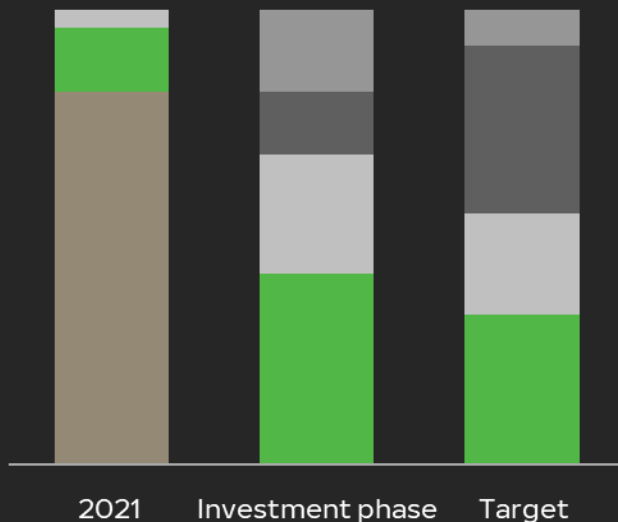
- Volumes to decrease significantly and bottom in 2023
- Contract manufacturing to partly offset volume drop
- Increase in ASP to partly offset decrease in volumes
- 2021 net sales levels estimated to be reached at end of the investment phase

### Growth phase

- Increase in own volumes will support net sales growth
- Share of contract manufacturing will flex and remain a tool to balance growing demand
- ASP expected to be neutral but stay significantly higher compared to 2021

# FINALIZING CAPACITY EXPANSIONS, CONTRACT MANUFACTURING TO SUPPORT IN THE INVESTMENT PHASE

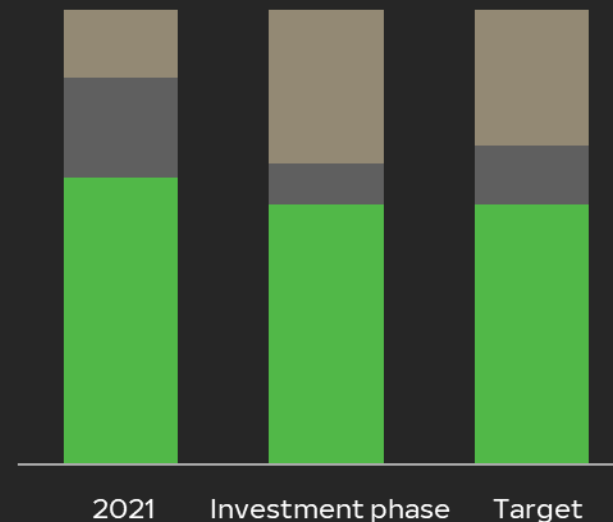
## FACTORY MIX



- Finalizing capacity expansion in Finland and the US
- US factory expected to run at full capacity in 2024
- Contract manufacturing
  - Supporting volumes during Romania factory ramp-up
  - Future role as a “virtual factory” to balance production and demand
  - 1–3 million tires per year
- In 2027, Romania will overtake Finland as the biggest factory in output volumes

■ Russia ■ Finland ■ US ■ Romania ■ Contract manufacturing

## PRODUCT OFFERING



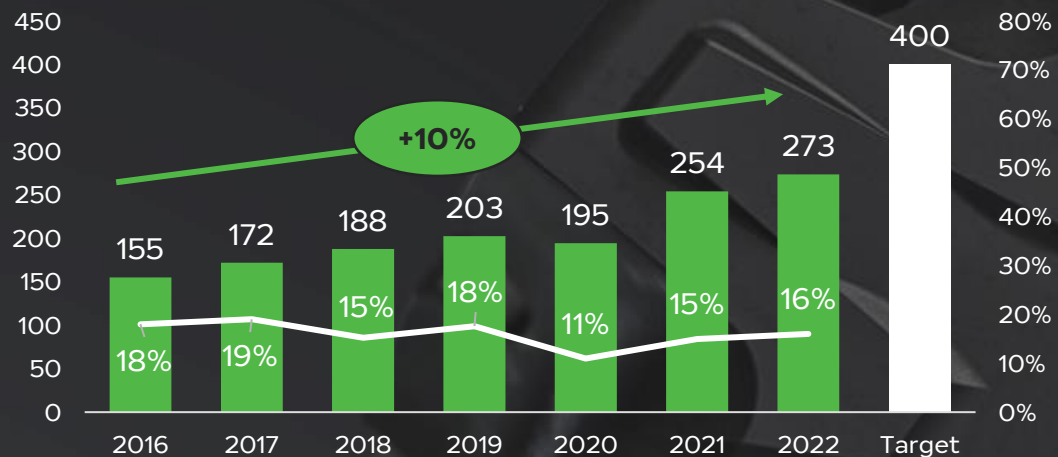
- Winter tires will remain the core category
- Share of all-season expected to grow while summer to decrease compared to 2021 due to temporary lack of supply in Central Europe
- Share of EV's and hybrids growing fast, bringing new requirements to tires
- Increasing demand for premium tires for EV's and >17" rims expected

