

**nokian**<sup>®</sup>  
**TYRES**

# ANNUAL REPORT 2023

MADE FOR DEMANDING CONDITIONS





**THIS COMPANY IS LIKE ITS PRODUCT; IT REFLECTS  
THE PASSION AND RESILIENCE OF OUR PEOPLE.**

**We are made for demanding conditions.**

**WE ARE NOKIAN TYRES AND HERE TO MAKE  
THE WORLD SAFER BY REINVENTING TIRES, AND  
HOW THEY ARE MADE, OVER AND OVER AGAIN.**

<b>Strategy Review</b>	<b>4</b>
<b>Report by the Board of Directors</b>	<b>16</b>
<b>Financial Statements</b>	<b>36</b>
Consolidated financial statements	37
Parent company financial statements	87
Signatures of the Board of Directors and the auditor's note	98
Auditor's report	99
ESEF assurance report	103
Information on Nokian Tyres' share	104
Nokian Tyres group structure	105
<b>Corporate Governance Statement</b>	<b>106</b>
<b>Non-Financial Information Statement</b>	<b>122</b>
<b>Remuneration Report</b>	<b>140</b>
<b>Investor Information and Investor Relations</b>	<b>149</b>

In addition to this Annual Report, Nokian Tyres will publish its 2023 Sustainability Report at the end of March 2024.





# STRATEGY REVIEW

MADE FOR DEMANDING CONDITIONS



” WHEN CHANGE IS  
THE CONTEXT, AGILITY  
BECOMES A SUPERPOWER.

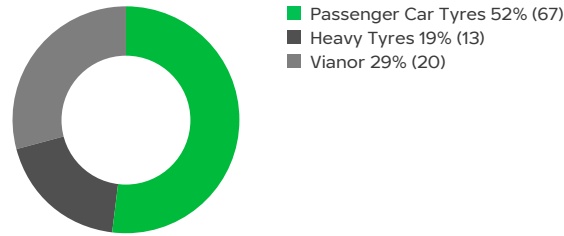
Johanna Horsma,  
Chief Transformation Officer

# This is Nokian Tyres

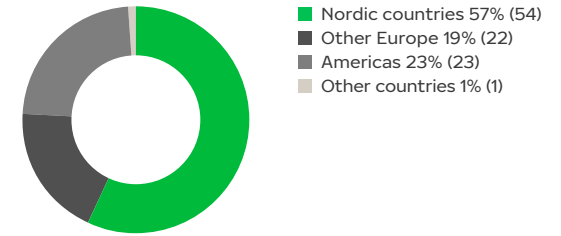
Nokian Tyres develops and manufactures premium tires for people who value safety, sustainability, and predictability. Driven by our Nordic heritage, the company manufactures innovative products for passenger cars, trucks, and heavy machinery, providing peace of mind for all conditions. Our Vianor chain specializes in tire and car services.

- Nokian Tyres serves its customers in its core markets: the Nordic countries, North America, and Central Europe.
- In 2023, Nokian Tyres products were sold in 55 countries.
- Nokian Tyres manufactures its tires in two factories, located in Finland and the US. A new factory is under construction in Romania. Contract manufacturing complements own production.
- Nokian Tyres' test centers are in Nokia and Ivalo, Finland, and in Santa Cruz de la Zarza, Spain.
- The company's headquarters is in Nokia, Finland, and its shares are listed on Nasdaq Helsinki.

Net sales from external customers by business unit, %



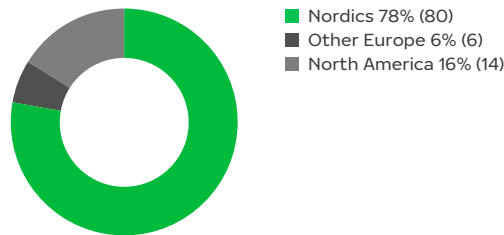
Net sales by geographical area, %



**NOKIAN TYRES**  
**NET SALES IN 2023**

**1.2**  
**EUR BILLION**

Employees by geographical area, %



Net sales and Segments operating profit



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

# Highlights in 2023



## The world's first zero CO<sub>2</sub> tire factory

Nokian Tyres broke ground for its new passenger car tire factory in Oradea, Romania. The factory is the world's first zero CO<sub>2</sub> emission tire factory.

## New long-term financial targets

Nokian Tyres published its updated long-term financial targets and confirmed its non-financial targets. The target is to reach EUR 2 billion in net sales with strong profits.



## Key Flag symbol for Nokian Heavy Tyres

Nokian Heavy Tyres was awarded the Key Flag symbol for its heavy-duty tires, wheels, and retreading materials as a recognition of products manufactured in Finland, and the Design from Finland mark for products designed in Finland.

## Dow Jones Sustainability Europe Index

Nokian Tyres was again included in the Dow Jones Sustainability Europe Index. The selection was based on S&P Global's Corporate Sustainability Assessment 2023, in which Nokian Tyres scored 70 points out of 100.

## Sale of the Russian operations

Nokian Tyres completed the sale of its Russian operations, after which all Nokian Tyres operations in Russia ended.

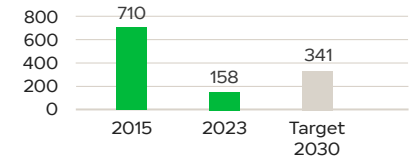
## Emission reduction target reached

In 2023, Nokian Tyres reached a key science-based emissions reduction target seven years ahead of schedule.

The target was to decrease the tire factories' CO<sub>2</sub> emissions intensity by

52%

Direct CO<sub>2</sub> emissions from the tire factories (Scope 1 and 2), kg/production ton



## Co-operation with the Finnish Ski Association

Nokian Tyres started a partnership with the Finnish Ski Association, becoming the main partner of Cross-Country Ski Team Finland and junior Cross-Country Ski Team Finland for the seasons 2023–24 and 2024–25.

# A year of transformation

2023 marked a new beginning for Nokian Tyres. We completed our exit from Russia, announced new long-term financial targets, and celebrated the start of construction work on the world's first zero CO<sub>2</sub> emission tire factory in Romania. I am extremely proud of what we have achieved and excited about the future.

Nokian Tyres' operating environment has changed significantly over the last two years. This has required agility to adapt and challenged us to find new ways to develop our business. In 2023, we continued to recover from the disruption that we faced in 2022. We steadily improved our performance and volume delivery towards the end of the year, which provides us with a solid foundation for 2024. I want to thank our employees for their excellent work as we are together building the new Nokian Tyres, as well as our customers for their trust.

In addition to changes in the operating environment, climate change, evolving technologies, and the transformation of the automotive industry keep us moving forward. Innovating for safer driving has been a key contributor to Nokian Tyres' success ever since we invented the world's first winter tire 90 years ago. And the same principle still guides our work: We make the world safer by reinventing tires, and how they are made, over and over again. With this relentless attitude and commitment to continuous improvement we aim - in line with our new vision - to lead the world to drive smarter. We firmly believe that our expertise in designing and manufacturing premium products will be increasingly valued, and as a sustainable tire company, our role will become even more significant.



## OUR PURPOSE



**WE MAKE  
THE WORLD SAFER  
BY REINVENTING  
TIRES, AND HOW  
THEY ARE MADE,  
OVER AND OVER  
AGAIN.**

### Accelerating growth

Nokian Tyres' future direction is clear: We are returning to growth. In line with our new long-term financial targets, we aim for EUR 2 billion net sales with strong profits. Building the new Nokian Tyres is based on organic growth in the Nordic countries, North America, and Central Europe. Expanding capacity, together with market relevant high-quality products and enhancing commercial capabilities, boost topline growth. Margin improvement is driven by increasing sales volume and average sales price.

### Creating a balanced manufacturing footprint

One of our key priorities is building the world's first zero CO<sub>2</sub> emission tire factory in Romania. Construction is progressing as planned and the first tires will be manufactured in the second half of 2024. We have also increased capacity at our factories in Finland and the US, and are supplementing our own production with carefully selected contract manufacturing partners. Nokian Tyres' manufacturing footprint will become even more diversified and balanced in the future.

### Leading the industry towards net-zero

Sustainability continues to remain at the core of our operations. In reducing greenhouse gas emissions from tire production, we are a frontrunner in our industry. As an example, in 2023, we reached one of our key science-based emissions reduction targets seven years ahead of schedule. Other key sustainability initiatives include advancing safety and well-being of our employees, protecting human rights in the supply chain, and increasing the share of renewable and recycled materials in tires.

### Made for demanding conditions

Going into 2024, executing on our growth strategy and improving our activities continues. Despite the current economic slowdown, we expect passenger car tire sell-in to grow in 2024, and with our increasing capacity and competitive product portfolio, we are ready to seize this opportunity. In the Heavy Tyres business, the focus is on expanding capacity and strengthening distribution. Widening product portfolio and enhanced digital capabilities support growth in the long-term. Vianor's excellent distribution capabilities strengthen our position in the Nordics.

Important milestones will be reached in 2024, when we celebrate the 90th anniversary of our innovation, the winter tire. Our new factory in Romania will start production, the US investment phase will be completed, and new innovative products will be launched. Our strong balance sheet enables us to both invest in growth while continuing to reward our shareholders.

I want to warmly thank our customers and shareholders for their support, and above all, our employees for their commitment. Nokian Tyres is made for demanding conditions, which is why I am confident that we will emerge even stronger in 2024.

**JUKKA MOISIO**  
PRESIDENT AND CEO

## OUR VISION



**WE LEAD THE WORLD  
TO DRIVE SMARTER.**



# A market of 600 million tires

Nokian Tyres passenger car tires are mainly sold in the replacement tire market, selling tires to consumers via dealers. According to Global Data, the size of the replacement tire market for passenger car tires, SUV tires, and pick-up truck tires in Nokian Tyres' primary markets in the Nordic countries, Central Europe, and North America amounted to approximately 600 million tires. The U.S. Tire Manufacturers Association (USTMA) estimates that the North American market covers nearly half of the total market.

According to Global Data, the demand for tires will grow moderately in Nokian Tyres' primary markets during 2024–2027. The yearly growth rate is estimated to be approximately 2 percent in the Nordic countries and North America and approximately 1 percent in Central Europe. The number of electric cars and SUVs is growing constantly, further increasing the demand for larger-size tires in all markets.

Nokian Tyres' heavy tires are sold in both the original equipment and replacement markets. Nokian Tyres estimates that the size of the global market for heavy tires was slightly over USD 30 billion in 2022. Smithers estimates that the market is expected to grow 5.5 percent per year until 2027. The growth rate is the highest, over 6 percent per year, in the market for tires used in the mining and construction industry and for harbor vehicles. The market for tires used in heavy industry vehicles will grow approximately 5 percent per year, and the market for special tires for forestry and agricultural machinery will grow approximately 4.5 percent.

## MADE FOR DEMANDING CONDITIONS: JOHANNA HORSMA

# Our industry is in a state of flux; the need for renewal is here to stay

Nokian Tyres' products are made for demanding conditions. In recent years, the conditions have also been demanding for the company and its personnel. According to Nokian Tyres' Chief Transformation Officer Johanna Horsma, in the new operating environment, growth and success still stem from the things the company is already strong or the best at.

Johanna sees that Nokian Tyres is now in a good position: "We quickly had clear plans in place after it was evident that the operating conditions in Russia had become unsustainable. The exit from Russia was a significant change that required plenty of effort. We had no ready-made model for it, but we had to come up with the means along the way. The entire team did a tremendous job."

"The need for renewal has become permanent for all companies in the car and tire industry. To ensure efficient operations, industrial companies are, due to global risks, considering the relocation, capabilities, and processes of their factories."



**Cross-cutting changes are always challenging. Our advantage is that in our industry, we are a fairly small, international company focusing on niche segments and offering premium products. We can operate quickly and agilely with the help of strong expertise, a good team, and co-operation.**

According to Johanna, Nokian Tyres' strengths also include the company's size and low hierarchy. "Cross-cutting changes are always challenging. Our advantage is that in our industry, we are a fairly small, international company focusing on niche segments and offering premium products. We can operate quickly and agilely with the help of strong expertise, a good team, and co-operation."

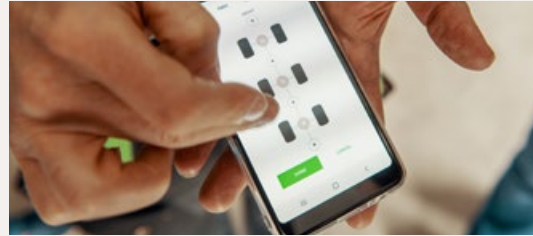
# Megatrends are shaping the tire industry

Long-term megatrends are shaping the car and tire industry. Climate change mitigation, the evolving weather and driving conditions, and new technologies guide tire design and increase the demand for sustainable and innovative tires.

One of the primary industry-shaping trends is the increasing number of new car models and the more common use of SUVs and crossover models. With the electrification of driving, tires must not only be more durable and have higher load capacity but also will be quieter and have a lower rolling resistance.

Each tire type – summer tire, non-studded tire, studded tire, all-season tire, and all-weather tire – is designed to provide safe driving in different conditions. Due to the changing weather conditions caused by climate change, the demand for all-season and all-weather tires is growing.

Nokian Tyres is responding to the change in the tire industry created by the megatrends by investing and focusing on product development.



## 1. Digitalization and connectivity

The digital transformation of society is gaining speed, and the number of digital innovations is also increasing in the tire industry. Automation and robotics are changing design and manufacturing. The use of data and connectivity create new business models and redefine the value networks.



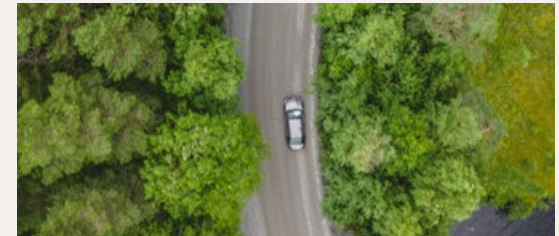
## 3. Autonomous vehicles

Many significant companies in the car industry are developing smart autonomous vehicles for various uses. Self-driving cars would be even more aware of their surroundings and could optimize driving and route selection based on maximum security.



## 2. Electrification

Most new cars will soon be EVs. Traditional car brands are investing in EVs, and more brands are focusing solely on EVs. The electrification of driving is also influencing tire design.



## 4. Environment

Climate change, the green transition, regulation, and standards encourage the development of environmentally and climate-friendly production processes and tire technologies. [Read more about these topics in Nokian Tyres' Sustainability Report, published in late March 2024.](#)

# Back to growth

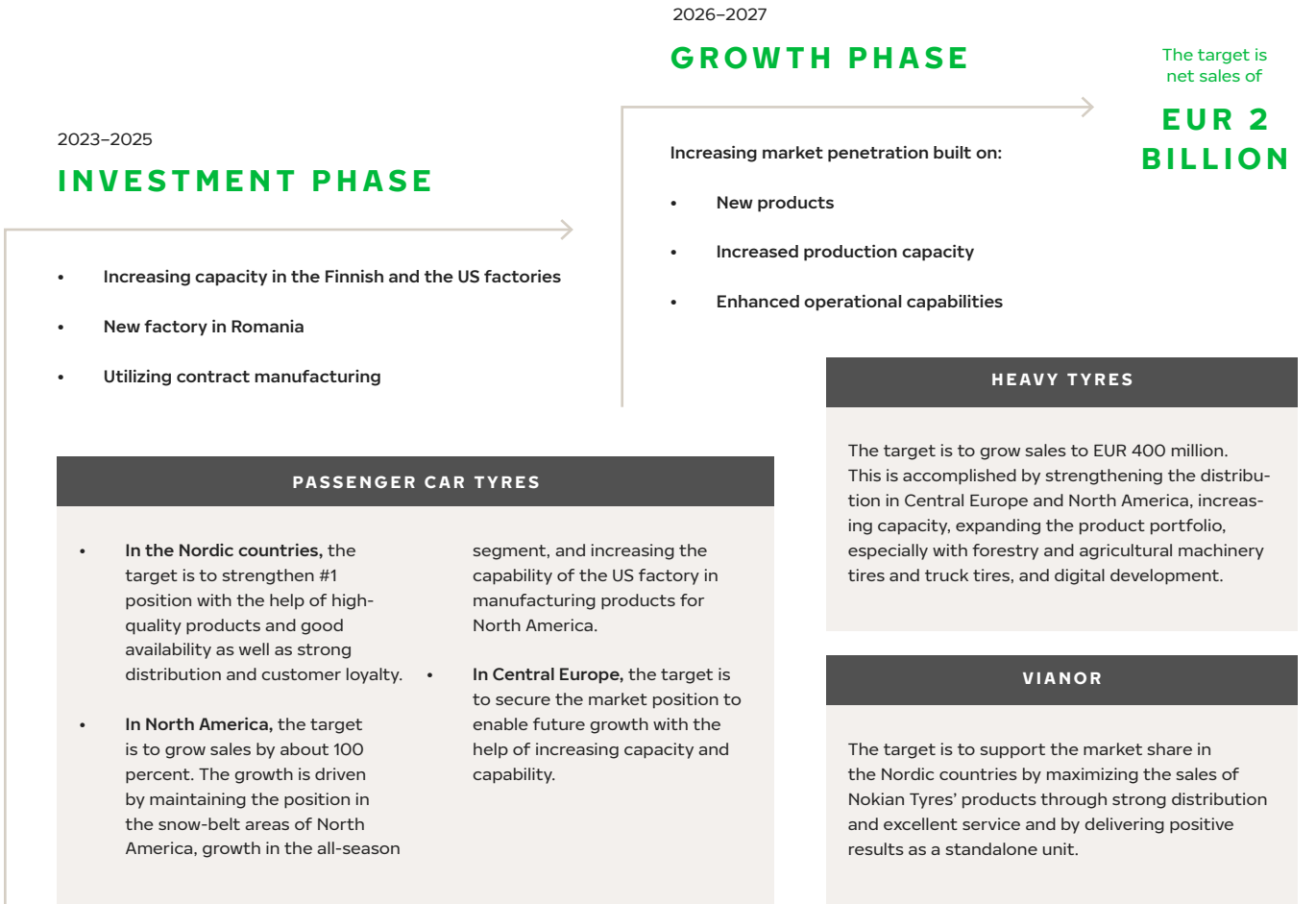
In April 2023, Nokian Tyres set new long-term financial targets and confirmed its non-financial targets. The long-term target is to achieve net sales of EUR 2 billion through the two phases of the strategy.

## Financial targets

The target is to achieve net sales of EUR 2 billion, segments operating profit at the level of 15 percent, and net debt/segments EBITDA ratio of 1–2. In line with the dividend policy, the target is to pay a dividend of at least 50 percent of the company's net earnings.

## Non-financial targets

Nokian Tyres' most important sustainability targets relate to reducing CO<sub>2</sub> emissions according to the company's science-based targets, increasing the share of renewable and recycled raw materials in tires, improving occupational safety and well-being, and developing the sustainability of the supply chain.



# Building a flexible production network through investments

In the passenger car tire business, the company's growth strategy is divided into two phases: the first phase focuses on increasing new capacity and operational capability. When the second phase starts in 2026, the growth is expected to accelerate.

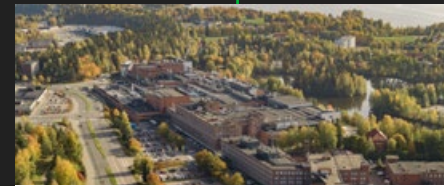
The main measures taken during the strategic investment phase are expanding the factories' capacity in Finland and the US, building a new factory in Romania, and utilizing contract manufacturing. Together, these actions will create a more balanced production network closer to the markets. In 2027, own production capacity will surpass 15 million tires. The output will vary depending on the size of the tires in production. Contract manufacturing will supplement the company's own production and help meet the demand for Nokian Tyres' products.

Nokian Tyres is building the world's first zero CO<sub>2</sub> emission tire factory in Oradea, Romania. This means that all the energy used at the factory comes from zero CO<sub>2</sub> sources and the steam used in the manufacturing process is produced without fossil fuels. The location in Romania supports this target, as the factory will use the nearby zero CO<sub>2</sub> energy production.



**DAYTON, US**

- Passenger car tires and pick-up truck tires for the North American market.
- Approximately 25 percent of total passenger car tire production.\*
- Investments to increase the capacity to be finalized in the first half of 2024.
- Building a warehouse for approximately 600,000 tires near the factory.



**NOKIA, FINLAND**

- Nordic summer tires, winter tires and heavy tires for all Nokian Tyres markets. A center for Research and Development.
- Approximately 35 percent of total passenger car tire production.\*
- Investments in increasing the capacity of passenger car tires were completed in 2023.
- Mapping of expansion possibilities related to the land purchases made in 2022 ongoing.



