

**nokian[®]
TYRES**

REMUNERATION REPORT

MADE FOR DEMANDING CONDITIONS



Remuneration Report 2023

People and Sustainability Committee – Chair’s greeting

The past year 2023 was a time of rebuilding and investments for Nokian Tyres to enable growth and improve profitability. The car and tire market environment was demanding due to low consumer confidence together with customers focus on inventory management. The ability shown by Nokian Tyres personnel to navigate in a fast-changing operating environment has built a solid foundation for growth in line with the company’s strategy and targets.

After Nokian Tyres exited Russia in March 2023, the company continued to increase production capacity at its factories in Finland and in the US and launched the first tires produced through contract manufacturing. Already in Fall 2022, Nokian Tyres’ Board of Directors decided to invest approximately EUR 650 million in a new tire factory in Romania. The construction of the factory is progressing as planned, and commercial tire production is expected to start in 2025. When completed, the factory in Romania will be the world’s first zero CO₂ emission tire factory.

Nokian Tyres has been striving to reduce greenhouse gas emissions consistently, as exemplified by its target achieved in 2023 to reduce the direct CO₂ emissions of its tire factories by more than 50 percent per ton of tire produced. The target was achieved seven years ahead of schedule.

Capacity expansion at the US and Finnish factories has also progressed well. Nokian Tyres’ increased production capacity

supports the achievement of financial targets towards net sales of EUR 2 billion and strong profitability by 2027.

The Nokian Tyres team is building the new Nokian Tyres, and the management and personnel have continued to discuss and develop the culture of the company to enable quick transformation and adaptation to the changed operating environment. The People and Sustainability Committee has closely monitored the progress of this work, in addition to the strategy execution and the Romanian factory project.

At the beginning of 2023, Nokian Tyres adopted a new long-term incentive plan for 2023–2027. The reduction of direct CO₂ emissions was also included in the targets, supporting the company’s strategic target in sustainability. The incentives of the previous year’s short-term incentive plan were paid, with an exception granted by the Board, in two parts in March and June of 2023. The short-term incentive target during 2023 has emphasized financial indicators, such as net sales and profitability.

The Remuneration Policy will be updated in 2024. The new Remuneration Policy aims to support Nokian Tyres in achieving short- and long-term strategic targets, strengthening sustainable development, and fostering employee commitment to Nokian Tyres.

VERONICA LINDHOLM

Chair of the Nokian Tyres Board’s People and Sustainability Committee



**NOKIAN TYRES’ REMUNERATION
POLICY AND INCENTIVE SYSTEM
SUPPORT THE COMPANY’S STRATEGY
AND TARGETS.**

Introduction

Dear shareholder,

This remuneration report (the “**Remuneration Report**”) describes the implementation of the remuneration policy (the “**Remuneration Policy**”) of Nokian Tyres plc (the “**company**” or “**Nokian Tyres**”) for the financial year 2023. The Remuneration Policy was presented to and adopted by an advisory resolution in the 2020 Annual General Meeting and shall be applied until the 2024 Annual General Meeting unless a revised policy is presented to the general meeting before this. The new Remuneration Policy will be presented at the 2024 Annual General Meeting for approval.

The Remuneration Policy describes:

- the remuneration of the Board of Directors and the President and CEO
- the considerations of determining the policy
- practical implementation of the policy

This Remuneration Report provides investors with more detailed information on the development of Nokian Tyres’ remuneration, as well as on certain strategic indicators and the implementation of an up-to-date remuneration policy in the financial year 2023.

The Remuneration Report is prepared in accordance with the Securities Market Association’s Corporate Governance Code 2020 and the applicable legislation. The 2023 Annual General Meeting resolved to adopt the company’s following Remuneration Report 2022, through an advisory resolution supported by approximately 80 percent of the votes cast at the 2023 Annual General Meeting, indicating approval of the Remuneration Report 2022 by the shareholders of the company.

The Remuneration Policy can be found www.nokiantyres.com/company/investors/corporate-governance/salaries-and-remunerations/

Development of Nokian Tyres performance and remuneration

Nokian Tyres’ net sales for the financial year 2023 were EUR 1,173.6 million, and the segments operating profit was EUR 65.1 million. The war in Ukraine, which began in 2022, quickly changed Nokian Tyres’ short-term business targets and strategy. The focus of remuneration in 2023 has been to engage key employees in the changed operating environment and to promote the implementation of the strategy in all the company’s functions. The strategy changes supported both the company’s development and financial performance in 2023 as well as future growth targets.