■ All-season ■ Summer ■ Winter



# HEAVY TYRES EXPECTED TO CONTINUE ON A STRONG GROWTH TRACK

## NET SALES AND EBIT MARGIN DEVELOPMENT



- Above market level growth estimated to continue
- Net sales expected to reach EUR 400 million at the end of 2027 with further growth potential beyond that
- Segment operating profit expected to increase both in relative and absolute terms

## GROWTH DRIVERS

1. Strengthen distribution in Central Europe and North America. Increase aftermarket focus and sales team resourcing
2. Build capacity from 20 to 32Mkg by the end of 2023. Explore possibilities to further increase capacity after the investment phase
3. Widen product portfolio by 50%
4. Develop digital capabilities

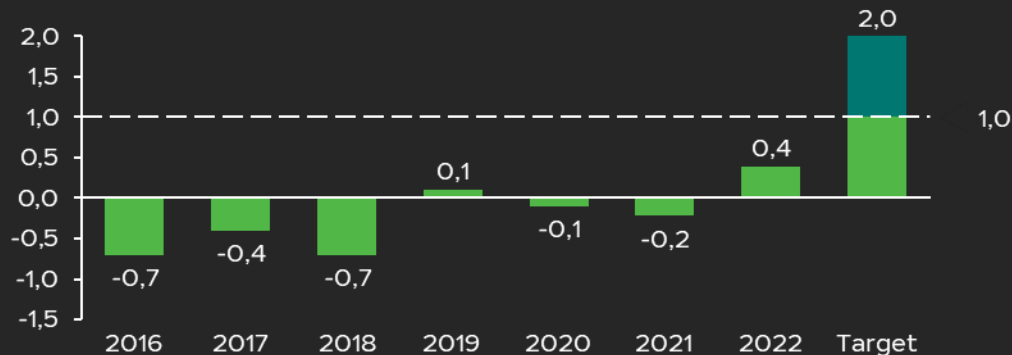
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# STRONG BALANCE SHEET COUPLED WITH ROBUST CASH FLOW GENERATION ENABLES SMOOTH STRATEGY EXECUTION

## NEW TARGET: NET DEBT/SEGMENTS EBITDA 1-2

- Proceeds of EUR 285 million from completion of Russia exit
- Financing Romania factory investment of EUR 650 million
- Remaining capex funding from own cash flow and leveraging Nokian Tyres strong balance sheet

Net Debt/ Segments EBITDA



## FREE CASH FLOW COMPONENTS

<b>Segments EBITDA<sup>1)</sup></b>	<ul style="list-style-type: none"> <li>• Improving profitability with increasing sales volumes and segments EBITDA 23–25% in the growth phase</li> <li>• Depreciation approx. 9% of net sales</li> </ul>
<b>Working capital, net:</b>	<ul style="list-style-type: none"> <li>• Focusing on the balance sheet efficiency and improving working capital rotation</li> <li>• Asset velocity target at the level of 1.0 end of growth phase</li> </ul>
<b>Income taxes paid, net:</b>	<ul style="list-style-type: none"> <li>• Approx. 21% of profit before taxes</li> </ul>
<b>Capex:</b>	<ul style="list-style-type: none"> <li>• In the investment phase, cumulative capex equals approx. segments EBITDA</li> <li>• Romania factory investment of EUR 650 million</li> <li>• Average maintenance capex around EUR 100–125 million</li> </ul>