**ORADEA, ROMANIA**

- The factory is under construction, and commercial production will begin in 2025.
- Value of total investment: 650 million euros.
- Passenger car tires for Central Europe based on the market requirements.
- Approximately 40 percent of total passenger car tire production.\*
- A distribution center for storing and distributing tires will be built next to the factory.

\* In 2027, once the factory in Romania has reached its maximum capacity.

# Step by step towards the targets

Nokian Tyres started the year 2023 in an exceptional situation. The war in Ukraine led to a controlled exit from Russia and the selling of the company's Russian operations in March 2023, after which all Nokian Tyres' operations in Russia ended.

During 2023, the company focused on building the new Nokian Tyres. Since the Russian production facility used to be responsible for up to 80 percent of the company's passenger car tire production capacity, the new approach focuses on increasing the capacity of the existing factories in Finland and the US, building a new passenger car tire factory in Romania, and utilizing contract manufacturing.

[Read more on page 12.](#)

In April 2023, Nokian Tyres published its new long-term financial targets for growth, profitability, and capital structure and confirmed its previously published non-financial targets. [Read more about these targets on page 11.](#)

One of the company's science-based greenhouse gas emissions reduction targets was to decrease the direct CO<sub>2</sub> emissions of the company's tire factories by 52 percent per produced ton of tires by 2030, compared to the level in 2015. The target was achieved already in 2023, seven years ahead of schedule. Although Nokian Tyres' factory emissions per production ton are already the lowest in the tire industry, the company will continue its work to reduce emissions with the target of achieving net-zero emissions by 2050.

## Strategic cornerstones



### Safest tires for all conditions

We have the passion to develop products that enable safe driving in demanding conditions.



### Responsive and effective supply chain

We build a balanced global manufacturing network and develop customer-driven ways to operate.



### Consumer trusted premium brand

We lead the world to drive smarter. No matter where the journey takes you, we are with you.



### Leader in sustainability

We commit to maintaining our industry-leading position in sustainability by challenging ourselves to do more every day.



### Nokian Tyres team

We are innovative, care about people and the globe, and work seamlessly to succeed together. We are inspired to make an impact.



**OUR SUCCESS  
IS BUILT ON  
FIVE STRATEGIC  
CORNERSTONES.**

Nokian Tyres joined the Polestar 0 project that aims to create a climate-neutral car by 2030. The objective of the electric vehicle manufacturer Polestar's project is to eliminate all sources of CO<sub>2</sub> emissions from the car's production and end of life without offsetting them. Nokian Tyres contributes to the project by developing climate-neutral premium tires.

Read more about Nokian Tyres' non-financial targets on page 11 and about sustainability work in the Sustainability Report, published at the end of March 2024.

Nokian Tyres developed the world's first winter tire in 1934, and since then, the company has created innovations for safe and sustainable driving. Nokian Tyres has an excellent product portfolio and a strong innovation pipeline. The company's safe, sustainably produced, and high-performance tires meet the changing needs of consumers. Nokian Tyres continues to focus on niche segments with high margins. Although the share of all-season tires will grow, winter tires remain the company's core business.

”

**NOKIAN TYRES  
DEVELOPED THE  
WORLD'S FIRST  
WINTER TIRE  
IN 1934.**

**MADE FOR DEMANDING CONDITIONS:  
GABRIELA PONTOS**

## Recruiting for Romania

The building of a tire factory in Romania and recruiting some 550 hand-picked personnel for the factory is moving forward. The production, which combines people and automatic processes, will start in Oradea in 2024. Romania's HR Manager Gabriela Pontos has a crucial role in ensuring the success of the operations as the recruitment process is accelerating in Oradea and the surrounding Bihor County.

According to Gabriela, the new facility will stand out from the competitors due to its ambitious sustainability targets. The factory will be the world's first zero CO<sub>2</sub> emissions tire factory. In addition, another critical reason is evident.

“When I talk to people who want to work at the factory here, the instant answer is the Finnish culture,” states Gabriela. “It doesn't matter if the position is for a manager, specialist, or engineer. Everyone who learned about Nokian Tyres' arrival in Oradea started to inform themselves about Finland and the Finnish people.”



“Zero CO<sub>2</sub> emissions is our first priority, followed by process automation. This means that we are investing heavily in the equipment needed to take care of our people and the environment.” The largely automated processes require that future employees have the skills to operate multiple computer control panels simultaneously, among many other tasks.

“In a so-called *Industry 4.0* workplace like ours, as many processes as possible are automated to avoid excessive manual effort and maintain the cleanest working area possible. I'm sure this is what our future employees also expect.”

The entire Nokian Tyres® product portfolio suits both combustion engine cars and electric cars, offering safe and high-quality performance regardless of the car’s powertrain. Nokian Tyres has developed and tested its tires for EVs for over ten years. To make it easier for EV drivers to find suitable car tires, Nokian Tyres introduced in summer 2023 a new ELECTRIC FIT® symbol for its existing and upcoming products.

To bolster its heavy tire selection, Nokian Tyres launched its first tire using the new Flexforce VF technology for agricultural machinery. Nokian Tyres Flexforce® is an entirely new tire technology, combining strength and high flexibility to create the most efficient XXL-size ground contact in the market.

[Read more about our financial development in the Report of the Board of Directors on pages 16–35.](#)



**THE ENTIRE NOKIAN TYRES®  
PRODUCT PORTFOLIO SUITS  
BOTH COMBUSTION ENGINE  
CARS AND ELECTRIC CARS.**

**MADE FOR DEMANDING CONDITIONS:  
MATTI MORRI**

# A premium brand is built on trust

Nokian Tyres develops and manufactures premium tires for people who value safety, sustainability, and predictability. Premium refers to the position of the Nokian Tyres brand in the market where the company develops, markets, and sells its high-quality products, as well as to the associated customer experience.

Brand building requires determined work that aims to create value and build trust in the minds of customers and consumers. Nokian Tyres’ brand promises the customer excellent product quality, exceptionally good customer service, and a distinguishing customer experience.

A professional work community and working as a team to thrive in a competitive tire market motivates Technical Customer Service Manager Matti Morri to build trust in Nokian Tyres as a premium brand. Nokian Tyres has a solid and prestigious history. Our products are designed to operate



according to the conditions of their respective categories and market areas. The recipe for future success is tried and tested.

“We are an underdog in the tire industry compared to the larger firms. In our work, trust is founded on the relentless contribution of every Nokian Tyres team member,” Morri concludes.

**nokian®  
TYRES**

# REPORT BY THE BOARD OF DIRECTORS

**MADE FOR DEMANDING CONDITIONS**



” **WHATEVER THE WEATHER, SEASON, OR  
CONDITIONS, WE CREATE THE PRODUCT  
TO KEEP PEOPLE ON TRACK.**

Marko Äijälä, Senior Production Operator



# Report by the Board of Directors

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 and earlier years 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 the company's 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%
<b>Total</b>	<b>1,173.6</b>	<b>1,350.5</b>	<b>-13.1%</b>	<b>-9.2%</b>	<b>100.0%</b>	<b>100.0%</b>

### 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%			
<b>Total</b>	<b>1,173.6</b>	<b>1,350.5</b>	<b>-13.1%</b>	<b>-9.2%</b>		

\* Comparable currencies

\*\* Includes internal sales

**Net sales and Segments operating profit**

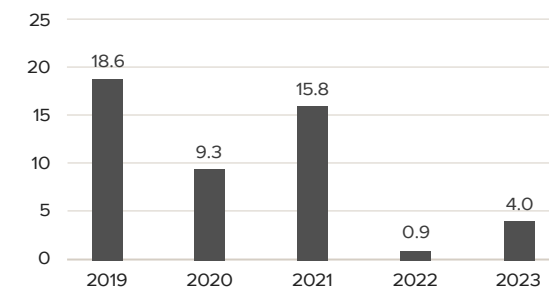


Raw material unit costs (EUR/kg) in manufacturing, including inbound logistics costs, decreased by 5% year-over-year, containing currency impact.

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 ROCE, %**



**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 to EUR -325.5 million (-175.5). Segments result for the period was to 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**

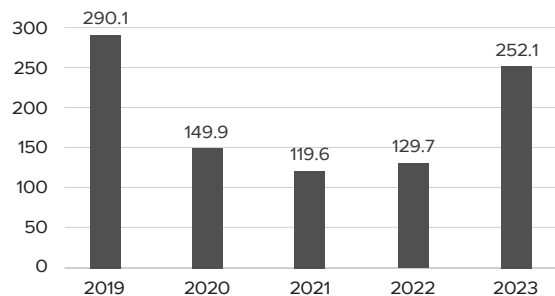
In 2023, cash flow from operating activities was EUR 82.4 million (-4.3). Working capital increased by EUR 43.5 million (increased by 257.1). Inventories increased by EUR 40.5 million (increased by 93.4) and receivables increased by EUR 4.0 million (increased by 93.9). Payables increased by EUR 1.0 million (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 CO<sub>2</sub> 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.

### Gross investments, EUR 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	831.1	799.3
of which committed	330.3	305.4
Gearing, %	16.6%	9.8%
Equity ratio, %	58.0%	64.9%

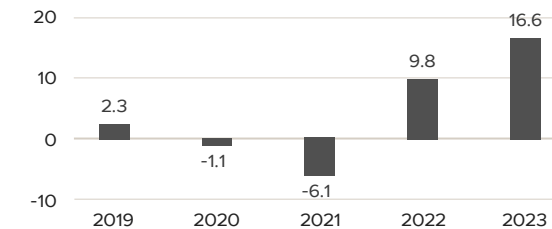
The committed credit limits and the EUR 500 million commercial paper program are used to finance inventories, trade receivables, and subsidiaries in distribution chains, thereby controlling the typical seasonality in the Group's cash flow.

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.

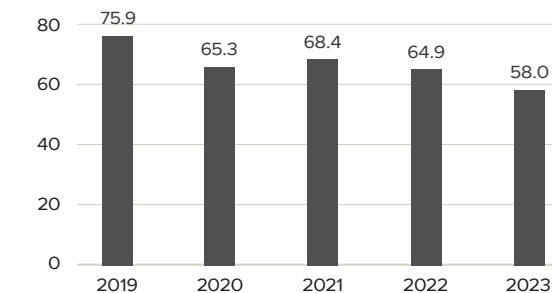
In December, a syndicated sustainability-linked revolving credit facility of EUR 200 million was signed to replace a total of EUR 175 million of existing revolving credit facilities, and to be used as a backup for general corporate purposes.

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

### Gearing on Dec 31, %



### Equity ratio on Dec 31, %



## Personnel

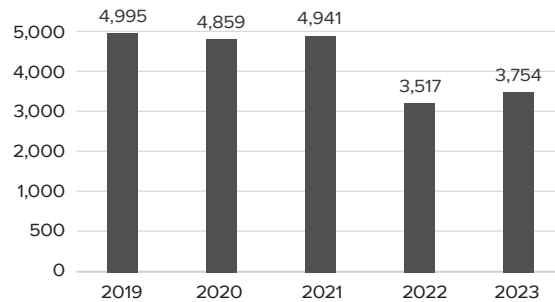
	2023	2022	2021
Group employees			
on average	3,754	3,517	4,941*
at the end of the review period	3,433	3,313	4,915*
in Finland, at the end of the review period	1,767	1,728	1,782
in North America, at the end of the review period	558	458	391
Vianor (own) employees, at the end of the review period**	1,387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

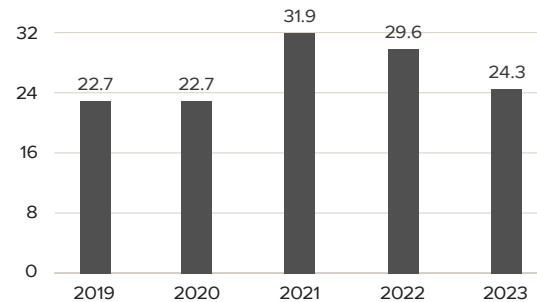
### Average number of personnel



## 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.

### R&D expenses, EUR million



## 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	2023	2022
Net sales	653.4	810.7
Net sales change, %	-19.4%	
Net sales change in comparable currencies, %	-15.8%	
Operating profit	4.1	23.3
Operating profit, %	0.6%	2.9%
Segment operating profit	36.7	-24.7
Segment operating profit, %	5.6%	-3.1%

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%).

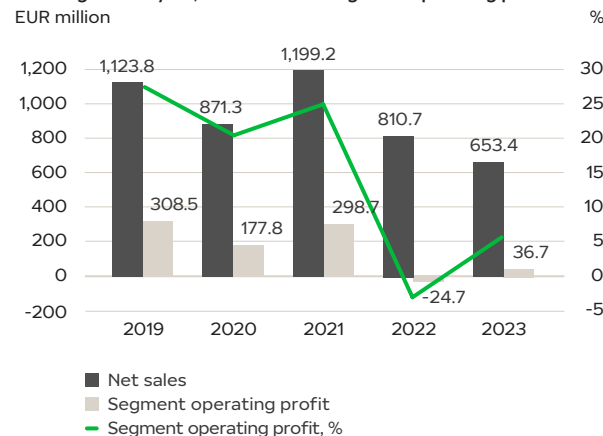
Operating profit was EUR 4.1 million (23.3). Segment operating profit was EUR 36.7 million (-24.7). In 2022, logistics costs increased significantly due to extraordinary measures to secure tire supply and due to cost inflation.

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 CO<sub>2</sub> 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.

### Passenger Car Tyres, Net sales and Segment operating profit



### Heavy Tyres

EUR million	2023	2022
Net sales	257.1	271.0
Net sales change, %	-5.1%	
Net sales change in comparable currencies, %	-3.4%	
Operating profit	32.8	39.5
Operating profit, %	12.8%	14.6%
Segment operating profit	32.8	44.1
Segment operating profit, %	12.8%	16.3%

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

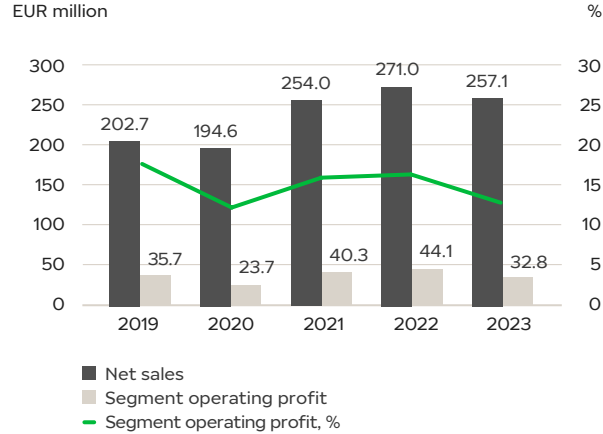
Operating profit was EUR 32.8 million (39.5). Segment operating profit was EUR 32.8 million (44.1). The decrease was caused by lower volumes and its impact on supply chain costs as well as negative currency impact.

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.

**Heavy Tyres, Net sales and Segment operating profit**



**Vianor, own operations**

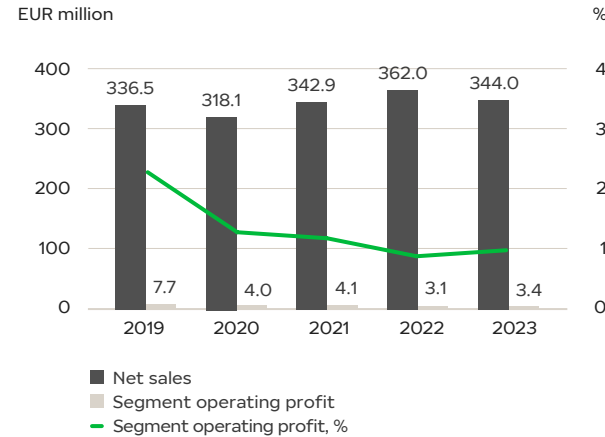
EUR million	2023	2022
Net sales	344.0	362.0
Net sales change, %	-5.0%	
Net sales change in comparable currencies, %	1.8%	
Operating profit	3.4	2.8
Operating profit, %	1.0%	0.8%
Segment operating profit	3.4	3.1
Segment operating profit, %	1.0%	0.9%
Number of own service centers at period end	174	173

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.

**Vianor, Net sales and Segment operating profit**



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

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>	1,173.6	-904.6	-208.7	4.8	65.1	-17.8	-9.7	37.7	0.0	37.7
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>	1,173.6	-932.5	-214.2	5.1	32.1	-17.8	-1.7	12.5	-338.0	-325.5

## 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	137.87	138.25
in average	137.98	138.25
in average, diluted	137.98	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%

Transaction date	Shareholder	Threshold	% of shares and voting rights	% of shares and voting rights through financial instruments	Total, %
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 Moisis	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**

Management Team	Number of shares
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**

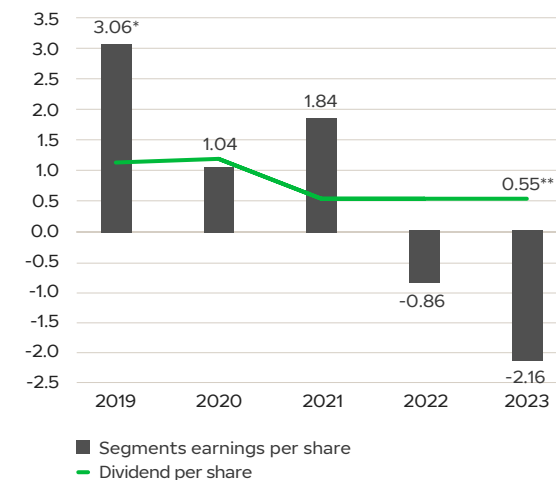
On April 26, 2023, the Annual General Meeting adopted the financial statements for 2022, discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2022 and adopted the company's Remuneration Report for governing bodies. More information is available 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.