The table shows as an index comparison the development of the remuneration of the Board of Directors, the CEO, and employees during the previous five financial years.

Remuneration 2019–2023

Remuneration index	2019	2020	2021	2022	2023
Total Board remuneration – Average annual fee paid to Board members ¹	100%	112%	106%	123%	119%
President and CEO salaries and financial benefits	100%	140%	85%	110%	104%
Average salary cost per employee ²	100%	98%	116%	143%	131%

¹ **Total Board remuneration – Average annual fee paid to Board members** calculated by dividing total amount of fees paid to Board members each year, by composition of Board (number of members) during each year (2019–2020: 8 Board members, 2021–2023: 9 Board members) and excluding fees paid to members leaving during following term. Further details in section “Remuneration and financial development between 2019–2023”.

² **Average cost per employee** is calculated by dividing the total amount of salaries, incentives, and other related employee costs for the corresponding financial year by the average number of employees during each financial year.

The goal of the Remuneration Policy is to strengthen Nokian Tyres to achieve short- and long-term strategic goals, sustainable development, and the commitment of personnel to Nokian Tyres.

No changes were made to Nokian Tyres’ short-term incentive plan in 2023. In the 2023 performance period, targets were set to Nokian Tyres’ segments operating profit, weight of 60 percent, and the segments net sales weighting was 40 percent, a total of 100 percent.

At the end of 2022, both segments operating profit and segments net sales had a 50 percent weighting in the Group-level targets of the amended short-term incentive plan. The performance of the CEO and Management Team was also measured through a climate-related target. The incentives and climate-related incentive for the performance period for the first half of the financial year 2022 were paid in March 2023, and the incentives for the performance period for the second half of the year in June 2023.

Long-term incentives are a part of Nokian Tyres’ key employee incentive and retention program designed to align the goals of the company’s key personnel with the company’s shareholders to increase the value of the company in the long term, to commit key personnel to the company and its strategic goals and to offer a competitive reward for key personnel. Nokian Tyres has two annually commencing long-term share-based incentive plans decided by the Board of Directors: The Performance Share Plan and the Restricted Share Plan. The Board of Directors approved both as starting in 2023 and renewed the performance share plan in **February 2023 for the following three-year period.**

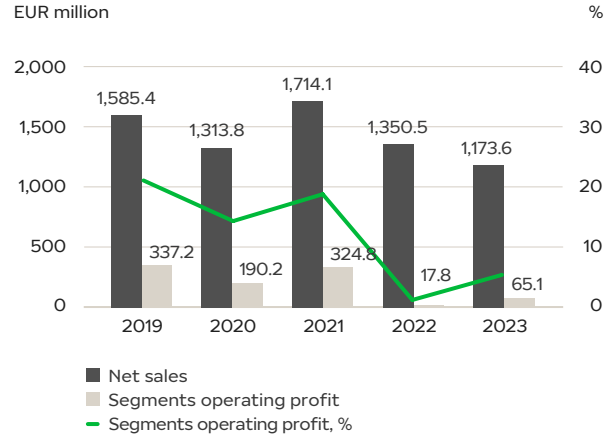
The Performance Share Plan is the company’s most important long-term incentive scheme, the objectives of which are measured by EBITDA, increase in passenger car tire production volume and reduction in direct CO₂ emissions. The performance period is 2023–2024, and the possible payout will be in Spring 2026.

Nokian Tyres Restricted Share Plan serves as a complementary long-term incentive tool, used selectively for retention of Nokian Tyres key employees. The Restricted Share Plan consists of a three-year retention period, after which the share awards granted within the plan will be paid to the participants. 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 award. In addition to this precondition, a financial performance criterion is applied to Nokian Tyres Management Team, including the President and CEO, with the aim of aligning the interests of the CEO and shareholders related to the company's financial development.