**ROBUST CASH FLOW GENERATION WOULD ALLOW TO KEEP LEVERAGE AT CONSERVATIVE LEVELS DESPITE THE INVESTMENT PHASE**

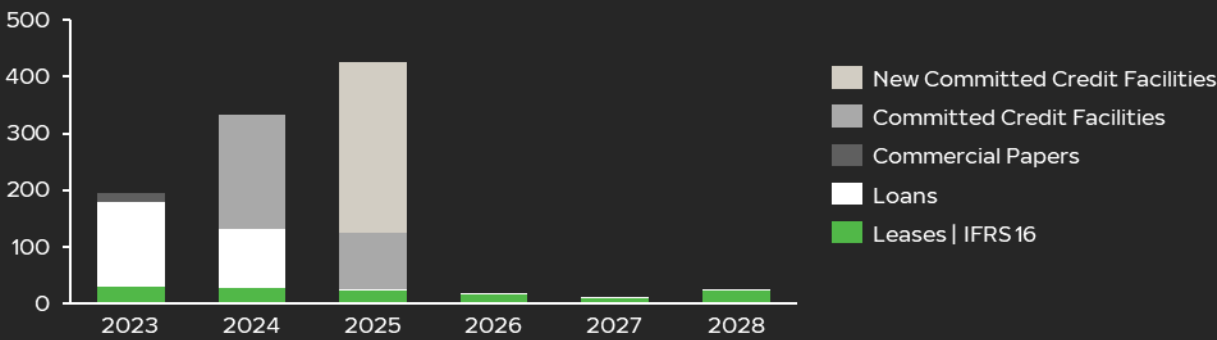


# BUILDING DIVERSIFIED DEBT PORTFOLIO

## CONTROLLED MATURITY EXTENSION AND DIVERSIFICATION

- New committed bank financing of EUR 300 million put in place in April 2023
- EUR 300 million RCF and EUR 500 million domestic commercial paper program in place
- Additional debt funding can be sourced from banks and/or debt capital markets in order to balance financing channels and to extend maturities

Maturity Structure as of Q1 2023, Meur



- In Q1/2023, the Group has met all the requirements set in the financial covenants, which are mainly linked to equity ratio

## DEBT COMPOSITION AS OF Q1 2023



- The average interest rate of interest-bearing financial liabilities was 2.6% (Q1/2023)
- The Group's policy aims to have at least 50% of the non-current financial liabilities in fixed rate instruments
- On the reporting date (Q1/2023), the portion of the non-current fixed rate interest-bearing financial liabilities was 95%

# STRONG FINANCIAL BASIS TO RESTORE PRODUCTION CAPACITY

## ORGANIC GROWTH

### OUR NET SALES WILL GROW SUPPORTED BY SIGNIFICANT CAPACITY RAMP-UP IN THE COMING YEARS

- Capacity expansion in Finland and the US
- Growing contract manufacturing
- New factory in Romania starting production in 2025

## RESTORING PROFITABILITY

### INCREASED CAPACITY AND HIGHER ASP, SUPPORTED BY STRONG PRICING POWER, ARE EXPECTED TO BOOST PROFITABILITY

At the same time...

- ...we are optimizing revenue with maximized profit by market-relevant product mix
- ...we are keeping costs in strict control to mitigate inflation and protect cash flow

## STRONG BALANCE SHEET

### STRONG BALANCE SHEET PROVIDES FLEXIBILITY AND CAPACITY TO EXECUTE OUR STRATEGY

- Increased flexibility with balance sheet due to reduced geopolitical risk
  - Net debt/Segments EBITDA estimated to be 1–2



# GUIDANCE FOR 2023

Published on February 7, 2023

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

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



# INVESTMENT HIGHLIGHTS



# WHY INVEST IN THE NEW NOKIAN TYRES

- 1 THE MARKET LEADER IN PREMIUM TIRES IN THE NORDICS WITH A STRONG BRAND RECOGNITION**
  - Safe and eco-friendly products in premium niche segments, e.g. winter tires
  - Heavy Tyres expected to continue on a strong growth track with further improving profitability

- 2 CLEAR PATH TO RESTORE GROWTH AND PROFITABILITY IN PASSENGER CAR TYRES**
  - Own capacity at 15+ million tires in 2027, supplemented by contract manufacturing
  - New products, increased capacity and enhanced operational capabilities supporting growth

- 3 A SUSTAINABILITY FORERUNNER IN THE TIRE INDUSTRY**
  - Nokian Tyres was the industry first, for example, in having its climate targets officially approved by the SBTi and bringing a class A rolling resistance winter tire to market

- 4 STRONG DEMAND FOR SUSTAINABLY PRODUCED, INNOVATIVE TIRES DRIVEN BY MACRO TRENDS**
  - Climate change mitigation and growing share of EV's and hybrids with special requirements to tires
  - Increasing number of new car models and SUV/CUV penetration rising demand for larger premium tires