**Segments earnings per share and dividend per share, EUR**



■ Segments earnings per share  
— Dividend per share

\* 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

## 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 CO<sub>2</sub> 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 company's tire factories' 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 cyberattacks 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 CO<sub>2</sub> 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

Nokian Tyres informed on January 30, 2024 that the European Commission had at the same day 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
<b>Total</b>	<b>EUR 859.4 million</b>

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



# Consolidated key financial indicators

Figures in EUR million unless otherwise indicated	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net sales	1,173.6	1,350.5*	1,714.1	1,313.8	1,595.8	1,595.6	1,572.5	1,391.2	1,360.1	1,389.1
change, %	-13.1%	-21.2%*	30.5%	-17.1%	0.0%	1.5%	13.0%	2.3%	-2.1%	-8.7%
Operating margin (EBITDA) <sup>1</sup>	147.0	170.2*	425.6	275.9	441.7	465.8	463.7	395.2	378.6	398.5
Depreciation and amortization	114.9	110.1*	140.5	131.0	125.2	93.4	98.3	84.7	82.6	89.8
Impairments <sup>2</sup>	0.0	3.4*	17.0	24.9						
Operating profit (EBIT)	32.1	56.7*	268.2	120.0	316.5	372.4	365.4	310.5	296.0	308.7
% of net sales	2.7%	4.2%*	15.6%	9.1%	19.8%	23.3%	23.2%	22.3%	21.8%	22.2%
Profit before tax	14.2	11.2*	258.2	106.0	336.7	361.7	332.4	298.7	274.2	261.2
% of net sales	1.2%	0.0*	15.1%	8.1%	21.1%	22.7%	21.1%	21.5%	20.2%	18.8%
Return on equity, %	-23.4%	-11.5%*	13.1%	5.2%	24.6%	20.0%	15.1%	18.7%	19.6%	16.0%
Return on capital employed, %	2.2%	3.1%	13.7%	6.0%	17.6%	23.3%	22.4%	19.9%	20.3%	19.2%
Total assets	2,325.2	2,209.7	2,383.5	2,336.7	2,332.6	2,092.9	1,877.4	1,975.7	1,754.8	1,797.0
Interest-bearing net debt	223.6	140.9	-98.7	-17.2	41.1	-315.2	-208.3	-287.4	-209.7	-164.6
Equity ratio, %	58.0%	64.9%	68.4%	65.3%	75.9%	71.0%	78.2%	73.8%	70.8%	67.5%
Gearing, %	16.6%	9.8%	-6.1%	-1.1%	2.3%	-21.2%	-14.2%	-19.7%	-16.9%	-13.6%
Net cash from operating activities	82.4	-4.3	396.5	422.4	219.8	536.9	234.6	364.4	283.4	323.4
Capital expenditure	252.1	129.7	119.6	149.9	290.1	226.5	134.9	105.6	101.7	80.6
% of net sales	21.5%	9.6%	7.0%	11.4%	18.3%	14.2%	8.6%	7.6%	7.5%	5.8%
R&D expenditure	24.3	29.6	31.9	22.7	22.7	20.8	21.8	20.3	18.7	16.6
% of net sales	2.1%	2.2%	1.9%	1.7%	1.3%	1.3%	1.4%	1.5%	1.4%	1.2%
Dividends	75.8 <sup>3</sup>	76.0	76.0	165.9	158.4	218.1	214.2	208.0	202.0	193.5
Personnel, average during the year	3,754	3,517*	4,941	4,859	4,995	4,790	4,630	4,433	4,421	4,272

\* Comparative year does not include discontinued operations

<sup>1</sup> DA in EBITDA includes impairments from 2020 onwards

<sup>2</sup> Impairments are presented from 2020 onwards

<sup>3</sup> The Board's proposal to the Annual General Meeting

# Per share data

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Earnings per share, EUR	-2.36	-1.27	1.49	0.62	2.89	2.15	1.63	1.87	1.80	1.56
change, %	85.8%	-185.1%	140.2%	-78.5%	78.1%	32.4%	-13.0%	3.6%	15.1%	12.9%
Earnings per share (diluted), EUR	-2.36	-1.27	1.49	0.62	2.89	2.14	1.61	1.86	1.80	1.56
change, %	85.8%	-185.1%	140.2%	-78.5%	35.2%	32.5%	-13.2%	3.2%	15.0%	12.9%
Earnings per share continuing operations, EUR	0.09	0.11								
change, %	-17.9%	0.0%								
Earnings per share discontinued operations, EUR	-2.45	-1.38								
change, %	77.5%	0.00								
Cash flow per share, EUR	0.60	-0.03	2.87	3.05	3.89	3.91	1.72	2.70	2.12	2.43
change, %	-2,020.0%	-101.1%	-6.0%	-21.5%	-0.7%	127.2%	-36.3%	27.4%	-12.7%	1.4%
Dividend per share, EUR	0.55 <sup>3</sup>	0.55	0.55	1.20	1.14	1.58	1.56	1.53	1.50	1.45
Dividend payout ratio, %	-23.3% <sup>3</sup>	-43.3%	88.5%	192.9%	39.5%	73.9%	96.7%	82.6%	83.9%	92.9%
Equity per share, EUR	9.77	10.37	11.78	11.01	12.76	10.79	10.74	10.75	9.24	9.07
P/E ratio	-3.5	-7.5	22.3	46.4	8.9	12.5	23.3	19.0	18.4	13.0
Dividend yield, %	6.7% <sup>3</sup>	5.7%	4.0%	4.2%	4.5%	5.9%	4.1%	4.3%	4.5%	7.1%
Market capitalization Dec 31	1,147.5	1,330.9	4,626.1	4,003.7	3,560.6	3,702.9	5,188.7	4,814.0	4,458.3	2,708.1
Number of shares during the year, average, million units	137.98	138.25	138.22	138.46	138.17	137.26	136.25	134.86	133.63	133.16
diluted, million units	137.98	138.25	138.22	138.46	138.38	138.14	137.28	135.56	133.74	135.10
Number of shares Dec 31, million units	137.87	138.25	138.22	138.22	138.72	137.79	136.75	135.68	134.39	133.17
Number of shares entitled to a dividend, million units	137.87	138.25	138.22	138.22	138.92	138.07	137.28	135.93	134.69	133.47

# Consolidated key financial indicators

## Definitions

Return on equity, % =	$\frac{\text{Profit for the period} \times 100}{\text{Total equity (average)}}$
Return on capital employed, % =	$\frac{\text{Profit before tax} + \text{interest and other financial expenses} \times 100}{\text{Total assets (average)} - \text{non-interest-bearing debt}}$
Equity ratio, % =	$\frac{\text{Total equity} \times 100}{\text{Total assets} - \text{advances received}}$
Gearing, % =	$\frac{\text{Interest-bearing net debt} \times 100}{\text{Total equity}}$
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 =	$\frac{\text{Profit for the period attributable to the equity holders of the parent}}{\text{Average adjusted and diluted}^2 \text{ number}^1 \text{ of shares during the year}}$
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 payout ratio, % =	$\frac{\text{Dividend for the year} \times 100}{\text{Net profit}}$
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 =	$\frac{\text{Share price, Dec 31}}{\text{Earnings per share}}$
Dividend yield, % =	$\frac{\text{Dividend per share}}{\text{Share price, Dec 31}}$

<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



# FINANCIAL STATEMENTS

This report is a translation.  
The original Finnish is the authoritative version.

MADE FOR DEMANDING CONDITIONS



” A PREMIUM BRAND IS BUILT ON TRUST. IN OUR WORK, TRUST IS FOUNDED ON THE RELENTLESS CONTRIBUTION OF EVERY NOKIAN TYRES TEAM MEMBER.

Matti Morri, Technical Customer Relations Manager

# Consolidated income statement, IFRS

EUR million	Note	2023	2022*
Net sales	1	1,173.6	1,350.5
Cost of sales	3, 7, 8	-932.5	-1,048.1
<b>Gross profit</b>		<b>241.1</b>	<b>302.4</b>
Other operating income	4	3.7	0.9
Selling, marketing and R&D expenses	7, 8	-143.1	-165.6
Administration expenses	6, 7, 8	-71.1	-79.7
Other operating expenses	5, 7, 8	1.4	-1.3
<b>Operating profit</b>		<b>32.1</b>	<b>56.7</b>
Financial income	9	68.5	241.1
Financial expenses	10	-86.3	-286.6
<b>Result before tax</b>		<b>14.2</b>	<b>11.2</b>
Tax expense	11	-1.7	4.1
Result for the period, continuing operations		12.5	15.2
Result for the period, discontinued operations	2	-338.0	-190.8
<b>Result for the period</b>		<b>-325.5</b>	<b>-175.5</b>
Attributable to:			
<b>Equity holders of the parent</b>		<b>-325.5</b>	<b>-175.5</b>
<b>Earnings per share (EPS) for the profit attributable to the equity holders of the parent:</b>	12		
Basic, euros		-2.36	-1.27
Diluted, euros		-2.36	-1.27
Continuing operations, euros		0.09	0.11
Discontinuing operations, euros		-2.45	-1.38

EUR million	Note	2023	2022*
<b>Consolidated statement of comprehensive income</b>			
<b>Result for the period</b>		<b>-325.5</b>	<b>-175.5</b>
<b>Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax</b>			
Gains/losses from hedge of net investment in foreign operations	11	-	6.8
Cash flow hedges	11	-8.9	9.0
Translation differences on foreign operations		-33.5	36.7
Reclassification of discontinued operations translation differences		366.3	-
<b>Total other comprehensive income for the period, net of tax</b>		<b>323.8</b>	<b>52.4</b>
<b>Total comprehensive income for the period</b>		<b>-1.7</b>	<b>-123.1</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		-1.7	-123.1

\* The result of discontinued operations for comparative year 2022 is restated.

# Consolidated statement of financial position, IFRS

EUR million	Note	2023	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	885.2	775.0
Right of use assets	15	124.7	123.8
Goodwill	14	62.3	63.2
Other intangible assets	14	13.8	15.6
Investments in associates	17	0.1	0.1
Non-current financial investments	17	2.9	3.0
Other receivables	16, 18	14.1	14.4
Deferred tax assets	19	55.0	23.5
		1,158.1	1,018.5
<b>Current assets</b>			
Inventories	20	471.7	529.9
Trade and other receivables	21, 29	273.0	387.3
Current tax assets		7.6	15.0
Cash and cash equivalents	22	414.9	259.0
		1,167.1	1,191.2
<b>Total assets</b>	1	2,325.2	2,209.7

Changes in net 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.

EUR million	Note	2023	2022
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>	23, 24		
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
		1,347.6	1,433.1
<b>Total equity</b>		1,347.6	1,433.1
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	19	26.7	17.4
Interest-bearing liabilities	27, 29	495.6	201.1
Other liabilities		0.5	0.8
		522.7	219.4
<b>Current liabilities</b>			
Trade and other payables	28	306.5	344.5
Current tax liabilities		3.8	4.1
Provisions	26	1.8	9.9
Interest-bearing liabilities	27, 29	142.9	198.8
		454.9	557.2
<b>Total liabilities</b>	1	977.6	776.6
<b>Total equity and liabilities</b>		2,325.2	2,209.7

# Consolidated statement of cash flows, IFRS

EUR million	Note	2023	2022
<b>Result for the period</b>		12.5	15.2
Result for the discontinued operations		-338.0	-190.8
<b>Adjustments for</b>			
Loss on sale of discontinued operations		335.6	-
Depreciation, amortization and impairment	7	114.9	310.6
Financial income and expenses	9, 10	17.9	30.2
Gains and losses on sale of intangible assets, other changes		0.8	136.3
Income taxes	11	1.7	29.2
<b>Cash flow before changes in working capital</b>		145.4	330.8
<b>Changes in working capital</b>			
Current receivables, non-interest-bearing, increase (-) / decrease (+)		-4.0	-93.9
Inventories, increase (-) / decrease (+)		-40.5	-93.4
Current liabilities, non-interest-bearing, increase (+) / decrease (-)		1.0	-69.8
<b>Changes in working capital</b>		-43.5	-257.1
<b>Financial items and taxes</b>			
Interest and other financial items, received		10.8	3.5
Interest and other financial items, paid		-21.0	-15.2
Income taxes paid		-9.3	-66.2
<b>Financial items and taxes</b>		-19.5	-78.0
<b>Cash flow from operating activities (A)</b>		82.4	-4.3

EUR million	Note	2023	2022
<b>Cash flows from investing activities</b>			
Cashflow from discontinued operations		199.2	-
Acquisitions of property, plant and equipment and intangible assets	13, 14	-252.2	-125.2
Proceeds from sale of property, plant and equipment and intangible assets		0.3	2.0
Acquisitions of Group companies	2	-	-4.5
Other cash flow from investing activities		0.0	0.7
<b>Cash flows from investing activities (B)</b>		-52.7	-126.9
<b>Cash flow from financing activities:</b>			
Purchase of treasury shares	23	4.4	0.0
Change in current financial receivables, increase (-) / decrease (+)		1.2	-0.4
Change in non-current financial receivables, increase (-) / decrease (+)		0.0	1.0
Change in current financial borrowings, increase (+) / decrease (-)		-161.3	161.4
Change in non-current financial borrowings, increase (+) / decrease (-)		398.8	-26.9
Payment of lease liabilities		-41.2	-40.4
Dividends received		0.0	0.0
Dividends paid		-72.1	-89.7
<b>Cash flow from financing activities (C)</b>		129.8	5.1
<b>Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)</b>		159.5	-126.2
Cash and cash equivalents at the beginning of the period		259.0	385.9
Effect of exchange rate fluctuations on cash held		-3.6	-0.7
Cash and cash equivalents at the end of the period	22	414.9	259.0

During the year 2023 loan payments were EUR 161.3 million and the new loans taken were EUR 398.8 million. In comparative year 2022 the result from discontinued operations was EUR -190.8 million and the cash flow from operating activities included EUR -19.4 million of cash flow.

# Consolidated statement of changes in equity, IFRS

## Equity attributable to equity holders of the parent

EUR million	Note	Share capital	Share premium	Treasury shares	Translation reserve	Fair value and hedging reserves	Paid-up unrestricted equity reserve	Retained earnings	Total equity
<b>Equity, Jan 1, 2022</b>		25.4	181.4	-17.6	-393.0	1.6	238.2	1,591.5	1,627.6
Result for the period								-175.5	-175.5
<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>					43.5	9.0		-175.5	-123.1
Dividends paid	23							-76.0	-76.0
Acquisition of treasury shares				-					-
Share-based payments	24			1.0				-5.9	-4.9
Other changes	19							9.5	9.5
<b>Total transactions with owners for the period</b>				1.0				-72.4	-71.4
<b>Equity, Dec 31, 2022</b>		25.4	181.4	-16.6	-349.5	10.5	238.2	1,343.5	1,433.1
<b>Equity, Jan 1, 2023</b>		25.4	181.4	-16.6	-349.5	10.5	238.2	1,343.5	1,433.1
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>					332.8	-8.9		-325.5	-1.7
Dividends paid	23							-76.0	-76.0
Acquisition of treasury shares				-4.4					-4.4
Share-based payments	24			4.3				-5.1	-0.8
Other changes								-2.6	-2.6
<b>Total transactions with owners for the period</b>				-0.1				-83.7	-83.8
<b>Equity, Dec 31, 2023</b>		25.4	181.4	-16.7	-16.7	1.6	238.2	934.6	1,347.6



# Accounting policies for the consolidated financial statements

## Basic information

Nokian Tyres plc is a Finnish public corporation founded in accordance with the Finnish laws and domiciled in the city of Nokia. The shares of Nokian Tyres plc have been quoted on Nasdaq Helsinki since 1995. Nokian Tyres Group develops and manufactures summer, winter and all-season tires for passenger cars and vans as well as special tires for heavy machinery. The Group also manufactures retreading materials and retreads tires. The largest and most extensive tire retail chain in the Nordic countries, Vianor, is a part of the Group. The core business units in the Group are Passenger Car Tyres, Heavy Tyres, and Vianor. The Board of Directors of Nokian Tyres plc has approved the financial statements for publication at its meeting on February 6, 2024. In accordance with the Finnish Limited Liability Companies Act, the shareholders can approve or reject the financial statements or make a decision on altering the financial statements in the Annual General Meeting arranged after its publication. A copy of the consolidated financial statements is available from the company's headquarters at Pirkkalaistie 7, 37100 Nokia and at [www.nokiantyres.com](http://www.nokiantyres.com).

## Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards and in compliance with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force on December 31, 2023. The International Financial Reporting Standards refer to the standards

and related interpretations to be applied within the Community as provided in the Finnish Accounting Act and the provisions issued on the basis of this Act, and in accordance with the procedure laid down in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards. The notes to the consolidated financial statements comply with the Finnish accounting and corporate laws.

The information in the financial statements is presented in millions of euros and is prepared under the historical cost convention except as disclosed in the following accounting policies.

## New and amended standards and interpretations (IAS 8.28)

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Due to amendments to IAS 1 and IFRS Practice Statement 2 the Group has revisited the accounting policy information disclosures and in the Financial Statements material accounting policy information is disclosed.

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

- Deferred Tax related to Assets and Liabilities arising from a single Transaction – Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

## Standards that have been issued but that are not yet effective

The new and amended standards and interpretations relevant to the Group that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 16: Lease liability measurement in a sale and leaseback transaction (January 1, 2024)
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (January 1, 2024)

The Group is currently assessing the impact of the amendments to determine the impact that they will have on the Group's accounting policy disclosures. The IFRS are under constant development. The Group will adopt each standard and interpretation on the effective date or from the beginning of the following financial period.

## Use of estimates

The preparation of the consolidated financial statements in accordance with the IFRS standards requires the Group management to use estimates and assumptions that affect the amount of assets

and liabilities shown in the statement of financial position at the time of preparation, the presentation of contingent assets and liabilities in the financial statements, and the amount of revenues and expenses during the reporting period. Estimates have been used to determine the number of items reported in the financial statements, measure assets (Notes 13,14,15), test goodwill and other assets for impairment (Note 15), and for the future use of deferred tax assets (Note 19). The estimates made in the context of the preparation of financial statements are based on the management's best judgment at the end of the reporting period. The realization of the estimates and assumptions is continuously monitored. Estimates requiring the management's judgment are related to the depreciation of assets. The write-downs and management estimates are described in more detail in Note 14.

The group follows the IFRS 16 standard's guidelines when determining lease periods. For lease contracts that have been defined as valid until further notice, an expected lease term pursuant to the management's judgment is applied. The determination of the expected lease term considers the financial impacts of any sanctions included in the lease contracts, such as sanctions related to the early termination of the contract. Options for extending and terminating the lease term have been considered when determining the length of the lease term, pursuant to the guidelines of the standard. The extension option is counted into the lease term if it is reasonably certain that the option will be used and, correspondingly, if it is reasonably certain that the option to terminate will not be used, the term covered by the option is counted into the lease term. Whenever a contract contains a lease component and a non-lease component, the group separates the non-lease components, such as maintenance, services, etc. using the separate prices that are listed in the lease contracts or on the basis of an estimate. If the lease term is valid until further notice, the management's judgment will be applied and, accordingly, the contracts will be booked for three years.

The company's risks include strategic, operational, and financial risks. The key risks included in the estimates include the country risk as well as the risks related to the challenging tire pricing environment

related to the development of raw material prices. The risks are regularly monitored and assessed as part of the risk management program. The most material risks are presented in Note 33.

By the time of the approval of the financial statements, the company is not aware of such major sources of estimation uncertainty at the end of the reporting period nor of such key assumptions concerning the future that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for what has been disclosed in Note 14.

## Decisions based on management judgment

The management has exercised separate judgment as regards the recognition of the cloud service deployment costs, as was assessed in the meeting of the recognition criteria under the decision issued by IFRIC in spring 2021. The company's management estimated the completed and current cloud service contracts and determined that the amount of recognized deployment costs is minor in comparison to the carrying amount of the entire group's intangible assets. The commissioning costs for cloud services will be recognized when the company is able to specify the recognized commodity and the commodity is under the company's control.

The material part of the company's sales consists of standard sales of goods between companies, where invoicing occurs with standard terms upon goods delivery, and which involves no substantial need for estimates. However, the company's management has exercised judgment when estimating the time when control over the product is transferred away from the company under reseller agreements.

The management has set climate goals for the company, which are taken into account in the preparation of the consolidated financial statements, for example in impairment testing and in depreciation times and accounting values of intangible and tangible fixed assets. The management follows the possible impacts of

climate change to the risks and opportunities of the business focusing on i.a. product portfolio, purchase of raw-materials, energy, logistics and product development. Currently, these do not have a material impact on the preparation of the financial statements.

During the 2022 fiscal year, the company announced that it will invest in new production capacity in Europe. The new factory to be built in Romania in 2023–2025 is the industry's first carbon dioxide-free factory. The group's climate work steering group supervises and monitors the progress of the group's work aimed at reducing greenhouse gas emissions.

## Principles of consolidation

The consolidated financial statements include the financial statements of the parent company Nokian Tyres plc as well as all the subsidiaries in which the Parent company owns, directly or indirectly, more than 50% of the voting rights or in which the Parent company otherwise exercises control. Control exists when the Group, through participation in an investee, is exposed or entitled to its variable returns and is able to affect the returns through exercising power over the investee.

Associated companies in which the Group has 20% to 50% of the voting rights and in which it exercises significant influence, but not control, have been consolidated using the equity method. If the Group's share of the associated company's losses exceeds its holding in the associated company, the carrying amount will be recorded in the statement of financial position at nil value. Losses in excess of that value will be ignored unless the Group has obligations toward the associated companies. Investments in associates include the carrying amount of the investment in an associated company according to the equity method, and any possible other non-current investments in the associated company, which are, in substance, part of a net investment in the associated company. The Group has no associated companies at the end of financial year 2022 or 2023.

A joint arrangement refers to a contractual undertaking, in which the Group has agreed to share control over material financial and business principles with one or more parties. A joint arrangement is either a joint operation or a joint venture. In a joint venture, the Group holds rights to the net assets of the arrangement, whereas in a joint operation, the Group holds rights to the assets and carries obligations on the liabilities of the arrangement. Nokianvirran Energia Oy is a joint operation as the parties share control according to a specific Mankala principle where the company is not intended to make profit while the parties have agreed to utilize the total output. Nokianvirran Energia Oy is accounted for as a Group company using the proportionate consolidation method on each row according to the 32.3% shareholding.

The acquired subsidiaries have been consolidated using the acquisition method, according to which the acquired company's assets and liabilities are measured at fair value on the date of acquisition. The cost of goodwill is the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Acquisition-related costs, except for the costs to issue debt or equity securities, are expensed. Possible contingent consideration is measured at fair value on the date of acquisition and is classified as a liability. Contingent consideration classified as a liability is measured at fair value on each reporting date and the following gain or loss is recognized in the income statement. Under IFRS, goodwill is not amortized but is rather tested annually for impairment. Subsidiaries acquired during the financial year have been consolidated from the acquisition date and those divested until the divestment date.

All internal transactions, receivables, liabilities, and unrealized margins as well as the distribution of profits within the Group are eliminated while preparing the consolidated financial statements.

Russian subsidiaries were sold during 2023 and were classified as discontinued operations. The result of comparative year 2022 is restated. The balance sheet is not restated for comparative year 2022.