In February 2023, the Board of Directors decided to change the financial performance criterion from ROCE (return on capital

Net sales and Segments operating profit

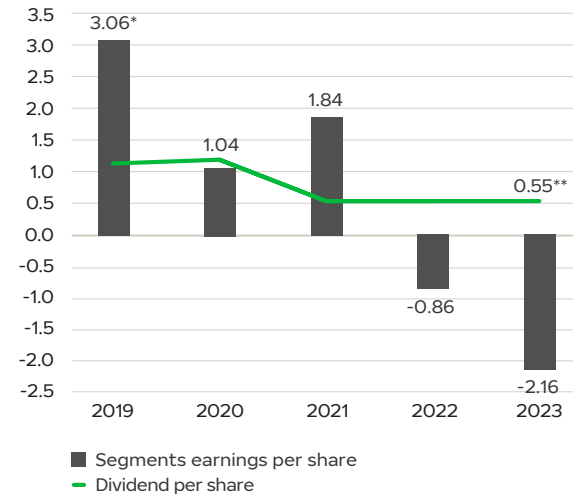


Figures for 2021 and earlier years have not been restated and include Russia.

employed) to segments ROCE. The segments ROCE is applicable in 2020–2022, 2021–2023, 2022–2024 plans, as well in the 2023 Restricted share plan with the restricted period of 2023–2025.

The three-year restriction period of the Restricted Share Plan 2020–2022 ended at the end of the financial year 2022. In the share-based incentive plan, the financial threshold set for the CEO and the members of the Management Team for the segments' total ROCE was reached. The rewards to be paid corresponded to a total of 71,550

Segments earnings per share and dividend per share, EUR



* Segments EPS 2019 excl. the impact of the rulings on the tax disputes of EUR 1.08 were EUR 1.98

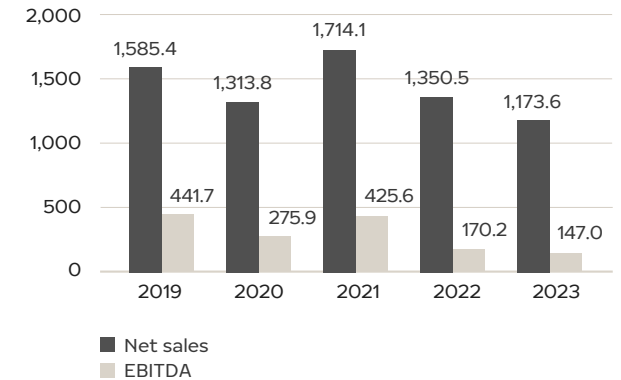
** The Board's proposal to the Annual General Meeting on the payment of a maximum amount of dividend

Figures for 2021 and earlier years have not been restated and include Russia.

gross Nokian Tyres plc shares, of which 10,000 gross shares were directed to the President and CEO. The fees were paid in March 2023.

During the financial year 2023, Nokian Tyres temporarily deviated from the approved Remuneration Policy by applying a financial performance indicator to the restricted share plans offered to the President and CEO. As well Performance Share Plan 2023–2024 has a two-year performance period and one year retention period. Apart from these deviations, the remuneration of the Board of Directors and the President and CEO followed the Remuneration Policy in 2023.

Net sales and EBITDA*, EUR million



* Depreciations and Amortizations (DA) in EBITDA includes impairments from 2020 onward.

Figures for 2021 and earlier years have not been restated and include Russia.

Remuneration of the Board of Directors 2023

Nokian Tyres 2023 Annual General Meeting decided the following annual fees to be paid to the Board of Directors serving during the financial year 2023:

Chair of the Board: A fee of 110,000 euros per year

Deputy Chair and to the Chairs of the Audit Committee and People and Sustainability Committee: A fee of 75,000 euros per year

Other members of the Board: A fee of 52,500 euros per year

For each Board and Board Committee meeting, the fee is 700 euros. For Board members resident in Europe, the fee for each meeting outside a member's home country within Europe 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 700 euros. Travel expenses are compensated in accordance with the company's travel policy.

Board member	Position on the Board	Annual fixed fee (EUR) ¹	Board meeting fees (EUR)	Committee meeting fees (EUR)	Total fees (EUR)	Shares acquired with fixed annual fee (number of shares)
Jukka Hienonen	Chair of the Board / Member of the People and Sustainability Committee / Member of the Shareholders' Nomination Board	110,000	8,400	3,500	121,900	5,000
Veronica Lindholm	Board member / Chair of the People and Sustainability Committee	75,000	8,400	3,500	86,900	3,409
Pekka Vauramo	Deputy Chair / Member of the People and Sustainability Committee	75,000	8,400	3,500	86,900	3,409
Jouko Pölönen	Board member / Chair of the Audit Committee	75,000	8,400	3,500	86,900	3,409
Christopher Ostrander	Board member/ Member of Audit Committee	52,500	15,400	4,900	72,800	2,386
Inka Mero	Board member / Member of the Audit Committee (until Apr 26, 2023)	-	2,800	1,400	4,200	-
Heikki Allonen	Board member / Member of the Audit Committee (until Apr 26, 2023)	-	2,800	1,400	4,200	-
George Rietbergen	Board member	52,500	11,900	-	64,400	2,386
Susanne Hahn	Board member/ Member of People and Sustainability Committee	52,500	11,900	2,800	67,200	2,386
Reima Rytysölä	Board member / Member of the Audit Committee	52,500	6,300	2,100	60,900	2,386
Markus Korsten	Board member	52,500	9,800	-	62,300	2,386