- 5 SOLID FINANCIAL POSITION ALLOWING SMOOTH STRATEGY EXECUTION**
  - Gearing 3.3%; Equity ratio 67.8% as of Q1 2023
  - Interest-bearing net debt of only EUR 47 million (incl. leasing liabilities of EUR 130 million) as of Q1 2023

- 6 WORLD-CLASS BENCHMARK FACTORIES FOR PRODUCTIVITY, EFFICIENCY, QUALITY AND SUSTAINABILITY**
  - Expansion in Finland and the US, a new - and the world's first zero CO<sub>2</sub> emission - tire factory to Romania

A dark-colored car is shown from a low angle, focusing on its front wheel which is covered in snow. The car is on a snowy road, and the background features a line of evergreen trees under a cloudy sky. A green horizontal line is positioned to the left of the word 'Appendix'.

# Appendix



# KEY FIGURES

1 000 000 EUR	1-3/23 <sup>1)</sup>	1-3/22 <sup>1)</sup>	1-12/22 <sup>1)</sup>	1-12/22 <sup>2)</sup>	1-12/21 <sup>2)</sup>
Net sales	236.4	322.9	1,350.5	1,776.1	1,714.1
Operating profit	-18.8	21.5	56.7	-116.2	268.2
Operating profit, %	-8.0 %	6.7 %	4.2 %	-6.6 %	15.6 %
Result before tax	-22.5	18.8	11.2	-146.3	258.2
Result for the period	-357.7	47.0	-175.5	-175.5	206.2
EPS, EUR	-2.59	0.34	-1.27	-1.27	1.49
Segments net sales	236.4	322.9	1,350.5	1,776.1	1,714.1
Segments EBITDA	18.5	61.5	127.9	366.9	454.6
Segments EBITDA, %	7.8 %	19.1 %	9.5 %	20.7 %	26.5 %
Segments operating profit	-14.1	34.6	17.8	221.2	324.8
Segments operating profit, %	-6.0 %	10.7 %	1.3 %	12.5 %	19.0 %
Segments EPS, EUR	-0.11	0.19	-0.86	1.30	1.84

1) Restated figures that exclude Russia and other items that are not indicative of Nokian Tyres' underlying business performance.

2) As reported

	1-3/23	1-3/22	1-12/22	1-12/22	1-12/21
Equity ratio, %	67.8 %	70.0 %	64.9 %	64.9 %	68.4 %
Gearing, %	3.3 %	3.1 %	9.8 %	9.8 %	-6.1 %
Interest-bearing net debt	46.8	52.6	140.9	140.9	-98.7
Capital expenditure	34.4	14.1	129.7	129.9	119.6
Cash flow from operating activities	-57.6	-114.3	-4.3	-4.3	396.5

Note: The balance sheet and cash flow figures have not been restated following the Russia exit.

# CONSOLIDATED INCOME STATEMENT

1 000 000 EUR	1-3/23 <sup>1)</sup>	1-3/22 <sup>1)</sup>	1-12/22 <sup>1)</sup>	1-12/22 <sup>2)</sup>	1-12/21 <sup>2)</sup>
Net sales	236.4	322.9	1,350.5	1,776.1	1,714.1
Cost of sales	-198.6	-242.3	-1,048.1	-1,489.4	-1,162.1
<b>Gross profit</b>	<b>37.8</b>	<b>80.7</b>	<b>302.4</b>	<b>286.7</b>	<b>552.0</b>
Other operating income	0.6	-0.8	0.9	4.3	2.9
Sales, marketing and R&D expenses	-36.8	-40.9	-165.6	-177.6	-197.3
Administration	-20.6	-16.5	-79.7	-101.4	-89.1
Other operating expenses	0.2	-0.9	-1.3	-128.2	-0.3
<b>Operating profit</b>	<b>-18.8</b>	<b>21.5</b>	<b>56.7</b>	<b>-116.2</b>	<b>268.2</b>
Net financial items	-3.7	-2.7	-45.5	-30.1	-10.0
<b>Result before tax</b>	<b>-22.5</b>	<b>18.8</b>	<b>11.2</b>	<b>-146.3</b>	<b>258.2</b>
Tax expense	3.7	-4	4.1	-29.2	-52.0
Result for the period, continuing operations	-18.7	14.8	15.2	-	-
Result for the period, discontinued operations	-338.9	32.2	-190.8	-	-
<b>Result for the period</b>	<b>-357.7</b>	<b>47</b>	<b>-175.5</b>	<b>-175.5</b>	<b>206.2</b>

1) Restated figures that exclude Russia and other items that are not indicative of Nokian Tyres' underlying business performance.