## Foreign currency items

Transactions in foreign currencies have been recorded at the exchange rates effective on the transaction date. In the statement of financial position, all items in foreign currencies unsettled on the reporting date are measured at the European Central Bank's closing exchange rate. The quotations of the relevant central bank are applied if the European Central Bank does not quote a specific currency. As the European Central Bank suspended the quotation of the ruble exchange rate in March 2022 the Group started using the WM/Refinitiv FX benchmark rate for the ruble. Foreign exchange gains and losses related to business operations and financing activities have been recorded under financial income and expenses.

## Foreign Group companies

The statements of the financial position of foreign subsidiaries have been converted into euros using the European Central Bank's closing rates, and the monthly income statements use the average rate for the period. As the European Central Bank suspended the quotation of the ruble exchange rate in March 2022 the Group started using the WM/Refinitiv FX benchmark rate for the ruble. The conversion differences arising from the subsidiaries' income statements and statements of financial position have been recorded under other comprehensive income and in the conversion reserve within equity as a separate item. The conversion differences arising from the elimination of foreign company acquisition cost and from the profits and losses incurred after the acquisition have been recorded under other comprehensive income as a separate item and in the translation reserve within equity. If the settlement of a loan to a foreign operation is neither planned nor likely to occur in the foreseeable future, then the loan is considered as a net investment in a foreign operation and the foreign exchange gains and losses arising on the item are recognized in other comprehensive income and accumulated in the translation reserve in equity.

When a subsidiary is divested fully or in part, the related accumulated conversion differences are brought from equity to the income statement and entered as a gain or loss on the sale.

## Operating result

The Group has defined operating result as follows: operating result is the net sum of net sales plus other operating income less the cost of sales, selling, marketing and R&D expenses, administration expenses, and other operating expenses. Operating result does not include exchange rate gains or losses. When the operating result is positive, the term operating profit can be used.

# Notes to the consolidated financial statements

## 1. Net sales and operating segments

### Accounting policies

#### Revenue recognition

The Nokian Tyres Group develops and manufactures summer, winter and all-season tires for passenger cars and delivery vehicles as well as special tires for heavy machinery. The group includes the tire retail chain Vianor. The group manufactures retreading materials and performs tire retreading. The group's business units are Passenger Car Tyres, Heavy Tyres, and Vianor. The chosen business structure describes, for example, the different nature of the sales revenue from the business units and the cyclical nature of their operations. Geographical areas provide further information on the regional magnitudes of the business functions and the various uncertainties contained within the market. The company is managed through the aforementioned business units and geographical areas.

The company's performance obligation is met and the recognition as income is made when a product or service is delivered. The sales of services and products create separate performance obligations. The material part of the company's net sales consists of standard B2B sales of goods, where invoicing occurs with standard terms upon goods delivery. Income for the

sales of products is booked when the material risks and benefits related to the ownership of goods, their right of possession, and actual control have been transferred to the buyer in accordance with the terms of contract, and when the payment is probable. Net sales also include the sale of services to a small extent. Income from services is booked once the services have been performed. The company's business is not characterized by overdue recognition; instead, there is one performance obligation that corresponds to a single recognition date. Invoicing occurs with standard terms upon goods delivery.

Revenue for both products and services is reported under net sales. Even the longest payment terms are a maximum of 12 months. Therefore, the financing component has not been separately indicated. Refunds have a minor impact on the financial statements. The company mainly operates in the replacement tire market, where product refund practices may differ from the original equipment market. As a rule, the contract templates that are widely employed by the group do not allow for returning products that have already been sold at the customer's initiative, unless the delivery is defective or a separate provision for this has been made in the specific contract.

Refunds and other factors affecting the selling price are monitored when determining the trading price. When calculating net sales, sales income is adjusted with indirect taxes and discounts. The company mainly sells tires to its own direct customers, granting them volume-based discounts. When recognizing goods, the company considers the discounts given to customers. During the financial year, the estimate is based on customers' estimates on future volumes and, on the other hand, on volumes that have already been realized. At the time of the closing of the financial statements, the discount is based on the realized volume at that time.

Advances from customers are not a material item as regards the financial statements or when compared to sales. Invoiced sales discounts are booked as refunds for trade receivables. Advances received from customers are not booked as trade receivables but instead as debts.

The products sold by the company have a standard warranty period. Furthermore, in limited markets, a so-called Hakka Guarantee is offered for select Hakka products that covers tire punctures not covered by the standard warranty.

The Group's Management Team is the chief operating decision maker. The segment information is presented in respect of the business and geographical segments. Business segments are based on the internal organization and financial reporting structure. Segment performance is evaluated based on operating result and is measured consistently with profit or loss in the consolidated financial statements.

The business segments comprise of entities with assets and operating activities providing products and services. The segments are managed as separate entities.

Pricing of inter-segment transactions is based on current market prices and the terms of evaluating profitability and resources allocated to segments are based on profit before interests and taxes.

Segment assets and liabilities include items directly attributable to a segment and items that can be allocated on a reasonable basis. The unallocated items contain tax and financial items together with joint Group resource items. Capital expenditure comprises of additions to intangible assets and property, plant and equipment used in more than one period.

### Business segments

**Passenger Car Tyres** business unit covers the development and production of summer, winter and all-season tires for cars and vans.

**Heavy Tyres** business unit comprises tires for forestry machinery, special tires for agricultural machinery, tractors and industrial machinery as well as retreading and truck tire business.

**Vianor tire chain** sells car and van tires as well as truck tires. In addition to Nokian Tyres brand, Vianor sells other leading tire brands and other automotive products and services.

**Other operations and eliminations** contain business development and Group management unallocated to the segments and eliminations between different business segments.

### Operating segments

2023 EUR million	Passenger Car Tyres	Heavy Tyres	Vianor	Other operations and eliminations	Group
<b>Net sales from external customers</b>	602.7	223.0	343.2	4.8	1,173.6
Services			83.6		83.6
Sales of goods	602.7	223.0	259.6	4.8	1,090.1
Inter-segment net sales	50.7	34.2	0.8	-85.7	
Net sales	653.4	257.1	344.0	-80.9	1,173.6
<b>Operating result</b>	4.1	32.8	3.4	-8.2	32.1
% of net sales	0.6%	12.8%	1.0%	10.2%	2.7%
Financial income and expenses					-17.8
Profit before tax					14.2
Tax expense					-1.7
Profit for the period					12.5
Assets	1,364.9	206.3	217.4	34.2	1,822.8
Unallocated assets					502.4
<b>Total assets</b>					2,325.2
Liabilities	200.0	49.6	44.2	7.0	300.9
Unallocated liabilities					676.8
<b>Total liabilities</b>					977.6
Capital expenditure	226.8	8.8	7.7	8.8	252.1
Depreciation and amortization	73.5	11.3	25.6	4.5	114.9
Impairment	-	-	-	-	-
Other non-cash expenses	-1.0	2.5	0.7	-0.3	1.9

2022* EUR million	Passenger Car Tyres	Heavy Tyres	Vianor	Other operations and eliminations	Group
<b>Net sales from external customers</b>	746.7	233.2	361.1	9.5	1,350.5
Services			93.3		93.3
Sales of goods	746.7	233.2	267.8	9.5	1,257.2
Inter-segment net sales	64.0	37.8	0.9	-102.7	
Net sales	810.7	271.0	362.0	-93.2	1,350.5
<b>Operating result</b>	23.3	39.5	2.8	-9.0	56.7
% of net sales	2.9%	14.6%	0.8%	9.7%	4.2%
Financial income and expenses					-45.5
Profit before tax					11.2
Tax expense					4.1
Profit for the period					15.2
<b>Assets</b>	1,439.4	194.2	215.5	34.3	1,883.4
Unallocated assets					326.3
<b>Total assets</b>					2,209.7
<b>Liabilities</b>	245.9	54.3	48.2	4.0	352.4
Unallocated liabilities					424.2
<b>Total liabilities</b>					776.6
Capital expenditure	105.6	7.0	7.5	9.9	129.9
Depreciation and amortization	65.2	13.3	27.5	4.2	110.1
Impairment	0.6	0.2	0.0	2.5	3.4
Other non-cash expenses	7.6	1.3	0.8	2.3	12.0

\* The comparative information of discontinued operations result in the income statement for 2022 is restated.  
The balance sheet for comparative period 2022 is not restated.

## Geographical information

2023						
EUR million	Nordics	Other Europe	Americas	Other countries	Other	Group
Net sales	671.7	226.0	268.7	7.2	-	1,173.6
Services	83.6	-	-	-	-	83.6
Sales of goods	588.2	226.0	268.7	7.2	-	1,090.1
Assets	993.3	277.5	561.2	0.3	-9.4	1,822.8
Unallocated assets						502.4
<b>Total assets</b>						<b>2,325.2</b>
Capital expenditure	79.9	104.9	67.2	-	-	252.1

2022*						
EUR million	Nordics	Other Europe	Americas	Other countries	Other	Group
Net sales	722.3	302.8	314.6	10.6	-	1,350.5
Services	93.3	-	-	-	-	93.3
Sales of goods	629.0	302.8	314.6	10.6	-	1,257.2
Assets	962.8	161.5	507.2	268.5	-16.6	1,883.4
Unallocated assets						326.3
<b>Total assets</b>						<b>2,209.7</b>
Capital expenditure	70.0	39.0	16.4	4.5	-	129.9

\* The comparative information of discontinued operations result in the income statement for 2022 is restated.  
 The balance sheet for comparative period 2022 is not restated.

## Notes concerning geographical segments

The business segments are operating in four geographic regions: Nordics, Other Europe, Americas and other countries. Other contains items that are not allocated to any geographic region. In presenting information on the basis of geographical segments, segment revenue is based on the location of the customers and segment assets are based on the location of the assets.

## 2. Acquisitions and disposals

### Accounting policies

#### Non-current assets held for sale and discontinued operations

A non-current asset, or a group of disposable items, is classified as being held for sale if the amount corresponding to its carrying amount will primarily be generated from the sale of the asset instead of being generated from the continued use of the asset. Non-current assets held for sale, and assets related to discontinued operations, are measured at their carrying amounts, or the lower fair value less the costs to sell, if the amount corresponding to its carrying amount will primarily be generated from the sale of the asset and if the sales transaction is most likely to take place.

A discontinued operation is a part of the entity that has been divested or classified as being held for sale and represents a separate core business area or a geographic operating area. The result for the period of discontinued operations is presented as a separate item in the income statement and the comparative information in the income statement is restated accordingly.

The Group's financial statements for 2023 and 2022 do not include any non-current assets held for sale.

#### Acquisitions and disposals in 2023

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 and the company's personnel in Russia was transferred to the new owner. The closing date of sale transaction of Russian operations is considered to be March 16, 2023, when the sale price was received. Sale of Kazakhstan operations was also signed during March 2023. Sale of transaction does not include

any post-deal conditional terms. The sold operations were part of the Passenger Car Tyres business segment.

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

#### Discontinued operations

EUR million	1-3 2023	4-6 2023	7-9 2023	10-12 2023	1-12 2023	1-3 2022	4-6 2022	7-9 2022	10-12 2022	1-12 2022
Net sales	13.5	-	-	-	13.5	93.5	149.8	132.7	49.6	425.6
Operating expenses	-16.4	-	-	-	-16.4	-56.4	-400.0	-83.4	-59.9	-599.7
Operating profit	-2.9	-	-	-	-2.9	37.1	-250.2	49.3	-10.3	-174.1
Net financial items	-0.5	-	-	-	-0.5	0.9	19.4	-3.6	-1.6	15.2
<b>Result before tax, discontinued operations</b>	<b>-3.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.4</b>	<b>38.1</b>	<b>-230.8</b>	<b>45.7</b>	<b>-11.8</b>	<b>-158.8</b>
Tax expense	1.2	-	-	-	1.2	-6.1	-29.7	-10.6	13.9	-32.5
<b>Result for the year, discontinued operations</b>	<b>-2.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2.2</b>	<b>31.9</b>	<b>-260.5</b>	<b>35.1</b>	<b>2.1</b>	<b>-191.3</b>
Profit from sale	29.6	1.0	0.0	-0.1	30.5	-	-	-	-	-
Loss from sale – translation differences	-366.3	-	-	-	-366.3	-	-	-	-	-
<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>	<b>31.9</b>	<b>-260.5</b>	<b>35.1</b>	<b>2.1</b>	<b>-191.3</b>
Earnings per share from the result attributable to the equity holders of the parent:	1-3 2023	4-6 2023	7-9 2023	10-12 2023	1-12 2023	1-3 2022	4-6 2022	7-9 2022	10-12 2022	1-12 2022
Basic, euros	-2.59	0.01	0.03	0.19	-2.36	0.34	1.67	0.18	-0.11	-1.27
Diluted, euros	-2.59	0.01	0.03	0.19	-2.36	0.34	1.67	0.18	-0.11	-1.27
Continuing operations, euros	-0.14	0.01	0.03	0.19	0.09	0.11	0.21	-0.08	-0.13	0.11
Discontinuing operations, euros	-2.45	0.01	0.00	0.00	-2.45	0.23	-1.88	0.25	0.01	-1.38



### Profit from sale – discontinued operations

EUR million	2023
Sale price	288.0
Profit from sale – Parent company and Nokian Tyres Holding Oy	124.2
Non-current assets	42.3
Current assets	284.1
<b>Total assets</b>	<b>326.4</b>
Non-current liabilities	4.7
Current liabilities	52.1
<b>Total liabilities</b>	<b>56.8</b>
Disposed net assets	269.6
Other group items and transactions costs	12.1
Remaining intercompany items	0.0
<b>Profit from sale</b>	<b>30.5</b>

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.

There were no significant acquisitions during 2023.

On October 13, 2022 the Group acquired all shares of real estate company Nokian Portti Oy. This acquisition has minor impact on group accounts.

EUR million	2022
Purchase consideration	
Consideration paid in cash	4.6
Contingent consideration liability	-
<b>Total consideration</b>	<b>4.6</b>

The fair values of the assets acquired, and the liabilities assumed at the time of acquisition were as follows:

EUR million	Note	2022
Property, plant and equipment	13	4.6
Trade and other receivables		0.1
Cash and cash equivalents		0.1
<b>Total assets</b>		<b>4.8</b>

Trade and other payables	0.2
<b>Total liabilities</b>	<b>0.2</b>

<b>Total net assets</b>	<b>4.6</b>
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Consideration transferred	4.6
Acquired identifiable net assets	4.6

Consideration paid in cash	4.6
Cash and cash equivalents in the subsidiaries acquired	0.1
<b>Net cash outflow</b>	<b>4.5</b>

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

### 3. Cost of sales

EUR million	2023	2022
Raw materials	294.5	400.9
Goods purchased for resale	274.2	247.9
Wages and social security contributions on goods sold	71.6	63.2
Other costs	179.0	198.0
Depreciation of production	71.4	69.0
Sales freights	68.4	115.0
Warehousing	60.8	50.0
Change in inventories	-87.3	-95.9
<b>Total</b>	<b>932.5</b>	<b>1,048.1</b>

### 4. Other operating income

EUR million	2023	2022
Gains on sale of property, plant and equipment	0.2	1.3
Other income	3.5	-0.4
<b>Total</b>	<b>3.7</b>	<b>0.9</b>

## 5. Other operating expenses

### Accounting policies

#### Research and development costs

Research costs are recognized as part of selling, marketing, and R&D expenses for the financial period in which they incurred.

#### Government grants

Grants received from governments or other parties are recognized adjustments to the related expenses in the income statement for the period.

EUR million	2023	2022
Losses on sale and disposals of tangible fixed assets	0.0	0.0
Expensed credit losses and provisions	-1.8	3.1
Other expenses	0.3	-1.8
<b>Total</b>	<b>-1.4</b>	<b>1.3</b>

## 6. Auditor's fees

EUR million	2023	2022
Audit fee	1.1	1.0
Tax services	0.0	0.0
Other services	0.0	0.1
<b>Total</b>	<b>1.1</b>	<b>1.1</b>

Ernst & Young Oy has been the company's principal auditor since March 30, 2021.

## 7. Depreciation, amortization and impairment losses

### Accounting policies

#### Property, plant, and equipment

Depreciation is based on the following expected useful lives:

Buildings	20–40 years
Machinery and equipment	4–20 years
Other tangible assets	10–40 years

Land is not depreciated.

The expected useful lives are reviewed at each reporting date, and if they differ materially from previous estimates, the depreciation schedules are changed accordingly.

#### Research and development costs

Development costs are capitalized once certain criteria associated with commercial and technical feasibility have been met. Capitalized development costs primarily comprising materials, supplies, and direct labor costs as well as the related overheads are amortized systematically over their expected useful life. The amortization period is 3–5 years.

#### Impairment

On the reporting date, the Group shall assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset in question

is estimated. Goodwill and intangible assets not yet available for use are tested for impairment at least annually. To assess impairment, the Group's assets are allocated to cash-generating units on the smallest group that is largely independent of other units and the cash flows of which can be separated.

The recoverable amount is the higher of fair value of the asset less costs to sell and a value in use. As a rule, value in use is based on the discounted future cash flows that the corresponding asset or the cash-generating unit can derive. The impairment recognized in the income statement is the amount by which the carrying amount of the asset exceeds the corresponding recoverable amount, and in the statement of financial position, it is allocated first to reduce the carrying amount of any goodwill of the unit and then pro rata against the other assets. An impairment loss recognized in prior periods will be reversed if the estimates used to determine the recoverable amount change. However, a reversal of impairment loss shall not exceed the carrying amount that would have been determined in the statement of financial position without the recognized impairment loss in prior periods. Impairment loss on goodwill is not reversed under any circumstances.

#### Goodwill and other intangible assets

The amortization schedule for intangible assets is 3–10 years.

### Depreciation and amortization by asset category

EUR million	2023	2022
Intangible rights	3.7	4.6
Other intangible assets	1.0	1.1
Buildings	7.5	7.7
Machinery and equipment	59.3	52.7
Right of use asset	41.4	41.3
Other tangible assets	2.2	2.8
<b>Total</b>	<b>114.9</b>	<b>110.1</b>

### Impairment losses by asset category

EUR million	2023	2022
Other intangible assets	-	0.0
Land property	-	0.0
Buildings	-	2.3
Goodwill	-	0.0
Machinery and equipment	-	1.1
Other tangible assets	-	0.0
<b>Total</b>	<b>-</b>	<b>3.4</b>

### Depreciation and amortization by function

EUR million	2023	2022
Production	71.4	69.0
Selling, marketing and R&D	32.8	30.3
Administration	10.7	10.8
<b>Total</b>	<b>114.9</b>	<b>110.1</b>

### Impairment losses by function

EUR million	2023	2022
Production	-	0.2
Selling, marketing and R&D	-	-
Administration	-	3.2
<b>Total</b>	<b>-</b>	<b>3.4</b>

## 8. Employee benefit expenses

EUR million	2023	2022
Wages and salaries	193.2	198.7
Pension contributions – defined contribution plans	22.5	21.9
Share-based payments	-4.7	-4.6
Other social security contributions	21.1	21.5
<b>Total</b>	<b>232.2</b>	<b>237.5</b>

Information on the employee benefits and loans of the key management personnel is presented in note 34 Related party transactions.

Other than production wages and salaries were EUR 160.6 (174.2) million in 2023.

## 9. Financial income

EUR million	2023	2022
<b>Interest income</b>		
Financial assets measured at amortized cost	10.4	0.2
<b>Dividend income</b>		
Non-current financial investments measured at fair value through other comprehensive income	0.0	0.0
<b>Exchange rate gains and changes in fair value</b>		
Financial assets and liabilities at amortized cost	31.0	133.8
Foreign currency derivatives	26.7	106.7
<b>Other financial income</b>	<b>0.3</b>	<b>0.4</b>
<b>Total</b>	<b>68.5</b>	<b>241.1</b>

## 10. Financial expenses

EUR million	2023	2022
<b>Interest expenses</b>		
Financial liabilities measured at amortized cost	-21.1	-2.7
Interest rate derivatives designated as hedges	2.7	-0.5
Lease liabilities	-4.0	-4.0
<b>Exchange rate losses and changes in fair value</b>		
Financial assets and liabilities at amortized cost	-38.6	-142.2
Foreign currency derivatives	-22.8	-132.6
<b>Other financial expenses</b>	<b>-2.6</b>	<b>-4.7</b>
<b>Total</b>	<b>-86.3</b>	<b>-286.6</b>

## 11. Tax expense

### Accounting policies

#### Income taxes

The tax expense of the Group includes taxes based on the profit or loss for the period or the dividend distribution of the Group companies as well as any change in deferred tax, and the adjustment of taxes from prior periods. The penalty interests on those are recorded as financial expenses. The tax impact of items recorded directly in equity or other comprehensive income is correspondingly recognized directly in equity or in other comprehensive income. The share of associated companies' profit or loss is shown on the income statement calculated from the net result, and it thereby includes the impact of taxes.