¹ 60% of the annual fixed fee paid in cash and 40% in company shares. Management transaction stock exchange releases regarding the share acquisitions published on April 28, 2023. The company paid asset transfer taxes arising from the acquisition of shares.

Short-term incentive plans

President and CEO Jukka Moisis is entitled to short-term incentives as described in the Remuneration Policy. The short-term incentive on the target amount is equivalent to 50 percent of the annual base salary, and the maximum amount is 100 percent of the annual base salary. The performance period is typically one year unless decided otherwise by the Board. The possible reward is paid out in the first half of the year following the performance period.

In accordance with the decision of the Board of Directors, the performance targets for President and CEO Jukka Moisis's short-term incentives for the performance period of the financial year 2023 were Nokian Tyres segments operating profit 60 percent and segments net sales 40 percent, in total 100 percent.

Both targets did not meet the minimum level and thereby, no payments will be conducted.

Long-term incentive plans

The President and CEO's long-term incentives (LTI) consist of share incentive plans. The value of the performance-based LTI payout is capped at 250 percent of the annual base salary, and the annual target amount is 125 percent of the annual base salary.

President and CEO Jukka Moisis was granted 90,882 performance-based shares from Performance Period 2023–2024 of Nokian Tyres Performance Share Plan 2023–2027. The possible reward will be paid during the first half of 2026 after a one-year retention period in case the targets set by the Board of Directors for Performance Period 2023–2024 are met.

The targets set for Performance Period 2023–2024 of the Nokian Tyres Performance Share Plan 2023–2027 are divided as follows:

LTI criteria 2023–2024 weights, %



- EBITDA 50%
- Increase in passenger car tire production 40%
- Reduction in direct CO₂ emissions 10%

The potential share rewards will be paid partly in shares in Nokian Tyres and partly in cash. The cash portion of the reward is intended to cover the taxes arising from the paid reward. President and CEO Jukka Moisis was not granted restricted shares during the financial year 2023.

Nokian Tyres temporarily deviated from the Remuneration Policy approved by a separate decision of the Board of Directors in the Restricted Share Plan during the financial year 2023, which also covers the period 2023–2025. CEO Jukka Moisis has not been granted any conditional share-based incentive plans for 2023–2025. Total segments ROCE's average-linked threshold for financial years 2022–2024 applies to all provisions made to the Management Team and to the restricted share plan commenced in 2023 with a restriction period of 2023–2025 as described in the company's [stock exchange release published on February 7, 2023](#).

The President and CEO is required to hold at least 25 percent of the shares received as rewards from the long-term incentive programs and accumulate the shares from the incentive programs until the value of the shares received from the share programs equals the annual gross base salary of the President and CEO.

Active Long-term incentive plans and shares granted to the President and CEO

Long-term incentive plan and performance period	Gross shares granted	Maximum gross share award ¹	Performance criteria	Pay-out of possible reward
Performance share plan 2021–2023	31,013	62,026	Segments ROCE (50% weight) & segments EPS (50% weight)	H1/2024
Performance share plan 2022–2024	27,680	55,360	Segments ROCE (50% weight) & segments EPS (50% weight)	H1/2025
Performance share plan 2023–2024	90,882	181,764	EBITDA (50% weight), increase in passenger car tire production volume (40% weight) and reduction in direct CO ₂ emissions (10% weight).	H1/2026
Achievement of set targets	100%	200%		

¹ The potential share rewards will be paid partly in shares of Nokian Tyres plc and partly in cash. Gross shares is the amount of shares earned, based on performance against set targets and used to calculate the cash proportion. Actual shares delivered = net shares. Cash portion of the reward is intended to cover the taxes arising from the paid reward.