2) As reported



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1 000 000 EUR

	31.3.23	31.3.22	31.12.22	31.12.21
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	727.5	854.1	775.0	870.9
Right of use assets	124.6	153.2	123.8	153.5
Goodwill	61.9	65.5	63.2	65.3
Other intangible assets	13.7	20.2	15.6	21.7
Investments in associates	0.1	0.1	0.1	0.1
Non-current financial investments	2.9	2.9	3.0	2.9
Other receivables	9.2	6.5	14.4	6.2
Deferred tax assets	34.3	29.4	23.5	21.6
<b>Total non-current assets</b>	<b>974.3</b>	<b>1,131.9</b>	<b>1,018.5</b>	<b>1,142.1</b>
<b>Current assets</b>				
Inventories	468.1	469.9	529.9	415.1
Trade receivables	211.3	430.5	326.2	431.6
Other receivables	65.0	118.9	760.0	8.9
Cash and cash equivalents	357.1	253.5	259.0	385.9
<b>Total current assets</b>	<b>1,101.5</b>	<b>1,272.8</b>	<b>1,191.2</b>	<b>1,241.4</b>
<b>Total assets</b>	<b>2,075.8</b>	<b>2,404.6</b>	<b>2,209.7</b>	<b>2,383.5</b>

The balance sheet figures have not been restated following the Russia exit.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1 000 000 EUR

	31.3.23	31.3.22	31.12.22	31.12.21
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	25.4	25.4	25.4	25.4
Share premium	181.4	181.4	181.4	181.4
Treasury shares	-12.3	-16.6	-16.6	-17.6
Translation reserve	-10.2	-401.4	-349.5	-393.0
Fair value and hedging reserves	4.8	4.4	10.5	1.6
Paid-up unrestricted equity reserve	238.2	238.2	238.2	238.2
Retained earnings	980.7	1,648.9	1,343.6	1,591.5
<b>Total equity</b>	<b>1,408.1</b>	<b>1,680.4</b>	<b>1,433.1</b>	<b>1,627.6</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	4.6	36.5	17.4	37.8
Provisions	0	0	0	0
Interest-bearing liabilities*	201.1	245.7	201.1	246.9
Other liabilities	0.8	0.8	0.8	0.9
<b>Total non-current liabilities</b>	<b>206.5</b>	<b>283.0</b>	<b>219.4</b>	<b>285.7</b>
<b>Current liabilities</b>				
Trade payables	119.7	155.9	121.3	172.6
Other current payables	133.3	219.1	227.3	251.6
Provisions	5.5	5.9	9.9	5.8
Interest-bearing liabilities*	202.8	60.4	198.8	40.3
<b>Total current liabilities</b>	<b>461.2</b>	<b>441.2</b>	<b>557.2</b>	<b>470.3</b>
<b>Total equity and liabilities</b>	<b>2,075.8</b>	<b>2,404.6</b>	<b>2,209.7</b>	<b>2,383.5</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

1 000 000 EUR	1-3/23	1-3/22	1-12/22	1-12/21
<b>Result for the period</b>	<b>-18.7</b>	<b>47.0</b>	<b>-175.5</b>	<b>206.2</b>
Result for the discontinued operations	-338.9	-	-	-
<b>Adjustments for</b>				
Loss on sales of discontinued operations	336.5	-	-	-
Depreciation, amortisation and impairment	32.6	35.5	310.6	157.5
Financial income and expenses	3.7	1.7	30.2	10.0
Gains and losses on sale of intangible assets, other changes	0.7	-0.4	136.3	12.9
Income Taxes	-3.7	10.6	29.2	52.0
<b>Cash flow before changes in working capital</b>	<b>12.0</b>	<b>94.4</b>	<b>330.8</b>	<b>438.6</b>
Changes in working capital				
Current receivables, non-interest-bearing, increase (-) / decrease (+)	9.7	-79.9	-93.9	-22.0
Inventories, increase (-) / decrease (+)	-36.4	-54.8	-93.4	-70.8
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	-40.1	-63.6	-69.8	98.3
<b>Changes in working capital</b>	<b>-66.8</b>	<b>-198.3</b>	<b>-257.1</b>	<b>5.5</b>
Financial items and taxes				
Interest and other financial items, received	1.9	0.6	3.5	1.7
Interest and other financial items, paid	-2.4	-2.2	-15.2	-9.1
Income taxes paid	-2.3	-8.8	-66.2	-40.2
<b>Financial items and taxes</b>	<b>-2.8</b>	<b>-10.4</b>	<b>-78.0</b>	<b>-47.6</b>
<b>Cash flow from operating activities (A)</b>	<b>-57.6</b>	<b>-114.3</b>	<b>-4.3</b>	<b>396.5</b>

The cash flow figures have not been restated following the Russia exit.