Nokian Tyres aims for predictability and transparency in taxation in different countries. OECD, European Union and changing tax legislation and reporting requirements in different countries create challenges in taxation and tax reporting. Complying with the reporting requirements demands continuous system and process development as well as support from local tax experts.

International business environment in nature exposes to usual tax audits and disputes in different countries. Nokian Tyres has established a Tax Policy and harmonized practices in the Group's operating countries in order to clarify responsibilities and to reduce tax risks. Nokian Tyres does not have significant tax disputes ongoing and no specific tax risks are identified currently. Nokian Tyres has conducted pre-emptive discussions with authorities in different countries in order to agree on the taxation of its operations or changes in the corporate structure to minimize tax risks.

Nokian Tyres is in the scope of the Pillar Two Model Rules. Therefore, the Group applies the mandatory exception for deferred taxes in IAS 12. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities arising from Pillar Two income taxes.

Nokian Tyres has undertaken an impact assessment to understand the implications of the GloBE framework on its business operations, including any potential changes to the tax liabilities. Based on the impact assessment the Group determines that it is not subject to Pillar Two "top-up" taxes.

EUR million	2023	2022
Current tax expense	-11.0	-9.1
Adjustment for prior periods	-0.8	-0.9
Change in deferred tax	10.0	14.0
<b>Total</b>	<b>-1.7</b>	<b>4.1</b>

#### The reconciliation of tax expense recognized in the income statement and tax expense using the domestic corporate tax rate (2023: 20.0%, 2022: 20.0%):

EUR million	2023	2022
Profit before tax	14.2	11.2
Taxes calculated according to the Finnish tax rate of 20%	-2.8	-2.2
Effect of deviant tax rates in foreign subsidiaries	-1.1	12.1

EUR million	2023	2022
Withholding taxes	-0.2	-6.2
Tax exempt revenues	17.4	0.7
Non-deductible expenses	-13.9	0.6
Losses on which no deferred tax benefits recognized	0.0	-1.1
Adjustment for prior periods	-0.8	-0.9
Change in the recoverability of deferred tax assets	-	-0.8
Utilization of previously unrecognized tax losses	0.0	0.3
Other items	-0.3	1.5
<b>Tax expense</b>	<b>-1.7</b>	<b>4.1</b>

#### Income tax relating to components of other comprehensive income:

2023 EUR million	Before tax amount	Tax benefit	Net of tax amount
Net investment hedge	-	-	-
Cash flow hedges	-11.2	2.2	-8.9
Translation differences on foreign operations	332.8		332.8
	321.6	2.2	323.9

2022 EUR million	Before tax amount	Tax benefit	Net of tax amount
Net investment hedge	8.5	-1.7	6.8
Cash flow hedges	11.2	-2.2	9.0
Translation differences on foreign operations	36.7		36.7
	56.4	-3.9	52.4

## 12. Earnings per share

### Accounting policies

#### Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to the equity holders of the parent for the period by the weighted average number of shares outstanding during the period. The average number of treasury shares has been deducted from the number of shares outstanding.

For the calculation of the diluted earnings per share, the diluting impact of all potentially diluting share conversions have been taken into account. The Group has had share options and previously convertible bonds as diluting instruments. At present, the Group does not have either. The dilution of share options has been computed using the treasury stock method. In dilution, the denominator includes the shares obtained through the assumed conversion of the options, and the repurchase of treasury shares at the average market price during the period with the funds generated by the conversion. The assumed conversion of options is not taken into account for the calculation of earnings per share if the effective share subscription price defined for the options exceeds the average market price for the period. The convertible bonds are assumed to have been traded for company shares after the issue.

EUR million	2023	2022
<b>Result attributable to the equity holders of the parent</b>	<b>-325.5</b>	<b>-175.5</b>
Result for the period to calculate the diluted earnings per share	-325.5	-175.5
Result for the period, continuing operations	12.5	15.2
Result for the period, discontinued operations	-338.0	-190.8
<b>Shares, 1,000 pcs</b>		
Weighted average number of shares	137,982	138,247
Dilutive effect of the options	-	-
Diluted weighted average number of shares	137,982	138,247
<b>Earnings per share, euros</b>		
Basic	-2.36	-1.27
Diluted	-2.36	-1.27
Continuing operations	0.09	0.11
Discontinued operations	-2.45	-1.38

## 13. Property, plant and equipment

### Accounting policies

#### Property, plant and equipment

The values of the property, plant, and equipment acquired by the Group companies are based on their costs. Any proceeds from selling items produced while bringing an item of PPE into the location and condition intended are not deducted from the acquisition price but instead recorded in profit or loss. The assets of acquired subsidiaries are measured at fair value on the date of acquisition. Depreciation is calculated

on a straight-line basis from the original acquisition cost, based on the expected useful life. Depreciation includes any impairment losses.

In the statement of financial position, the property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses. The borrowing costs of the items included in property, plant, and equipment, and requiring a substantial construction period, are capitalized for the period needed to produce the investment for the intended purpose. Other borrowing costs are recognized as expenses in the period that they were incurred.

Regular maintenance and repair costs are recognized as expenses for the period. Expenses incurred from significant modernization or improvement projects are recorded in the statement of financial position if the company gains future economic benefits in excess of the originally assessed standard of performance of the existing asset. Modernization and improvement projects are depreciated on a straight-line basis over their useful lives. Gains and losses from the divestment and disposal of property, plant, and equipment are determined as the difference of the net disposal proceeds and the carrying amounts. Sales gains and losses are included in the operating profit in the income statement.

#### Government grants

Grants received for the acquisition of property, plant, and equipment reduce the acquisition cost.

#### Borrowing costs

The borrowing costs of items included in property, plant, and equipment or other intangible assets, and requiring a substantial construction period, are capitalized for the period needed to produce the investment for the intended purpose. Other borrowing costs are recognized as expenses for the period in which they incurred. The Group has not capitalized borrowing costs in 2023 or 2022.

2023 EUR million	Land property	Buildings	Machinery and equipment	Other tangible assets	Advances and fixed assets under construction	Total
Accumulated cost, Jan 1, 2023	20.9	395.8	1,416.9	123.1	113.4	2,070.2
Increase	14.0	0.1	12.7	-4.4	231.8	254.3
Acquisitions through business combinations						
Decrease	-2.2	-122.9	-429.4	-65.6	-5.7	-625.8
Transfers between items	-5.0	9.3	83.0	0.7	-91.8	-3.8
Other changes		0.0	-10.7	-0.1	0.0	-10.7
Exchange differences	-0.1	-8.3	-22.7	-2.3	-3.3	-36.7
Accumulated cost, Dec 31, 2023	27.6	274.1	1,049.9	51.4	244.5	1,647.5
Accum. depreciation, Jan 1, 2023	-1.7	-190.6	-1,028.6	-74.3		-1,295.2
Depreciation for the period		-7.5	-59.1	-2.2		-68.8
Impairment	1.6	0.0	0.0	0.0		1.6
Decrease		103.1	406.7	62.4		572.2
Other changes		0.0	10.5	0.1		10.6
Exchange differences		1.8	13.7	1.8		17.2
Accum. depreciation, Dec 31, 2023	0.0	-93.2	-656.9	-12.2		-762.3
Carrying amount, Dec 31, 2023	27.6	180.9	392.9	39.2	244.5	885.2

In 2023, the company recorded impairments in the tangible assets for EUR 0.0 (3.4 without discontinued operations) million based on management's assessment. The impairments are shown in the table in their own row. In 2022 the depreciation without discontinued operations was EUR 63.2 million.

2022 EUR million	Land property	Buildings	Machinery and equipment	Other tangible assets	Advances and fixed assets under construction	Total
Accumulated cost, Jan 1, 2022	13.9	376.2	1,308.3	126.3	99.3	1,924.0
Increase	6.0	0.2	40.5	1.0	75.8	123.5
Acquisitions through business combinations	0.9	3.7	0.0	-	0.0	4.6
Decrease	0.0	-0.4	-24.6	-0.1	-0.2	-25.4
Transfers between items	0.0	0.7	71.5	-11.1	-64.6	-3.5
Other changes	0.0	-1.3	-24.0	0.0	1.0	-24.4
Exchange differences	0.1	16.8	45.2	7.0	2.2	71.3
Accumulated cost, Dec 31, 2022	20.9	395.8	1,416.9	123.1	113.4	2,070.2
Accum. depreciation, Jan 1, 2022	0.0	-109.7	-890.6	-52.8		-1,053.1
Depreciation for the period		-11.6	-88.1	-6.9		-106.5
Impairment	-1.6	-67.0	-72.2	-10.7		-151.5
Decrease		0.3	21.6	0.1		22.1
Other changes		-0.2	22.9	0.0		22.7
Exchange differences		-2.5	-22.4	-4.0		-28.8
Accum. depreciation, Dec 31, 2022	-1.7	-190.6	-1,028.6	-74.3		-1,295.2
Carrying amount, Dec 31, 2022	19.3	205.2	388.3	48.8	113.4	775.0

## 14. Intangible assets

### Accounting policies

#### Goodwill and other intangible assets

Goodwill arising from business combinations is recognized as the amount by which the aggregate of the transferred consideration, any non-controlling interest in what has been acquired, and any previously held interest exceeds the fair value of the net assets acquired. Goodwill is not amortized but is tested for impairment annually as well as whenever an indication of possible impairment exists.

Other intangible assets include customer relationships, capitalized development costs, patents, copyrights, licenses, and software. Intangible rights acquired in business combinations are measured at fair value and amortized on a straight-line basis over their useful lives. Other intangible assets are measured at cost and amortized on a straight-line basis over their useful lives. An intangible asset is only recorded in the statement of financial position if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and cost can be measured reliably. Subsequent expenses related to the assets are only recorded in the statement of financial position if the company gains future economic benefits in excess of the originally assessed standard of performance of the existing asset; otherwise, costs are recognized as expenses at the time of occurrence.

In the statement of financial position, intangible assets are recorded at cost less accumulated amortization and impairment losses. The borrowing costs of items included in other intangible assets, and requiring a substantial construction period, are capitalized for the period needed to produce the investment for the intended purpose. Other borrowing costs are recognized as expenses in the period that they are incurred.

2023 EUR million	Goodwill	Intangible rights	Other intangible assets	Total
<b>Accumulated cost, Jan 1, 2023</b>	78.0	90.4	44.3	212.7
Increase		0.5	0.3	0.9
Decrease		-0.1	-17.3	-17.4
Transfers between items		3.7	0.1	3.8
Other changes	-0.5	-10.1	0.0	-10.6
Exchange differences	-0.9	0.0	-0.2	-1.1
<b>Accumulated cost, Dec 31, 2023</b>	76.6	84.5	27.1	188.2
<b>Accum. depreciation, Jan 1, 2023</b>	-14.5	-81.4	-37.8	-133.7
Depreciation for the period		-3.7	3.0	-0.7
Impairment			0.0	0.0
Decrease		0.1	11.6	11.7
Other changes	0.3	10.1	0.1	10.4
Exchange differences	0.0	0.0	0.2	0.2
<b>Accum. depreciation, Dec 31, 2023</b>	-14.3	-74.9	-22.9	-112.1
<b>Carrying amount, Dec 31, 2023</b>	62.3	9.6	4.2	76.1

2022 EUR million	Goodwill	Intangible rights	Other intangible assets	Total
<b>Accumulated cost, Jan 1, 2022</b>	79.7	90.4	39.9	210.1
Increase		1.0	1.8	2.8
Decrease		-4.1	-0.3	-4.3
Transfers between items		3.1	0.4	3.5
Other changes	0.3	0.0	1.3	1.6
Exchange differences	-2.0	-0.1	1.1	-1.0
<b>Accumulated cost, Dec 31, 2022</b>	78.0	90.4	44.3	212.7
<b>Accum. depreciation, Jan 1, 2022</b>	-14.4	-79.2	-29.5	-123.1
Depreciation for the period		-4.6	-2.5	-7.1
Impairment	-0.2		-4.0	-4.2
Decrease		2.4	0.1	2.5
Other changes			-1.2	-1.2
Exchange differences	0.0	0.1	-0.8	-0.6
<b>Accum. depreciation, Dec 31, 2022</b>	-14.5	-81.4	-37.8	-133.7
<b>Carrying amount, Dec 31, 2022</b>	63.2	9.0	6.5	78.7

In 2022 the depreciation without discontinued operations was EUR 5.7 million.

### Impairment losses

The company considers the relationship between its market capitalization and its book value when reviewing for indicators of impairment. As of December 31, 2023, the market capitalization EUR 1.1 million of the company was below the book value EUR 1.3 million of its equity, indicating a potential impairment of goodwill.

No impairment losses have been booked from the intangible assets based on the impairment tests for goodwill in 2023.

### Impairment tests for goodwill

Goodwill has been allocated to the Group's cash-generating units that have been defined according to the business organization. Impairment testing is performed by comparing the carrying amount of those cash-generating units that include goodwill with their expected recoverable amount. An impairment loss is recognized if the recoverable amount of the cash-generating unit is less than the carrying amount. 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.

### Allocation of goodwill prior tests

EUR million	Dec 31, 2023
Passenger Car Tyres	61.4
Heavy Tyres	0.9
Vianor	-
<b>Total goodwill</b>	<b>62.3</b>

The recoverable amount of a cash-generating unit is based on calculations of the value in use. The cash flow forecasts used in these calculations are based on five-year financial plans approved by the management. The estimated sales and production volumes are based on the current condition and scope of the existing assets including the investment to the new production capacity in Europe. The key assumptions used in the plans include product selection, country-specific sales distribution, margin on products, and their past actual outcomes. Assumptions are also based on commonly used growth, demand and price forecasts provided by market research institutes.

The discount rate used is the weighted average cost of capital (WACC) after taxes defined for the Group. The calculation components are risk-free rate of return, market risk premium, industry-specific beta co-efficient, borrowing cost and the capital structure at market value at the time of testing. The discount rate used for Passenger Car Tyres is 8.4 (8.3) percent and for Heavy Tyres is 8.0 (8.0) percent. Vianor has not been tested in 2023 as the whole goodwill allocated to Vianor has been impaired in 2021. Future cash flows after the forecast period approved by the management have been capitalized as a terminal value using a steady two percent growth rate and discounted with the discount rate specified above. The assumption for the net sales growth rate has been two percent. The sensitivity tests have been performed using net sales and gross margin. A possible impairment would require a significant weakening of the key assumptions from the financial plans approved by the management. The management considers that reasonably possible changes in key assumptions would not cause the unit's carrying amount to exceed its recoverable amount.

The testing indicated no need to recognize impairment losses in Passenger Car Tyres and in Heavy Tyres. The recoverable amount in Passenger Car Tyres considerably exceeds the carrying amount of the cash-generating unit. The new factory investment in Europe is increasing the amount of capital expenditure in the planning period EUR 450.0 million. Due to the nature of the new factory investment a significant amount of the recoverable amount of the cash flow is generated in the terminal value. The recoverable amount in Heavy Tyres significantly exceeds the carrying amount of the cash-generating unit.

### Allocation of goodwill after tests

EUR million	Impairment loss	Goodwill Dec 31, 2023	
Passenger Car Tyres	61.4	-	61.4
Heavy Tyres	0.9	-	0.9
Vianor	-	-	-
<b>Total goodwill</b>	<b>62.3</b>	<b>-</b>	<b>62.3</b>



## 15. Right of use assets

### Accounting policies

#### Lease agreements

In accordance with IFRS 16, all of the assets related to lease agreement (right-of use assets) and future lease payment obligations (lease liabilities) are recognized in the statement of financial position at the inception of the contract. Nokian Tyres primarily acts as a lessee. The vast majority of leases recognized as Right-of-use assets under IFRS 16 comprise Vianor chain real estate and warehouses.

#### The group as lessee

Nokian Tyres recognizes a leased asset and the related lease liability at the lease commencement date, except for short-term leases and low value leases.

- A lease is considered short term if the lease term is 12 months or less and no option included
- A lease is considered of low value if the business level materiality thresholds are not met.

The group applies this guideline to all asset classes, with the exception of vehicle leases, which are also recognized under IFRS

16 even if their contract term is below 12 months or the related asset is deemed of low value.

The lease term is determined as the non-cancelable period of the lease, taking extension and termination options into consideration, if it is reasonably certain that the group will exercise such options. If the lease term is indefinite (valid until further notice), management judgment is used to estimate the expected lease term and the indefinite contracts will be booked on the basis of the planning period, usually for three years.

Lease liability under IFRS 16 is recorded at the commencement date of the lease and measured at the present value of the lease payments during the lease term. The criteria used to determine the discount rate by lease agreement are the category of the asset, geographical location, currency, maturity of the risk-free interest rate, and the lessee's credit risk premium. When the agreement includes a lease component and a non-lease component, Nokian Tyres separates the non-lease components, such as maintenance or services, based on either the stand-alone prices given in the lease agreement or by using estimates. The lease liability is remeasured with a corresponding effect to the related leased asset when there is a change in the future lease payments due to contract renegotiation, index changes, or a reassessment of options.

The leased asset consists of the initial lease liability and any initial direct costs less any incentives granted by the lessor. It is valued at cost less accumulated depreciation and impairment losses. Any remeasurement is in line with the remeasurement of the lease liability. The right-of-use asset is depreciation in a straight-line basis over the lease term.

#### The Group as a lessor

The lessor will classify each lease agreement into either finance or operating lease in accordance with the IFRS 16 standard. If the lease transfers substantially all of the risk and rewards incidental to the ownership of the asset, it is considered to be a finance lease; otherwise, the lease is considered to be an operating lease.

Assets held under finance leases are recorded in the statement of the financial position as receivables at an amount equal to the net investment in the lease. Assets held under operating leases are included in intangible assets and property, plant, and equipment in the statement of the financial position. These assets are depreciated over their useful lives, consistent with assets in the company's own use. Income from operating leases is recorded in the income statement on a straight-line basis over the lease term.

From the Group's point of view, operating as a lessor is limited.

2023 EUR million	Land property	Buildings	Machinery and equipment	Total
Accumulated cost, Jan 1, 2023	1.2	230.9	4.8	236.9
Increase	0.2	45.0	2.2	47.5
Decrease	-0.1	-28.9	-2.2	-31.2
Other changes	-	0.8	-	0.8
Exchange differences	-	-6.2	0.0	-6.2
Accumulated cost, Dec 31, 2023	1.4	241.6	4.8	247.8
Accum. Depreciation, Jan 1, 2023	-0.2	-110.5	-2.4	-113.1
Depreciation for the period	-0.1	-39.7	-1.6	-41.4
Decrease	0.0	26.7	2.1	28.8
Other changes	-	0.0	-	0.0
Exchange differences	-	2.6	0.0	2.6
Accum. Depreciation, Dec 31, 2023	-0.3	-120.9	-1.9	-123.1
Carrying amount, Dec 31, 2023	1.1	120.7	3.0	124.7

2022 EUR million	Land property	Buildings	Machinery and equipment	Total
Accumulated cost, Jan 1, 2022	1.5	234.3	3.9	239.7
Increase	-	18.3	1.6	19.9
Decrease	-0.4	-16.2	-0.6	-17.2
Other changes	-	-	-	-
Exchange differences	-	-5.5	-	-5.5
Accumulated cost, Dec 31, 2022	1.2	230.9	4.8	236.9
Accum. Depreciation, Jan 1, 2022	-0.2	-84.7	-1.3	-86.2
Depreciation for the period	-0.1	-39.6	-1.6	-41.3
Decrease	0.0	10.8	0.6	11.5
Other changes	-	-	-	-
Exchange differences	0.0	3.0	0.0	3.0
Accum. Depreciation, Dec 31, 2022	-0.2	-110.5	-2.4	-113.1
Carrying amount, Dec 31, 2022	0.9	120.4	2.5	123.8

Expenses arising from leases of low-value amounted to EUR 0.2 (0.3) million and short-term leases amounted to EUR 2.7 (4.7) million in 2023. These contracts are not included in the right of use assets. Interest expenses from right of use assets were EUR 4.0 (4.0) million.

## 16. Carrying amount and fair values of financial assets and liabilities

### Accounting policies

#### Financial assets and liabilities

##### Classification of financial instruments

When recognizing a financial asset in its statement of financial position, the Group classifies it into one of the following measurement categories:

- Amortized cost
- Fair value through other comprehensive income
- Fair value through profit or loss.