Remuneration of the President and CEO 2023

President and CEO	Fixed annual salary (incl. holiday compensation)	Monthly base salary	Paid salary during financial year 2023 (incl. holiday compensation and mobile phone benefit)	Paid performance-based bonuses (based on year 2022)	Due performance-based bonuses (based on year 2023) ¹	Total value of awarded share-based bonus	Supplementary pension contribution	Severance payment	Total fees paid during financial year 2023
Jukka Moisio	817,614	61,800 until Jun 30, 2023 64,890 as of Jul 1, 2023	798,202	538,680	0	84,193	–	–	1,421,075

Note: All amounts presented are in EUR.

¹ Due performance-based bonuses (based on year 2023) will be paid during the financial year 2024.

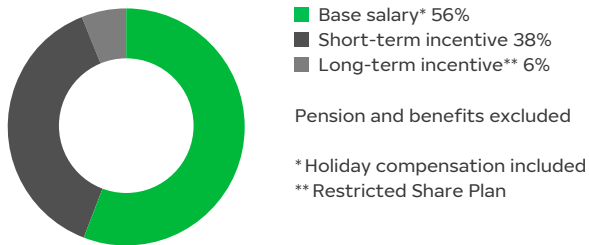
Short-term incentive opportunities as of annual base salary		Performance share plan long-term incentives ¹	
Target	Max	Target	Max
50%	100%	125%	250%

¹ Nokian Tyres may in addition offer restricted share plans for the President and CEO in situations like new hire and retention, at the Board's discretion.

Based on the Board of Directors' decision President and CEO Jukka Moisio's salary was reviewed during financial year 2023, and the monthly base salary was thereby, until June 30, 2023, 61,800 euros and as of July 1, 2023, the salary was increased by five percent to 64,890 euros.

President and CEO Jukka Moisio has a company-paid mobile phone benefit, with a value of 20 euros per month or 240 euros per annum. Fixed annual salary incl. holiday compensation is calculated by multiplying the monthly base salary 64,890 euros by 12.6 percent.

**Remuneration of the President and CEO:
2023 actual paid salary and variable elements, %**



Pension and information regarding the termination of the employment of the President and CEO

The pension accumulation and retirement age of the President and CEO are determined by the practices and terms of the applicable law in the home country of the President and CEO. An additional defined contribution pension plan that corresponds to the relevant local market can be arranged by the company. President and CEO Jukka Moisio does not have a company-paid supplementary pension arrangement. The retirement age and the pension are determined in accordance with the Employees Pensions Act.

The President and CEO's period of notice is 6 months. If the agreement is terminated by the company, the President and CEO is entitled to compensation corresponding to 12 months' salary and other benefits in addition to the notice period's salary.

Malus and clawback

Based on the terms and conditions of the incentive plans, if the President and CEO receives a reward based on the remuneration scheme that subsequently turns out to be incorrectly paid due to intent or negligence by the President and CEO, Nokian Tyres has the right to retroactively restate the amount and reclaim the excess part of the rewards paid from the short- and long-term incentives pursuant to rules regarding unjust enrichment.

The short- and long-term remuneration schemes are discretionary in nature and do not form part of the terms and conditions of the service contract of the President and CEO, and the Board of Directors shall decide on the implementation of the schemes and their terms and conditions at any time.

Nokian Tyres did not exercise any malus or clawback rights during the financial year 2023.

Remuneration and financial development 2019–2023

	2019	2020	2021	2022	2023
Board remuneration, total pay EUR					
Jukka Hienonen	–	105,800	112,700	126,100	121,900
Veronica Lindholm	56,400	65,500	60,200	91,100	86,900
Pekka Vauramo	53,400	63,100	82,000	90,400	86,900
Jouko Pölönen	–	–	59,100	90,400	86,900
Christopher Ostrander	–	–	57,700	68,600	72,800
Inka Mero (until Apr 26, 2023)	54,600	63,100	60,900	67,900	4,200
Heikki Allonen (until Apr 26, 2023)	54,600	63,100	60,900	67,200	4,200
George Rietbergen	54,600	60,100	57,500	67,200	64,400
Susanne Hahn	–	–	–	61,600	67,200
Raimo Lind	76,500	85,600	83,400	5,600	–
Kari Jordan	78,300	87,400	1,800	–	–
Petteri Walldén	101,400	6,600	–	–	–
Reima Rytsölä	–	–	–	–	60,900
Markus Korsten	–	–	–	–	62,300
Total (excl. fees paid to leaving members) ¹	529,800	593,700	634,400	730,500*	710,200
Board size, number of members	8	8	9	9	9
Average total pay per member ¹	66,225	74,213	70,489	81,167	78,911
Index	100.0%	112.0%	106.5%	122.5%	119.2%
President and CEO, total pay EUR					
Jukka Moisio May 27, 2020–	–	429,611	1,157,960	1,502,304	1,421,075
Hille Korhonen Jun 1, 2017–May 26, 2020	1,362,987	1,472,192	–	–	–
Total	1,362,987	1,901,803	1,157,960	1,502,304	1,421,075
Index	100.0%	139.5%	85.0%	110.2%	104.3%