# CONSOLIDATED STATEMENT OF CASH FLOWS

1 000 000 EUR	1-3/23	1-3/22	1-12/22	1-12/21
Cash flow from investing activities				
Cashflow from discontinued operations	199.2	-	-	-
Acquisitions of property, plant and equipment and intangible assets	-34.4	-14.1	-125.2	-119.6
Proceeds from sale of property, plant and equipment and intangible assets	0.1	0.4	2.0	1.7
Acquisitions of Group companies	-	-	-4.5	-
Other cash flow from investing activities	0	0	0.7	-0.8
<b>Cash flow from investing activities (B)</b>	<b>164.8</b>	<b>-13.6</b>	<b>-126.9</b>	<b>-118.7</b>
Cash flow from financing activities:				
Change in current financial receivables, increase (-) / decrease (+)	1.1	0	-0.4	1.4
Change in non-current financial receivables, increase (-) / decrease (+)	0	0.2	1.0	0.4
Change in current financial borrowings, increase (+) / decrease (-)	3.7	20.0	161.4	-203.4
Change in non-current financial borrowings, increase (+) / decrease (-)	-0.3	-0.2	-26.9	-0.9
Payment of lease liabilities	-10.1	-10.1	-40.4	-38.5
Dividends received	0	0	0	0
Dividends paid	0	-13.7	-89.7	-158.7
<b>Cash flow from financing activities (C)</b>	<b>-5.6</b>	<b>-3.8</b>	<b>5.1</b>	<b>-399.8</b>
<b>Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)</b>	<b>101.6</b>	<b>-131.7</b>	<b>-126.2</b>	<b>-122.0</b>
Cash and cash equivalents at the beginning of the period	259.0	385.9	385.9	504.2
Effect of exchange rate fluctuations on cash held	-3.5	-0.6	-0.7	3.7
Cash and cash equivalents at the end of the period	357.1	253.5	259.0	385.9

The cash flow figures have not been restated following the Russia exit.

# DEFINITIONS OF PERFORMANCE MEASURES

Return on equity, %	=	$\frac{\text{Profit for the period}}{\text{Total equity (average)}} \times 100$
Return on capital employed, %	=	$\frac{\text{Profit before tax} + \text{interest and other financial expenses}}{\text{Total assets} - \text{non-interest bearing debt (average)}} \times 100$
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Total assets} - \text{advances received}} \times 100$
Gearing, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}} \times 100$
Earnings per share, EUR	=	$\frac{\text{Profit for the period attributable to the equity holders of the parent}}{\text{Average adjusted number of shares}^{1)} \text{ during the year}}$
Earnings per share (diluted <sup>2)</sup> ), EUR	=	$\frac{\text{Profit for the period attributable to the equity holders of the parent}}{\text{Average adjusted and diluted}^{2)} \text{ number of shares}^{1)} \text{ during the year}}$
Cash flow per share, EUR	=	$\frac{\text{Cash flow from operations}}{\text{Average adjusted number of shares}^{1)} \text{ during the year}}$
Dividend per share, EUR	=	$\frac{\text{Dividend for the year}}{\text{Number of shares entitled to a dividend}}$
Dividend pay-out ratio, %	=	$\frac{\text{Dividend for the year}}{\text{Net profit}} \times 100$
Equity per share, EUR	=	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Adjusted number of shares}^{1)} \text{ on the balance sheet date}}$
P/E ratio	=	$\frac{\text{Share price, 31 December}}{\text{Earnings per share}}$
Dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Share price, 31 December}}$

<sup>1)</sup> without treasury shares

<sup>2)</sup> the share options affect the dilution as the average share market price for the financial year exceeds the defined subscription price

The background of the advertisement is a scenic landscape. On the left, the side of a dark-colored car is visible, with its rear wheel and side mirror in the foreground. The car's surface reflects the surrounding environment, including a body of water and a forested hill. In the background, a man and a woman are standing on a gravel path, looking at a bicycle. The sky is overcast with soft, diffused light. The overall mood is serene and suggests a lifestyle of outdoor recreation.

**nokian<sup>®</sup>**  
**TYRES**