These categories apply to subsequent measurement and profit or loss recognition. The classification is based on the business model for managing the asset and the contractual cash flow characteristics of the asset.

A financial asset is classified as subsequently measured at amortized cost when the objective is to hold financial assets to collect contractual cash flows that are payments of principal and interest on the principal amount outstanding. In the Group, in principle this measurement category includes trade receivables, loan receivables, and cash and cash equivalents, including liquid short-term investments in money market instruments.

A debt instrument in the financial assets is classified as subsequently measured at fair value through other comprehensive income when the objective is to both hold the financial assets to collect contractual cash flows that are payments of principal and interest on the principal amount outstanding and sell the financial assets.

If there are business objectives for the holding of a financial asset other than the foresaid, it is classified as subsequently measured at fair value through profit or loss. The Group's derivative assets are included in this category. However, when recognizing an investment in an equity instrument in its statement of financial position, the Group may make an irrevocable election to present subsequent changes in fair value in other comprehensive income. The election is made on an instrument-by-instrument basis. The Group typically designates investments in quoted and unquoted shares that are not held for trading as at fair value through other comprehensive income.

The measurement category of a financial liability is either at amortized cost or at fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is held-for-trading, is a derivative, or is specifically designated as such. Other financial liabilities are subsequently measured at amortized cost. The financial liabilities of the Group are classified as measured at amortized cost except for derivative liabilities.

##### Measurement of financial instruments

At initial recognition, all financial assets and liabilities are measured at fair value taking into account any transaction costs, and in the statement of financial position, they are included in current or non-current assets or liabilities depending on the maturity of the item. Financial assets and financial liabilities are subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss in accordance with the measurement category of the item.

##### Impairment of financial assets

At each reporting date, the Group recognizes a loss allowance for expected credit losses on a financial asset that is not measured at fair value through profit or loss. When measuring the expected credit losses, the Group reviews the actual credit losses, current conditions, and forecasts of the future economic conditions.

For trade receivables, the Group follows the simplified approach whereby the impairment recognized in trade receivables corresponds to the lifetime expected credit losses for trade receivables.

EUR million	Note	2023				2022			
		Carrying amount	Fair value			Carrying amount	Fair value		
			Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial assets</b>									
Fair value through profit or loss									
Derivatives held for trading	30	2.6	-	2.6	-	3.4	-	2.8	0.6
Derivatives designated as hedges	30	3.3	-	3.3	-	13.5	-	13.5	-
Unquoted securities	17	2.7	-	-	2.7	2.8	-	-	2.8
Amortized cost									
Other non-current receivables	18	-	-	-	-	4.3	-	3.2	-
Trade and other receivables	21	226.6	-	226.6	-	329.9	-	330.2	-
Money market instruments	22	50.7	-	50.7	-	-	-	-	-
Cash in hand and at bank	22	364.2	-	364.2	-	259.0	-	259.0	-
Fair value through other comprehensive income									
Unquoted shares	17	0.2	-	-	0.2	0.2	-	-	0.2
<b>Total financial assets</b>		<b>650.4</b>	<b>-</b>	<b>647.4</b>	<b>2.9</b>	<b>613.2</b>	<b>-</b>	<b>608.7</b>	<b>3.7</b>
<b>Financial liabilities</b>									
Fair value through profit or loss									
Derivatives held for trading	30	1.7	-	1.7	-	1.0	-	0.8	0.2
Derivatives designated as hedges	30	1.0	-	1.0	-	0.2	-	0.2	-
Amortized cost									
Interest-bearing financial liabilities	27	508.2	-	518.6	-	270.8	-	271.0	-
Trade and other payables	28	155.9	-	155.9	-	121.3	-	121.3	-
<b>Total financial liabilities</b>		<b>666.8</b>	<b>-</b>	<b>677.2</b>	<b>-</b>	<b>393.4</b>	<b>-</b>	<b>393.3</b>	<b>0.2</b>

The carrying amount of financial assets corresponds to the maximum exposure to the credit risk on the reporting date. See note 29 for the impairments in respect of trade receivables. Other financial assets measured at amortized cost and fair value through other comprehensive income are not subject to material impairment.

Fair value measurements have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. Quoted prices in active markets for identical assets or liabilities).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

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 includes unquoted securities measured at fair value through profit or loss, and unquoted shares measured at fair value through other comprehensive income since cost is assessed to represent the fair value.

Financial assets and liabilities not measured at fair value but for which the fair value can be measured are categorized in Level 2 in the fair value hierarchy. Level 2 includes financial assets and financial

liabilities measured at amortized cost. Their fair values are based on the future cash flows that are discounted with market interest rates on the reporting date.

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 assumed 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 in 2023 was EUR +2.7 million.

The Group has no longer ruble derivatives outstanding.

### Reconciliation of Level 3 fair value measurements

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

There were no transfers between different levels during the financial year.

## 17. Investments in associates and non-current financial investments

EUR million	Investments in associates	Unquoted securities	Unquoted shares
<b>Accumulated cost, Jan 1, 2023</b>	<b>0.1</b>	<b>2.6</b>	<b>0.2</b>
Decrease/Increase	-	0.0	0.0
Net exchange differences	-	0.1	-
<b>Carrying amount, Dec 31, 2023</b>	<b>0.1</b>	<b>2.7</b>	<b>0.2</b>
Carrying amount, Dec 31, 2022	0.1	2.8	0.2

## 18. Other non-current receivables

EUR million	2023	2022
Loan receivables	-	4.3
Other non-current receivables	14.1	10.0
<b>Total</b>	<b>14.1</b>	14.4

## 19. Deferred tax assets and liabilities

### Accounting policies

#### Deferred taxes

Deferred taxes are measured with tax rates enacted by the reporting date, to reflect the net tax effects of all temporary differences between the financial reporting and the tax bases of assets and liabilities. The most material temporary differences arise from the amortization and depreciation differences of intangible assets and property, plant, and equipment, measuring the net assets of business combinations at fair value, measuring financial assets and hedging instruments at fair value, internal profits in inventory and other provisions, appropriations, and unused tax losses. Deferred tax liabilities will also be recognized from the subsidiaries' non-distributed retained earnings if profit distribution is likely and will result in tax consequences.

Deferred tax assets relating to the temporary differences are recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized before expiration. In assessing the recoverability of deferred tax assets compared to the expiration of tax losses and the future taxable profits, the Group relies on management judgment. Deferred taxes are not recorded on goodwill that is not deductible for tax purposes.

Nokian Tyres has reported deferred tax assets and liabilities in its financial statements which are expected to be realized in the profit and loss based on the management assessment. Management assessments on uncertain tax situations are based on external expertise.

EUR million	Dec 31, 2022	Adjustments between items	Recognized in income statement	Recognized in other comprehensive income	Net exchange differences	Acquisitions/ disposals of subsidiaries	Dec 31, 2023
<b>Deferred tax assets</b>							
Inventories	9.9		-0.6				9.3
Property, plant and equipment and intangible assets	1.1		0.7				1.8
Lease liabilities	25.8		2.7				28.5
Provisions and accruals	3.1	-2.0	-2.0		0.3		-0.7
Tax losses carried forward	20.2		13.3				33.5
Cash flow hedges	0.0			0.0			0.0
Other items	0.7		-0.7				0.1
<b>Total</b>	<b>60.9</b>	<b>-2.0</b>	<b>13.5</b>	<b>0.0</b>	<b>0.3</b>		<b>72.6</b>
Deferred tax assets offset against deferred tax liabilities	-37.4		19.7				-17.6
<b>Deferred tax assets</b>	<b>23.5</b>	<b>-2.0</b>	<b>33.2</b>	<b>0.0</b>	<b>0.3</b>		<b>55.0</b>
<b>Deferred tax liabilities</b>							
Property, plant and equipment and intangible assets	17.7	0.3	-3.1				14.9
Right of use assets	24.8		2.6				27.4
Untaxed reserves	0.6		-0.6				0.0
Undistributed earnings in subsidiaries	9.2	-1.4	-7.7				0.0
Cash flow hedges	2.6			-2.2			0.4
Other items	0.0	1.4	0.2				1.7
<b>Total</b>	<b>54.8</b>	<b>0.3</b>	<b>-8.6</b>	<b>-2.2</b>	<b>0.0</b>	<b>0.0</b>	<b>44.3</b>
Deferred tax liabilities offset against deferred tax assets	-37.4		19.7				-17.6
<b>Deferred tax liabilities</b>	<b>17.5</b>	<b>0.3</b>	<b>11.1</b>	<b>-2.2</b>	<b>0.0</b>	<b>0.0</b>	<b>26.7</b>

EUR million	Dec 31, 2021	Adjustments between items	Recognized in income statement	Recognized in other comprehensive income	Net exchange differences	Acquisitions/ disposals of subsidiaries	Dec 31, 2022
<b>Deferred tax assets</b>							
Inventories	9.6	0.7	-0.4				9.9
Property, plant and equipment and intangible assets	0.3	0.6	0.1				1.1
Lease liabilities	31.6		-5.8				25.8
Provisions and accruals	10.3	1.1	-9.2		0.9		3.1
Tax losses carried forward	1.6	5.1	13.5				20.2
Cash flow hedges	0.4			-0.4			0.0
Other items	0.6		0.2				0.7
<b>Total</b>	<b>54.3</b>	<b>7.5</b>	<b>-1.5</b>	<b>-0.4</b>	<b>0.9</b>		<b>60.9</b>
Deferred tax assets offset against deferred tax liabilities	-32.8		-4.6				-37.4
<b>Deferred tax assets</b>	<b>21.6</b>	<b>7.5</b>	<b>-6.1</b>	<b>-0.4</b>	<b>0.9</b>		<b>23.5</b>
<b>Deferred tax liabilities</b>							
Property, plant and equipment and intangible assets	17.5	-2.4	2.6		0.0		17.7
Right of use assets	30.7		-5.9				24.8
Untaxed reserves	0.5	0.1	0.0				0.6
Undistributed earnings in subsidiaries	21.0		-11.9				9.2
Cash flow hedges	0.8			1.9			2.6
Other items	0.1	-0.4	0.2				0.0
<b>Total</b>	<b>70.6</b>	<b>-2.7</b>	<b>-15.0</b>	<b>1.9</b>	<b>0.0</b>		<b>54.8</b>
Deferred tax liabilities offset against deferred tax assets	-32.8		-4.6				-37.4
<b>Deferred tax liabilities</b>	<b>37.9</b>	<b>-2.7</b>	<b>-19.6</b>	<b>1.9</b>	<b>0.0</b>		<b>17.5</b>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

On December 31, 2023, the Group had carry forward losses for EUR 136.2 (73.6) million, on which a deferred tax asset has been recognized. EUR 5.4 million of these carry forward losses will expire in five years, EUR 124.1 million will expire during years 2029–2033 and EUR 6.7 million will not expire. The Group also had carry forward losses for EUR 3.4 (10.1) million, on which no deferred tax asset was recognized. It is not probable that future taxable profit will be available to offset these losses. EUR 3.4 million of these losses will expire in five years.

The Group has utilized previously unrecognized tax losses from prior periods with EUR 0.1 (1.6) million in 2023.

The adjustments include EUR 2.3 million of adjustments that are booked through retained earnings. The adjustments are not applied to previous years because retrospective correction of previous years' estimates is not possible.

## 20. Inventories

### Accounting policies

#### Inventories

Inventories are measured at the lower of cost or the net realizable value. Cost is primarily determined in accordance with standard cost accounting. The cost of finished goods and work in progress includes raw material purchase costs, direct manufacturing wages, other direct manufacturing costs, and a share of production overheads, borrowing costs excluded. Net realizable value is the estimated sales price in ordinary activities less the costs associated with the completion of the product and the estimated necessary costs incurred to make the sale of the product. Allowance is recorded in obsolete items.

EUR million	2023	2022
Raw materials and supplies	108.1	214.5
Work in progress	11.3	13.6
Finished goods	352.3	301.8
<b>Total</b>	<b>471.7</b>	<b>529.9</b>

Annually an additional expense is recognized in the carrying amounts of all separate inventory items to avoid them exceeding their maximum probable net realizable values. In 2023 EUR 6.1 million expense was recognized to decrease the carrying amount of the inventories to reflect the net realizable value (EUR 19.7 million in 2022 without discontinued operations). Total inventory for 2022 without discontinued operations was EUR 442.5 million.

## 21. Trade and other receivables

### Accounting policies

#### Revenue recognition

Trade receivables have been recorded on the balance sheet according to the originally invoiced amount, and items in other currencies have been recognized at the closing rate reported by the European Central Bank. As the European Central Bank suspended the quotation of the ruble exchange rate in March 2022 the Group started using the WM/Refinitiv FX benchmark rate for the ruble. Trade receivables will change if the receivables are booked as a credit loss. There are three types of credit loss provisions: group-level IFRS 9, local, and statutory credit loss provision. Revenue from contracts with customers is reported under net sales, and credit losses are reported separately from net sales under other business expenses.

EUR million	2023	2022
Trade receivables	224.2	326.2
Loan receivables	-	0.4
Accrued revenues and deferred expenses	14.9	16.3
Derivative financial instruments		
Designated as hedges	3.0	12.4
Measured at fair value through profit or loss	2.6	3.4
Current tax assets	7.6	15.0
Value added tax receivables	23.6	15.9
Other receivables	4.7	12.6
<b>Total</b>	<b>280.5</b>	<b>402.3</b>

The carrying amount of trade and other receivables corresponds to the maximum exposure to the credit risk on the reporting date.

The carrying amount of trade and other receivables is a reasonable approximation of their fair value. See note 29 for the impairments in respect of trade receivables. Total trade receivables for 2022 without discontinued operations was EUR 208.4 million and trade and other receivables total without discontinued operations was EUR 271.1 million.

#### Significant items under accrued revenues and deferred expenses

EUR million	2023	2022
Annual discounts, purchases	2.7	3.2
Financial items	1.1	0.6
Social security contributions	0.3	0.1
Insurances	1.6	1.4
Other items	9.3	11.1
<b>Total</b>	<b>14.9</b>	<b>16.3</b>

## 22. Cash and cash equivalents

### Accounting policies

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and other current investments, such as commercial papers and bank deposits.

EUR million	2023	2022
Cash in hand and at bank	364.2	259.0
Money market instruments	50.7	-
<b>Total</b>	<b>414.9</b>	<b>259.0</b>

EUR 25.6 million of the Group's cash and cash equivalents are not freely available to the Group due to the prevailing restrictions.



## 23. Equity

### Accounting policies

#### Treasury shares

The acquisition cost of treasury shares repurchased by the Group is recognized as a deduction in equity. The consideration received for the treasury shares when sold, net of transaction costs and tax, is included in equity.

#### Dividend

The dividend proposed by the Board of Directors at the Annual General Meeting has not been recognized in the financial statements. Dividends are only accounted for on the basis of the decision of the Annual General Meeting.

### Reconciliation of the number of shares

EUR million	Number of shares, 1,000 pcs	Share capital	Share premium	Paid-up unrestricted equity reserve	Treasury shares	Total
Jan 1, 2022	138,224	25.4	181.4	238.2	-17.6	427.5
Acquisition/conveyance of treasury shares	27	-	-	-	1.0	1.0
Other changes	-	-	-	-	-	-
<b>Dec 31, 2022</b>	<b>138,251</b>	<b>25.4</b>	<b>181.4</b>	<b>238.2</b>	<b>-16.6</b>	<b>428.5</b>
Jan 1, 2023	138,251	25.4	181.4	238.2	-16.6	428.5
Acquisition/conveyance of treasury shares	-384	0.0	0.0	0.0	-0.1	-0.1
Other changes	-	-	-	-	-	-
<b>Dec 31, 2023</b>	<b>137,867</b>	<b>25.4</b>	<b>181.4</b>	<b>238.2</b>	<b>-16.7</b>	<b>428.4</b>

The nominal value of shares was abolished in 2008, hence no maximum share capital of the Group exists anymore. All outstanding shares have been paid for in full.

### Below is a description of the reserves within equity:

#### Share premium

Before the nominal value of shares was abolished, the amount exceeding the nominal value of shares received by the company in connection with share issue and share subscription were recognized in share premiums.

#### Translation reserve

Translation reserve includes the differences arising from the translation of the foreign subsidiaries' financial statements. The gains and losses from the net investments in foreign units and hedging those net investments are also included in translation reserve once the requirements of hedge accounting have been met.

#### Fair value and hedging reserves

The fair value and hedging reserves comprise of two sub reserves: a fair value reserve for financial assets measured at fair value through other comprehensive income and a hedging fund for changes in the fair value of the derivative financial instruments used for cash flow hedging.

#### Paid-up unrestricted equity reserve

After the nominal value of shares was abolished, the entire share subscription made by option rights are entered in the paid-up unrestricted reserve.

#### Treasury 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 from 2017 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. In accordance with IFRS, these repurchased shares have been reported as treasury shares in the Consolidated

Statement of Financial Position. On December 31, 2023, the number of these shares was 1,054,507 (670,426). On December 31, 2023, this number of shares corresponded to 0.76 (0.48) percent of the total shares and voting rights in the company.

### Dividends

After the balance sheet date, the Board of Directors proposed that a dividend of EUR 0.55 (0.55) per share be paid for 2023.

### Specification of the distributable funds

The distributable funds on December 31, 2023, total EUR 859.4 (716.1) million and are based on the balance of the Parent company and the Finnish legislation.

## 24. Long-term incentive plans for the group management team and key personnel

### Accounting policies

#### Share-based payments

Performance shares are measured at fair value on the grant date and are expensed on a straight-line basis over the vesting period. The equity-settled amounts are recorded as an increase in equity. The expense determined on the grant date is based on the Group's estimate of the number of shares that are assumed to vest at the end of the vesting period. The impact of non-market-based conditions (such as net sales and operating profit) is not included in the fair value of the share; instead, it is taken into account in the final number of shares that are assumed to vest at the end of the vesting period. The Group updates the assumption of the final number on each reporting date. The fair values of cash-settled amounts are similarly updated on each reporting date and recorded in equity.

### Long-term incentive plans

In February 2019, the Board of Nokian Tyres plc decided to establish a share-based long-term incentive scheme for the Company's management and selected key employees. The decision included a Performance Share Plan (PSP) as the main structure and a Restricted Share Plan (RSP) as a complementary structure for specific situations.

The purpose of the share-based incentive plans is to harmonize the goals of the Company's owners and key personnel in order to increase the value of the Company in the long term, to commit key personnel to the Company and its strategic target and to offer a competitive rewards system for personnel. The Performance Share

Plan is targeted to the President and CEO, Group Management Team members and other key employees.

The Performance Share Plan consists of annually commencing typically three-year performance periods after which the possible reward is delivered to participants. The company's Board will decide separately on each performance period and set the performance criteria at the beginning of the earnings period.

The target incentive from the Performance Share Plan 2019 onwards corresponds to 75–100% of a Group Management Team member's annual base salary. The maximum level is twice the target level, i.e. 150–200% of annual base salary. The maximum value of paid reward cannot exceed the maximum percentage of annual base salary used to define the allocation at grant. The number of shares can be re-calculated at payout in case the performance criteria have been met at maximum and the share price has increased from grant.

A member of the Group's Management Team must own 25% of the gross total number of shares earned through the system, up to the point where the total value of their share ownership is equal to their gross annual salary. They must own this number of shares for as long as they are involved in the Group's Management Team.

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

#### PSP 2020–2022

The PSP 2020–2022 commenced effective as of the beginning of 2020 and the potential share reward thereunder was paid in the first half of 2023 provided that the performance targets set by the Board of Directors were achieved.

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 the end of March 2023. Approximately 125 key employees participated in the Performance Share Plan 2020–2022, including members of the Management Team.

#### **PSP 2021–2023**

In February 2021, the Board of Nokian Tyres plc decided to continue the Performance Share Plan for a new performance period for the years 2021–2023. The Performance Period (PSP 2021–2023) commenced effective as of the beginning of 2021 and the potential share reward thereunder will be paid in the first half of 2024 provided that the performance targets set by the Board of Directors are achieved. The potential reward will be paid partly in shares of Nokian Tyres plc and partly in cash. Eligible to participate in PSP 2021–2023 are approximately 220 individuals, including the members of Group's Management Team.

The potential share reward payable under the PSP 2021–2023 are based on the segments Earnings Per Share (EPS) and segments Return on Capital Employed (ROCE). The possible rewards paid based on the Performance Period of 2021–2023 will be a maximum of 534,898 gross shares.