	2019	2020	2021	2022**	2023
Employee remuneration, average EUR					
Salaries, incentives, and other related costs, EUR million	235.3	224.7	270.7	237.5	232.1
Group employees on average during financial year	4,995 ²	4,859	4,941	3,517	3,754
Average per year, k EUR	47.11	46.24	54.79	67.53	61.83
Index	100.0%	98.2%	116.3%	143.4%	131.2%
Financial development 2019–2023					
Operating profit, EUR million	316.5	120.0	268.2	56.7	32.1
Segments operating profit, EUR million	337.2	190.2	324.8	17.8	65.1
Index³	100.0%	37.9%	84.7%	17.9%	10.1%
EPS, EUR	2.89 ⁴	0.62	1.49	-1.27	-2.36
Segments EPS, EUR	3.04 ⁴	1.04	1.84	-0.86	-2.16
Index³	100.0%	21.4%	51.6%	-43.9%	-81.7%
ROCE, %	17.6%	6.0%	13.7%	3.1%	2.2%
Segments ROCE, %	18.6%	9.3%	15.8%	1.0%	4.0%
Index³	100.0%	34.1%	77.8%	17.6%	12.5%

¹ Average total pay per Board member is calculated by dividing the total fees paid to the Board members, excl. members who left the Board during the corresponding term. I.e. fees paid to Petteri Walldén have been removed from the year 2020 average, Kari Jordan from the 2021 average and Raimo Lind from the 2022 average, Inka Mero and Heikki Allonen from the 2023 average.

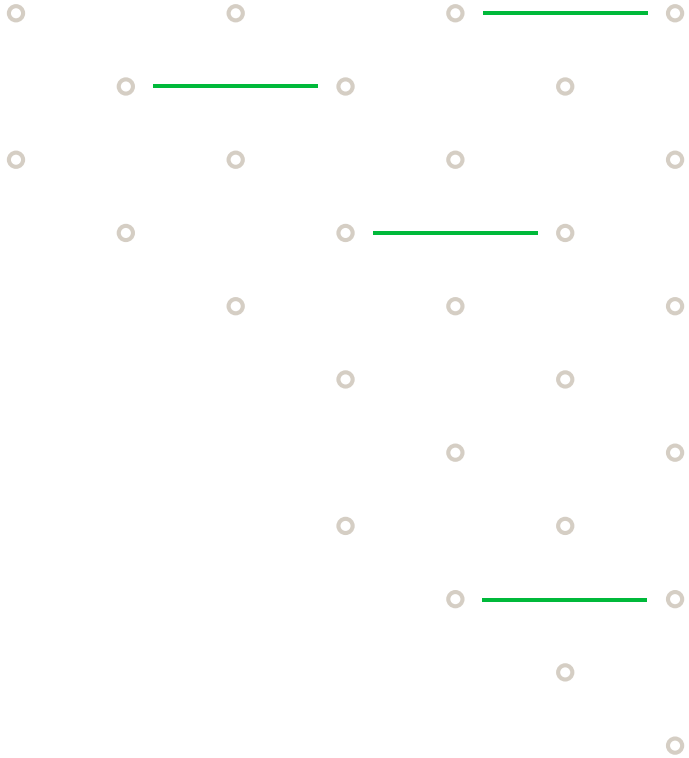
* Correction: Raimo Lind deducted from total sum: Total (excl. fees paid to leaving members)¹

² Figures corrected to include passive employment in December 2019 (employees on long leave).

³ Financial measures used for index according to IFRS reporting. Segments figures 2019–2023 presented (not calculated in index) in accordance with Nokian Tyres new reporting practices Stock exchange release about Nokian Tyres new reporting practices April 24th, 2020.

⁴ EPS 2019 excl. the impact of the rulings on the tax disputes of EUR 1.08 were EUR 1.81. Segments EPS 2019 excl. the impact was EUR 1.98.

** Year 2022 excluding discontinued operations.



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