#### **PSP 2022–2024**

In February 2022, the Board of Nokian Tyres plc decided to continue the Performance Share Plan for a new performance period for the years 2022–2024. The Performance Period (PSP 2022–2024) commenced effective as of the beginning of 2022 and the potential share reward thereunder will be paid in the first half of 2025 provided that the performance targets set by the Board of Directors are

achieved. The potential reward will be paid partly in shares of Nokian Tyres plc and partly in cash. Cash portion of the reward is intended to cover the taxes arising from the paid reward. Eligible to participate in PSP 2022–2024 are approximately 235 individuals, including the members of Group's Management Team.

The potential share reward payable under the PSP 2022–2024 are based on the segments Earnings Per Share (EPS) and segments Return on Capital Employed (ROCE). The possible rewards paid based on the Performance Period of 2022–2024 will be a maximum of 513,742 gross shares.

#### **New Performance share plans (PSP) 2023–2027:**

In February 2023, The Board of Directors of Nokian Tyres plc 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.

#### **PSP 2023–2024**

The rewards from the performance period 2023–2024 are based on cumulative EBITDA, increase in passenger car tire production volume and reduction in direct CO2 emissions.

The President and CEO of the company and members of the Management Team are obliged to hold 50 percent 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.

PSP 2023–2024 has a two-year performance period and one year retention period.

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 (RSP)**

The Restricted Share Plan (RSP) consists of annually commencing restricted share plans. Each plan has a three-year vesting period after which the allocated share rewards will be delivered to the participants partly in Nokian Tyres plc shares and partly in cash. 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.

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

A precondition for the payment of the share reward based on the Restricted Share Plan is that the employment relationship of the individual participant with Nokian Tyres continues until the payment date of the reward. In addition to this precondition, a financial performance criterion is applied to Group Management Team.

The criterion is a threshold value for segment Return on Capital Employed (ROCE), which must be exceeded for a potential 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 criterion 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.

#### RSP 2020–2022

In February 2020, the Board of Nokian Tyres plc decided to continue the Restricted Share Plan and the RSP 2020–2022 commenced at the beginning of 2020. Potential share rewards will be delivered in the first half of 2023. A financial performance criterion is applied to Nokian Tyres Management Team. The criterion is a threshold value for Return on segment Capital Employed (ROCE), which must be exceeded for a potential payment of a share reward based on the 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 participated 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 correspond to a total of 71,550 Nokian Tyres plc gross shares. The rewards were paid in the end of 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 continues until the payment date of the reward.

#### RSP 2021–2023

In February 2021, the Board of Nokian Tyres plc decided to continue the Restricted Share Plan and the RSP 2021–2023 commenced at the beginning of 2021. Potential share rewards will be delivered in the first half of 2024. A financial performance criterion is applied to Group Management Team. The criterion is a threshold value for Return on segment Capital Employed (ROCE), which must be exceeded for a potential payment of a share reward based on the Restricted Share Plan 2021–2023.

The possible rewards paid based on the Restricted Share Plan 2021–2023 correspond to a maximum of 120,000 gross shares.

#### RSP 2022–2024

In February 2022, the Board of Nokian Tyres plc decided to continue the Restricted Share Plan and the RSP 2022–2024 commenced at the beginning of 2022. Potential share rewards will be delivered in the first half of 2025. A financial performance criterion is applied to Group Management Team. The criterion is a threshold value for Return on segment Capital Employed (ROCE), which must be exceeded for a potential payment of a share reward based on the Restricted Share Plan 2022–2024.

The possible rewards paid based on the Restricted Share Plan 2022–2024 correspond to a maximum of 120,000 gross shares.

#### RSP 2023–2025

In February 2023, The Board of Directors of Nokian Tyres plc decided to continue the Restricted Share Plan, using the same structure as previous years. The next plan (RSP 2023–2025) within the Restricted Share Plan structure commences effective as of the beginning of 2023 and the potential share reward thereunder will be paid in the

first half of 2026. The financial performance criterion is applied to Nokian Tyres Management Team. The criterion 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 possible rewards paid based on RSP 2023–2025 correspond approximately to a maximum of 120,000 gross shares.

The following tables present more specific information on the performance share plans.

Instrument	PSP 2020–2022	PSP 2021–2023	PSP 2022–2024	PSP 2023–2025	RSP 2020–2022	RSP 2021–2023	RSP 2022–2024	RSP 2023–2025	Total
Issuing date	Feb 4, 2020	Feb 9, 2021	Feb 8, 2022	Feb 7, 2023	Feb 4, 2020	Feb 9, 2021	Feb 8, 2022	Feb 7, 2023	
Initial amount, pcs	569,260	534,898	513,742	1,400,000	120,000	120,000	120,000	120,000	3,497,900
Dividend adjustment	No	No	No	No	No	No	No	No	
Initial allocation date	Mar 26, 2020	Mar 4, 2021	Feb 8, 2022	Feb 17, 2023	Jun 17, 2020	Mar 18, 2021	Dec 19, 2022	Dec 12, 2023	
Beginning of earning period	Jan 1, 2020	Jan 1, 2021	Jan 1, 2022	Jan 1, 2023	Jan 1, 2020	Jan 1, 2021	Jan 1, 2022	Jan 1, 2023	
End of earning period	Dec 31, 2022	Dec 31, 2023	Dec 31, 2024	Dec 31, 2025	Dec 31, 2022	Dec 31, 2023	Dec 31, 2024	Dec 31, 2025	
Vesting date	Mar 31, 2023	Mar 31, 2024	Mar 31, 2025	Mar 31, 2026	Mar 31, 2023	Mar 31, 2024	Mar 31, 2025	Mar 31, 2026	
Vesting conditions	Earnings Per Share (EPS) growth % and Return on Capital Employed (ROCE)	Earnings Per Share (EPS) growth % and Return on Capital Employed (ROCE)	Earnings Per Share (EPS) growth % and Return on Capital Employed (ROCE)	Cumulative EBITDA, increase in passenger car tire production volume and reduction in direct CO <sub>2</sub> emissions	Continued employment, Segments Return on Capital Employed (ROCE) for management team	Continued employment, Segments Return on Capital Employed (ROCE) for management team	Continued employment, Segments Return on Capital Employed (ROCE) for management team	Continued employment, Segments Return on Capital Employed (ROCE) for management team	
Maximum contractual life, yrs	3.0	3.1	3.1	3.2	3.2	3.1	3.1	3.2	3.1
Remaining contractual life, yrs	0.0	0.3	1.3	2.3	0.0	0.3	1.3	2.3	1.3
Number of persons at the end of reporting year	0	142	164	152	67	4	7	1	
Payment method	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	
<b>Changes during period</b>	<b>PSP 2020–2022</b>	<b>PSP 2021–2023</b>	<b>PSP 2022–2024</b>	<b>PSP 2023–2025</b>	<b>RSP 2020–2022</b>	<b>RSP 2021–2023</b>	<b>RSP 2022–2024</b>	<b>RSP 2023–2025</b>	<b>Total</b>
<b>Jan 1, 2023</b>									
Outstanding in the beginning of the period	373,420	454,702	445,854	0	80,550	6,135	12,300	0	1,372,961
Reserve in the beginning of the period	195,840	80,196	67,888	0	39,450	113,865	107,700	0	604,939
<b>Changes during period</b>									
Granted	0	0	0	1,373,474	0	0	0	15,000	1,388,474
Forfeited	57,140	92,652	86,858	87,708	9,600	0	0	0	333,958
Earned (Gross)	154,187	0	0	0	70,950	0	0	0	225,137
Delivered (Net)	79,179	0	0	0	36,740	0	0	0	115,919
Expired	162,094	0	0	0	49,050	0	0	0	211,144
<b>Dec 31, 2023</b>									
Outstanding at the of the period	0	374,506	358,996	1,285,766	0	6,135	12,300	15,000	2,052,703
Reserved at the of the period	0	172,848	154,746	114,234	0	113,865	107,700	105,000	768,393

## Fair value determination

Inputs to the fair value determination of the performance shares expensed during the financial year 2023 are listed in the below table as weighted average values. The total fair value of the performance shares is based on the company's estimate on December 31, 2023 as to the number of shares to be eventually vesting.

Earning period 2023	
<b>Fair value Determination</b>	
Share price at grant, EUR	10.19
Share price at reporting date, EUR	8.258
Expected dividends, EUR	1.06
Fair market value per share at grant, EUR	9.12
Valuation model	Dividend Discount
Total fair value Dec 31, 2023, EUR million	1.17
<b>Impact on period profits and financial position</b>	
Expenses for the financial year, share-based payments, EUR million	0.30
Liabilities arising from share-based payments Dec 31, 2023, EUR million	0.00
Estimated amount of cash to be paid under these plans, EUR million	1.20

## 25. Pension liabilities

### Accounting policies

#### Pension liabilities

The Group companies have several pension schemes in different countries based on local conditions and practices. Payments for defined contribution plans are recorded as expenses in the income statement for the period they relate to.

All material pension arrangements in the Group are defined contribution plans.

## 26. Provisions

### Accounting policies

#### Provisions

A provision is entered into the statement of financial position if the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions may be related to the reorganization of activities, unprofitable agreements, environmental obligations, trials, and tax risks. Warranty provisions include the cost of product replacement during the warranty period.

The products sold by the company have a standard warranty period. Furthermore, in limited markets, a so-called Hakka Guarantee is offered for selected Hakka products that covers tire punctures not covered by the standard warranty. The Hakka Guarantee is valid for one year from the purchase of the tire, but at most until the tire has worn down by a predefined amount. Activating the Hakka Guarantee requires the end customer to register for the service.

Provisions constitute the best estimates at the statement of financial position date and are based on the past experience of the level of warranty expenses.

EUR million	Warranty provision	Restructuring provision	Total
Jan 1, 2023	5.8	4.0	9.8
Provisions made	0.2	0.0	0.2
Provisions used	0.0	-2.1	-2.1
Unused provisions reversed	-4.3	-2.0	-6.2
<b>Dec 31, 2023</b>	<b>1.8</b>	<b>0.0</b>	<b>1.8</b>

EUR million	2023	2022
<b>Non-current provisions</b>	-	-
<b>Current provisions</b>	<b>1.8</b>	<b>9.8</b>

#### Warranty provision

The goods are sold with a normal warranty period. Additionally, a Hakka Guarantee warranty has been established in certain markets for certain products to compensate tire damages not covered by the normal warranty, one year after the purchase and to a certain wear limit. Damaged goods will be repaired at the cost of the company or replaced with a corresponding product. The provisions are based on the sales and statistical compensation volumes of the tires sold under these warranties. The warranty provisions are expected to be utilized within one year.

## 27. Interest-bearing financial liabilities

EUR million	2023	2022
<b>Non-current</b>		
Loans from financial institutions and pension loans	304.7	108.6
Bond loans	99.2	-
	<b>404.0</b>	<b>108.6</b>
<b>Current</b>		
Loans from financial institutions	-	150.0
Commercial papers	-	10.9
Current portion of non-current loans from financial institutions and pension loans	104.2	1.3
	<b>104.2</b>	<b>162.2</b>
<b>Total</b>	<b>508.2</b>	<b>270.8</b>

All interest-bearing financial liabilities are denominated in euros.

### Effective interest rates for interest-bearing financial liabilities

	2023		2022	
	Without hedges	With hedges	Without hedges	With hedges
Loans from financial institutions and pension loans	5.2%	4.3%	3.1%	2.5%
Bond loans	5.3%	5.3%	-	-
Commercial papers	-	-	2.9%	2.9%
<b>Total</b>	<b>5.2%</b>	<b>4.5%</b>	<b>3.1%</b>	<b>2.5%</b>

See note 16 for the fair values of the interest-bearing financial liabilities.

## 28. Trade and other payables

EUR million	2023	2022
Trade payables	155.9	121.3
Accrued expenses and deferred revenues	106.3	170.9
Advance payments	0.0	0.7
Derivative financial instruments		
Designated as hedges	0.5	0.1
Measured at fair value through profit or loss	1.7	1.0
Current tax liabilities	3.8	4.1
Value added tax liabilities	24.0	31.9
Other liabilities	18.1	18.3
<b>Total</b>	<b>310.2</b>	<b>348.6</b>

The carrying amount of trade and other payables is a reasonable approximation of their fair value.

EUR million	2023	2022
<b>Significant items under accrued expenses and deferred revenues</b>		
Wages, salaries and social security contributions	26.0	43.2
Annual discounts, sales	62.2	97.8
Commissions	0.0	0.0
Marketing expenses	0.8	1.3
Transportation costs	0.2	0.4
Financial items	5.2	0.8
Other items	11.9	27.4
<b>Total</b>	<b>106.3</b>	<b>170.9</b>

## 29. Financial risk management

The objective of financial risk management is to protect the Group's planned profit development from adverse movements in financial markets. The principles and targets of financial risk management are defined in the Group's treasury policy, which is approved by the Board. Financing activities and financial risk management are centralized to the parent company Treasury, which executes financing and hedging transactions with external counterparties and acts as a primary counterparty to business units in financing activities like funding, foreign exchange transactions and cash management. The Group Credit Committee makes credit decisions that have a significant impact on the credit exposure of the Group.

### Foreign currency risk

The Nokian Tyres Group consists of the parent company in Finland, the sales companies in Sweden, Norway, the USA, Canada, Czech Republic, Germany, France, Switzerland, Poland and Ukraine, the tire chain companies in Finland, Sweden and Norway. The tire factories are located in Nokia, Finland, and in Dayton, Tennessee, the USA. Construction of a new passenger car tire factory in Oradea, Romania started in spring 2023.

### Transaction risk

According to the Group's treasury policy, transactions between the parent company and the foreign subsidiaries are primarily carried out in the local currency of the subsidiary in question, and the transaction risk is carried by the parent company and there is no significant currency risk in the foreign subsidiaries. Exceptions to the main rule are subsidiaries, which have non-home currency items due to the nature of business activities. In this case transactions between the parent company and the subsidiary are carried out in a currency appropriate for the Group currency exposure. The parent company manages transaction risk in these subsidiaries and implements required hedging transactions for hedging the currency exposure of the subsidiary according to the Group hedging principles.

The transaction exposure of the parent company and the subsidiaries with non-home currency items comprises of the foreign currency denominated receivables and payables in the statement of financial position and the foreign currency denominated binding purchase and sales contracts. According to the Group's treasury policy the significant transaction exposure in every currency pair is hedged, although 20% over-hedging or under-hedging is allowed if a +/- 10% change in the exchange rate does not create over EUR 1 million impact on the income statement. However, a simultaneous +/- 10% change in all the Group exposure currencies against EUR must

not create over a EUR 5 million impact on the income statement. Exceptions to the main rule are non-convertible currencies, which do not have active hedging markets available. For budget exposure the estimated currency cash flows are added to the transaction exposure so that the overall foreign currency risk exposure horizon covers the next 12 months. The budget exposure may be hedged according to the market situation and the hedge ratio can be up to 70% of the budget exposure. Currency forwards, currency options and cross-currency swaps are used as hedging instruments.

### Transaction risk

EUR million	Dec 31, 2023								Dec 31, 2022								
	EUR	EUR	EUR	EUR	EUR	EUR	CZK	RON	EUR	EUR	EUR	EUR	EUR	EUR	CZK	RON	
Functional currency																	
Foreign currency	CAD	NOK	PLN	RON	SEK	USD	EUR	EUR	CAD	NOK	PLN	RON	SEK	USD	EUR	EUR	
Trade receivables	15.0	21.9	5.1	0.0	24.3	11.9	20.2	0.0	5.7	38.8	2.8	0.0	26.7	6.3	35.3	0.0	
Loans and receivables	1.6	44.8	7.3	0.0	28.0	8.6	5.8	0.0	2.8	106.8	6.9	0.0	25.7	23.1	23.6	0.0	
<b>Total currency income</b>	<b>16.6</b>	<b>66.6</b>	<b>12.4</b>	<b>0.0</b>	<b>52.3</b>	<b>20.5</b>	<b>26.1</b>	<b>0.0</b>	<b>8.6</b>	<b>145.6</b>	<b>9.7</b>	<b>0.0</b>	<b>52.3</b>	<b>29.5</b>	<b>58.9</b>	<b>0.0</b>	
Trade payables	-0.1	0.0	0.0	0.0	0.0	-16.7	-21.2	-3.8	-0.4	0.0	0.0	0.0	0.0	-6.6	-34.3	-16.8	
Borrowings	-9.8	-31.1	-5.8	0.0	-13.1	-3.2	0.0	0.0	-7.3	-97.8	-7.3	0.0	-20.4	-18.8	0.0	0.0	
<b>Total currency expenditure</b>	<b>-9.9</b>	<b>-31.1</b>	<b>-5.8</b>	<b>0.0</b>	<b>-13.1</b>	<b>-20.0</b>	<b>-21.2</b>	<b>-3.8</b>	<b>-7.7</b>	<b>-97.8</b>	<b>-7.3</b>	<b>0.0</b>	<b>-20.4</b>	<b>-25.4</b>	<b>-34.3</b>	<b>-16.8</b>	
Foreign exchange derivatives	-4.1	-38.7	-5.8	0.0	-41.9	-5.9	-5.3	0.0	3.5	-44.7	-1.1	0.0	-26.5	-8.0	-28.0	0.0	
Binding sales contracts	0.8	6.9	0.0	0.0	5.3	1.0	6.0	0.0	7.5	10.0	0.0	0.0	2.4	1.5	12.0	0.0	
Binding purchase contracts	0.0	0.0	0.0	0.0	0.0	-76.9	-2.0	0.0	0.0	0.0	0.0	0.0	0.0	-16.4	-5.3	0.0	
Future interest items	0.0	2.1	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.2	-0.2	0.0	0.0	
<b>Net exposure</b>	<b>3.4</b>	<b>5.7</b>	<b>0.8</b>	<b>0.0</b>	<b>3.3</b>	<b>-81.2</b>	<b>3.5</b>	<b>-3.7</b>	<b>11.8</b>	<b>13.9</b>	<b>1.3</b>	<b>0.0</b>	<b>8.0</b>	<b>-19.0</b>	<b>3.2</b>	<b>-16.7</b>	



#### Translation risk

In financial statements the statements of financial position of the foreign subsidiaries are translated into euro using the European Central Bank's closing rates and the income statements monthly using the monthly average rate for the period. The impacts of the exchange rate fluctuations arising on translation of the subsidiaries' income statements and statements of financial position are recorded as translation differences in other comprehensive income and in the translation reserve in equity. The net investments in foreign subsidiaries are not hedged based on the Board decision in 2013.

Group's total comprehensive income was negatively affected by translation differences on foreign operations by EUR 33.5 million (positively affected EUR 36.7 in 2022).

#### Translation risk

##### Net investments by currency

EUR million	Dec 31, 2023	Dec 31, 2022
<b>Currency of net investment</b>		
CAD	21.7	13.7
CZK	13.8	24.8
NOK	52.8	41.3
RON	123.0	20.4
RUB	-	514.3
SEK	43.6	47.0
USD	470.2	428.4

##### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the base currency against the quote currency, with all other variables held constant, of the Group's profit before tax and equity due to changes in the fair value of financial assets and liabilities.

A reasonably possible change is assumed to be a 10% base currency appreciation or depreciation against the quote currency. A change of a different magnitude can also be estimated fairly accurately because the sensitivity is nearly linear.

EUR million	Dec 31, 2023				Dec 31, 2022			
	Base currency		Base currency		Base currency		Base currency	
	10% stronger Income statement	10% weaker Equity	10% stronger Income statement	10% weaker Equity	10% stronger Income statement	10% weaker Equity	10% stronger Income statement	10% weaker Equity
<b>Base currency / Quote currency</b>								
EUR/CAD	-0.3	-	0.3	-	-0.8	-	0.4	-
EUR/CZK	0.0	-	0.0	-	-0.4	-	0.4	-
EUR/PLN	-0.1	-	0.1	-	-0.1	-	0.1	-
EUR/NOK	-0.2	-	-0.2	-	-0.3	-	0.3	-
EUR/RON	-0.4	-	0.4	-	-1.7	-	1.7	-
EUR/SEK	0.2	-	-0.2	-	-0.6	-	0.6	-
EUR/USD	0.5	-	-0.5	-	0.4	-	-0.4	-

### Interest rate risk

The interest rate risk of the Group consists mainly of borrowing, which is split between floating and fixed rate instruments. On the reporting date the floating rate interest-bearing financial liabilities amounted to EUR 255.6 (166.3) million and the fixed rate interest-bearing liabilities EUR 252.7 (104.5) million including the interest rate derivatives. The Group's policy aims to have at least 50 percent of the non-current financial liabilities in fixed rate instruments. Interest rate risk is managed by using interest rate derivatives. On the reporting date the share of the fixed rate non-current interest-bearing financial liabilities including their current portion was 50 (95) percent and the average fixing period of the interest-bearing financial liabilities was 17 (11) months including the interest rate derivatives. The Group uses interest rate derivatives as cash flow hedges and hedge accounting is mainly applied for those derivatives.

### Electricity price risk

The Group purchases electricity in Finland at market price from the Nordic electricity exchange and this leads to an electricity price exposure. Annually around 110 GWh of electricity is procured. According to the procurement policy electricity purchases are hedged with electricity derivatives within the limits set by the pre-defined hedge ratios for the coming five-year period. On the reporting date the energy amount of the electricity derivatives amounted to 190 (150) GWh.

### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings and interest rate hedges measured at fair value through profit or loss and the Group's equity due to changes in the fair value of cash flow hedges. A reasonably possible change is assumed to be a 1%-point increase or decrease of the market interest rates.

EUR million	Dec 31, 2023				Dec 31, 2022			
	Interest rate				Interest rate			
	1%-point higher Income statement		1%-point lower Income statement		1%-point higher Income statement		1%-point lower Income statement	
	Equity	Equity	Equity	Equity	Equity	Equity	Equity	
<b>Impact of interest rate change</b>	-3.4	0.5	3.4	-0.5	-1.6	1.2	1.6	-1.2

### Sensitivity analysis for electricity price risk

The following table demonstrates the sensitivity to a reasonably possible change in electricity price, with all other variables held constant, of the Group's profit before tax and equity due to changes in the fair value of the electricity derivatives. A reasonably possible change is assumed to be a 5 EUR/MWh increase or decrease of the electricity market prices. A change of a different magnitude can also be estimated fairly accurately because the sensitivity is nearly linear.

EUR million	Dec 31, 2023				Dec 31, 2022			
	Electricity price				Electricity price			
	5 EUR/MWh higher Income statement		5 EUR/MWh lower Income statement		5 EUR/MWh higher Income statement		5 EUR/MWh lower Income statement	
	Equity	Equity	Equity	Equity	Equity	Equity	Equity	
<b>Impact of electricity price change</b>	-	0.9	-	-0.9	-	0.8	-	-0.8

## Liquidity and funding risk

In accordance with the Group's treasury policy, Treasury is responsible for maintaining the Group's liquidity, efficient cash management and sufficient sources of funding. The committed credit limits cover all funding needs, like outstanding commercial papers, other current loans, working capital changes arising from operative business and investments.

Refinancing risk is reduced by split maturity structure of loans and credit limits. The Group issued in June a EUR 100 million sustainability linked bond maturing in 2028. In December the Group rearranged a EUR 200 million revolving credit facility due in 2027 with a bank syndicate of 5 banks. A EUR 150 million syndicated revolving credit facility and a EUR 25 million bilateral revolving facility due in spring 2024 were replaced by the new revolving credit facility, which is sustainability linked and it has two one-year extension options. In addition to previous the Group has a EUR 500 million domestic commercial paper program and total of EUR 125 million bilateral revolving credit facilities. The current credit limits and the commercial paper program are used to finance inventories, trade receivables, subsidiaries in distribution chains and thus to control the typical seasonality in the Group's cash flows.

On the reporting date the Group's liquidity in cash and cash equivalents was EUR 414.9 (259.0) million. At the end of the year the Group's credit limits available were EUR 831.1 (799.3) million, out of which the committed limits were EUR 330.3 (305.4) million. The available committed non-current credits amounted to EUR 300.0 (300.0) million.

The Group's interest-bearing financial liabilities totaled EUR 508.2 million, compared to the year before figure of EUR 270.8 million. All the interest-bearing financial liabilities were in EUR. The average interest rate of interest-bearing financial liabilities was 4.5%. Current interest-bearing financial liabilities, including the current portion of non-current financial liabilities maturing within the next 12 months, amounted to EUR 104.2 (162.2) million.

The Group reports the main financial covenants to creditors quarterly. If the Group does not satisfy the requirements set in financial covenants, creditor may demand accelerated repayment of the credits. In 2023 the Group has met all the requirements set in the financial covenants, which are mainly linked to equity ratio.

Management monitors regularly that the covenant requirements are met. Financing agreements contain terms and conditions upon which the agreement may be terminated, if control in the company changes as a result of a public tender offer.

## Contractual maturities of financial and lease liabilities

EUR million	Carrying amount	2023						Total
		Contractual maturities*						
		2024	2025	2026	2027	2028	2029–	
<b>Non-derivative financial liabilities</b>								
Loans from financial institutions and pension loans								
Fixed rate loans	3.4	-0.6	-0.6	-0.6	-0.6	-0.6	-0.8	-3.7
Floating rate loans	405.6	-122.7	-308.7	-0.5	-0.5	-0.2	-0.3	-433.0
Bond loans	99.2	-5.1	-5.1	-5.1	-5.1	-105.1	0.0	-125.6
Commercial papers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade and other payables	155.9	-155.9	0.0	0.0	0.0	0.0	0.0	-155.9
<b>Lease liabilities</b>	<b>130.3</b>	<b>-27.5</b>	<b>-23.5</b>	<b>-17.1</b>	<b>-10.6</b>	<b>-7.2</b>	<b>-20.2</b>	<b>-106.0</b>
<b>Derivative financial liabilities</b>								
Interest rate derivatives								
Designated as hedges	-1.6	1.6	0.0	0.0	0.0	0.0	0.0	1.6
Foreign currency derivatives								
Measured at fair value through profit or loss								
Cashflow out	1.7	-235.2	0.0	0.0	0.0	0.0	0.0	-235.2
Cashflow in	-2.6	236.1	0.0	0.0	0.0	0.0	0.0	236.1
Electricity derivatives								
Designated as hedges	-0.7	0.7	0.1	0.0	0.0	0.0	0.0	0.7
<b>Total</b>	<b>791.2</b>	<b>-308.6</b>	<b>-337.8</b>	<b>-23.3</b>	<b>-16.8</b>	<b>-113.1</b>	<b>-21.3</b>	<b>-821.0</b>

\* The figures are undiscounted and include both the finance charges and the repayments.

Contractual maturities of financial and lease liabilities

EUR million	2022							
	Carrying amount	Contractual maturities*						Total
		2023	2024	2025	2026	2027	2028–	
<b>Non-derivative financial liabilities</b>								
Loans from financial institutions and pension loans								
Fixed rate loans	4.5	-1.2	-0.6	-0.6	-0.6	-0.6	-1.4	-4.9
Floating rate loans	255.4	-155.4	-105.0	-0.3	-0.3	-0.4	-0.5	-262.1
Bond loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial papers	10.9	-11.0	0.0	0.0	0.0	0.0	0.0	-11.0
Trade and other payables	121.3	-121.3	0.0	0.0	0.0	0.0	0.0	-121.3
<b>Lease liabilities</b>	<b>129.1</b>	<b>-26.0</b>	<b>-22.0</b>	<b>-18.2</b>	<b>-12.6</b>	<b>-7.3</b>	<b>-20.9</b>	<b>-106.9</b>
<b>Derivative financial liabilities</b>								
Interest rate derivatives								
Designated as hedges	-3.9	2.5	1.5	0.0	0.0	0.0	0.0	4.0
Foreign currency derivatives								
Measured at fair value through profit or loss								
Cashflow out	1.0	-179.5	0.0	0.0	0.0	0.0	0.0	-179.5
Cashflow in	-3.4	180.8	0.0	0.0	0.0	0.0	0.0	180.8
Electricity derivatives								
Designated as hedges	-9.4	7.0	1.9	0.8	0.0	0.0	0.0	9.7
<b>Total</b>	<b>505.5</b>	<b>-304.2</b>	<b>-124.3</b>	<b>-18.3</b>	<b>-13.5</b>	<b>-8.3</b>	<b>-22.8</b>	<b>-491.3</b>

\* The figures are undiscounted and include both the finance charges and the repayments.

## Credit risk

Credit risk is a risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk in its operating activities (primarily trade receivables) and in its financing activities, including deposits, foreign exchange transactions and other financial transactions with banks and financial institutions.

The credit risk in financial transactions is controlled by doing business only with banks and financial institutions with high credit ratings. In investments the Group's placements are current and funds are invested only in solid domestic listed companies, public institutions or non-listed domestic companies which meet the criteria set by the investment policy. The Board approves the investment policy for financial instruments annually.

The principles of customer credit risk management are documented in the Group's credit policy approved by the Board. The Group Credit Committee makes all the significant credit decisions. Customer credit risk is managed by each business area subject to the Group's credit policy, procedures, and controls relating to customer credit risk management. Creditworthiness of a customer is assessed based on its financial status, payment history, and country risk. Individual credit limits are defined in accordance with this assessment and/or in some cases trade finance instruments, bank guarantees, and specific payment terms may be in use to mitigate the credit risk. Credits are limited in countries where political or economic environment is unstable. Outstanding customer receivables, customers' creditworthiness, and country risk are regularly monitored. Payment programs, which customer is committed to, are always agreed upon for past due receivables. There are no over 15% customer or country risk concentrations in trade receivables, other than Swedish customers' 20% share (Norwegian customers 23% share in 2022 of trade receivables excluding Russia) on the reporting date.

## Aging and impairment of trade receivables

Impairment recognized in trade receivables corresponds to lifetime expected credit losses for trade receivables. To measure expected credit losses a simplified provision matrix is in use and individual assessments are used with customers bearing an increased credit risk. An impairment analysis is performed at each reporting date. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables. When measuring expected credit losses, the Group reviews five-year sales, customer payment behavior, actual credit losses, current conditions and forecasts of future economic conditions. Trade receivables are permanently written-off when the expected income from the receivable is permanently lost, for example at the end of bankruptcy proceedings.

### The aging and impairment of trade receivables

EUR million	Dec 31, 2023		Dec 31, 2022	
	Trade receivables gross amount	Impairment loss allowance	Trade receivables gross amount	Impairment loss allowance
<b>Not past due</b>	<b>193.3</b>	<b>-1.0</b>	423.7	-129.3
Past due less than 30 days	22.4	-0.6	24.8	-1.1
Past due between 30 and 90 days	5.7	-0.3	5.7	-0.5
Past due between 91 and 180 days	1.8	-0.2	1.9	-0.5
Past due more than 180 days	44.3	-41.2	67.4	-65.8
<b>Total</b>	<b>267.5</b>	<b>-43.3</b>	523.5	-197.3

### Changes in the impairment loss allowance for trade receivables

EUR million	2023	2022
<b>Loss allowance, Jan 1</b>	<b>197.3</b>	70.0
Write-offs	-3.3	-3.4
Other changes*	-148.9	127.9
Change in loss allowance recognized in profit or loss	-1.8	2.8
Loss allowance, Dec 31	<b>43.3</b>	197.3

\* Other changes in 2023 includes items amounting to EUR -148.0 million which have been restated to discontinued operations. Other changes in 2022 includes EUR 125.0 million of discontinued operations related impairment allocated to other operating expenses.

## Capital management

For the purpose of the Group's capital management, capital includes share capital, share premium, treasury shares and other equity attributable to the equity holders of the parent. The Group's objectives of managing capital are to maximize the shareholder value and to secure the Group's access to capital markets at all times despite of the seasonal nature of the business. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders or return capital to shareholders or issue new shares. The Group monitors its capital structure on the basis of Net debt to EBITDA ratio and Equity ratio. Equity ratio has to be at least at the level of 30% in accordance with the financial covenants. Equity ratio is calculated as a ratio of total equity to total assets excluding advances received.

### Net debt / EBITDA

EUR million	2023	2022
Average interest-bearing liabilities	579.1	415.4
Less: Average liquid funds	360.1	212.9
Average net debt	219.0	202.5
Operating profit	32.1	56.7
Add: Depreciations and amortizations	114.9	113.5
EBITDA	147.0	170.2
<b>Average net debt / EBITDA</b>	<b>1.49</b>	<b>1.19</b>

### Equity ratio

EUR million	2023	2022
Equity attributable to equity holders of the parent	1,347.6	1,433.1
Add: Non-controlling interest	0.0	0.0
Total equity	1,347.6	1,433.1
Total assets	2,325.2	2,209.7
Less: Advances received	0.0	0.7
Adjusted total assets	2,325.2	2,208.9
<b>Equity ratio</b>	<b>58.0%</b>	<b>64.9%</b>

## 30. Fair values of derivative financial instruments

### Accounting policies

#### Derivative financial instruments and hedge accounting

The Group may hold derivative financial instruments to hedge its interest rate, foreign currency, and commodity price risk exposures. Derivatives are recognized initially at fair value and subsequently measured at fair value. Publicly quoted market prices and rates as well as the generally used measurement models are used to define the fair value of derivatives. The data and assumptions used in the measurement models are based on verifiable market prices and values.

Fair value changes of derivatives are recognized in profit or loss unless the derivative is part of a hedging relationship when fair value changes are recognized according to the hedge accounting standards for hedging relationships.

In general, hedge accounting is not applied to the derivatives used to hedge cash flows from the Group's business operations in foreign currencies.

Hedge accounting can be used to reduce the volatility in the income statement caused by the items measured at fair value through profit or loss. Hedge accounting eliminates the accounting asymmetry between the hedging instrument and the hedged item as it enables the aforesaid to affect the income statement simultaneously. The Group may designate derivative financial instruments as hedging instruments to hedge the variability in

cash flows that is attributable to changes in foreign exchange rates, interest rates, and electricity prices. In addition, the Group may, if necessary, designate derivative financial instruments and other financial instruments as hedging instruments in hedges of foreign exchange risk on a net investment in a foreign operation.

At the inception of hedge accounting for a hedging relationship, the Group designates and documents the hedging relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes an assessment whether the hedge effectiveness requirements are met in the hedging relationship. The Group aims to use hedging instruments that create no ineffective portion.

#### Cash flow hedges

In cash flow hedges, the effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income and accumulated in the cash flow hedge reserve in equity. Any ineffective portion of changes in fair value is recognized immediately in profit or loss. The amount accumulated in the cash flow hedge reserve is reclassified to profit or loss as the hedged item affects profit or loss.

The Group may apply hedge accounting to interest rate swaps by which floating rate borrowings have been converted into fixed rate borrowings and interest rate and currency swaps where foreign currency floating rate loan receivables have been converted into functional currency floating rate loan receivables.

The gains or losses related to both the effective and ineffective portion of the hedge are presented in profit or loss within financial items.

The price risk of the Group's forecast electricity purchases in Finland is hedged with electricity derivatives to which hedge accounting is applied. The Group may separately hedge the two components of electricity price risk, system price, and area price difference, or a combination of these components. The gain or loss related to the effective portion of the hedge is presented in profit or loss within the cost of sales. The ineffective portion is recognized in profit or loss within other operating income or expenses.

#### Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. The effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income and accumulated in the translation reserve in equity. Any ineffective portion of changes in fair value is recognized immediately in profit or loss. The amount accumulated in the translation reserve is reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

The Group does not currently have hedges of a net investment in a foreign operation.

EUR million	2023			2022		
	Notional amount	Fair value assets	Fair value liabilities	Notional amount	Fair value assets	Fair value liabilities
<b>Derivatives measured at fair value through profit or loss</b>						
Foreign currency derivatives						
Currency forwards	227.6	2.6	1.5	159.9	2.7	0.8
Currency options, purchased	6.7	0.0	-	4.8	0.0	-
Currency options, written	15.6	-	0.3	11.8	-	0.1
Interest rate and currency swaps	-	-	-	18.4	0.6	0.2
<b>Derivatives designated as cash flow hedges</b>						
Interest rate derivatives						
Interest rate swaps	150.0	2.0	0.4	100.0	3.9	0.0
Electricity derivatives						
Electricity forwards	9.1	1.4	0.6	6.9	9.6	0.2

Derivatives are maturing within the next 12 months excluding the interest rate and currency swaps, interest rate swaps and electricity forwards.

The fair value of forward exchange contracts is measured using the forward rates on the reporting date. The fair value of currency options is calculated using an option valuation model.

The fair values of interest rate and currency swaps and interest rate derivatives are determined as the present value of the future cash flows based on market interest rates on the reporting date.

The fair value of electricity derivatives is based on quoted market prices in active markets on the reporting date.



### 31. Financial instruments designated as hedging instruments

#### Cash flow hedges

##### Financial instruments designated as hedging instruments

	2023						
	Maturity						
	2024	2025	2026	2027	2028	2029–	Total
<b>Interest rate swaps</b>							
Hedged item: Floating rate EUR debt							
Notional amount, EUR million	150.0						150.0
Average fixed rate	1.6%						1.6%
<b>Electricity forwards</b>							
Hedged item: Electricity system price							
Notional amount, EUR million	4.5	2.8	1.6	0.4			9.2
Notional amount, GWh	83	61	35	9			189
Average forward rate, e/MWh	53.8	45.1	44.9	44.2			48.8
Hedged item: Electricity Finnish area price difference							
Notional amount, EUR million	-0.1	0.0					-0.1
Notional amount, GWh	44	18					61
Average forward rate, e/MWh	-2.1	-1.3					-1.9

	2022						
	Maturity						
	2023	2024	2025	2026	2027	2028–	Total
<b>Interest rate swaps</b>							
Hedged item: Floating rate EUR debt							
Notional amount, EUR million		100.0					100.0
Average fixed rate		0.5%					0.5%
<b>Electricity forwards</b>							
Hedged item: Electricity system price							
Notional amount, EUR million	3.5	2.2	1.0				6.6
Notional amount, GWh	79	48	26				153
Average forward rate, e/MWh	44.7	44.7	36.6				43.3
Hedged item: Electricity Finnish area price difference							
Notional amount, EUR million	0.2	0.1	0.0				0.3
Notional amount, GWh	35	18	9				61
Average forward rate, e/MWh	4.7	4.1	3.9				4.4

Effect of hedging instruments on the statement of financial position and statement of comprehensive income

EUR million	2023	
	Interest rate derivatives	Electricity derivatives
	Interest rate swaps	Electricity forwards
Notional amount	150.0	9.1
Notional amount, GWh	-	250
<b>Assets</b>		
Carrying amount	2.0	1.4
Line item in the statement of financial position	Trade and other receivables	Trade and other receivables
<b>Liabilities</b>		
Carrying amount	0.4	0.6
Line item in the statement of financial position	Trade and other payables	Trade and other payables
<b>Change in value for recognizing hedge ineffectiveness</b>		
Hedged item	-0.3	7.9
Hedging instrument	0.3	-7.9
<b>Effective portion</b>		
Amount recognized in other comprehensive income	0.3	-7.9
Amount reclassified from the cash flow hedge reserve to profit or loss	-2.7	-0.8
Line item in the income statement	Financial items	Cost of sales
<b>Ineffective portion</b>		
Amount recognized in profit or loss	-	-
Line item in the income statement	Financial items	Other operating income or expenses

EUR million	2022	
	Interest rate derivatives	Electricity derivatives
	Interest rate swaps	Electricity forwards
Notional amount	100.0	6.9
Notional amount, GWh	-	215
<b>Assets</b>		
Carrying amount	3.9	9.6
Line item in the statement of financial position	Trade and other receivables	Trade and other receivables
<b>Liabilities</b>		
Carrying amount	0.0	0.2
Line item in the statement of financial position	Trade and other payables	Trade and other payables
<b>Change in value for recognizing hedge ineffectiveness</b>		
Hedged item	-5.1	-7.1
Hedging instrument	5.1	7.1
<b>Effective portion</b>		
Amount recognized in other comprehensive income	5.1	7.1
Amount reclassified from the cash flow hedge reserve to profit or loss	0.5	-1.5
Line item in the income statement	Financial items	Cost of sales
<b>Ineffective portion</b>		
Amount recognized in profit or loss	-	-
Line item in the income statement	Financial items	Other operating income or expenses

Effect of hedging instruments on equity

EUR million	2023	2022
<b>Cash flow hedge reserve, Jan 1</b>	10.5	1.6
Cash flow hedges		
Change in fair value recognized in other comprehensive income		
Interest rate swaps	0.3	5.1
Electricity forwards	-7.9	7.1
Amount reclassified to profit or loss		
Interest rate swaps	-2.7	0.5
Electricity forwards	-0.8	-1.5
Tax effect	2.2	-2.2
<b>Cash flow hedge reserve, Dec 31</b>	1.6	10.5

### 32. Contingent liabilities and assets

#### Accounting policies

##### Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the realization of an uncertain future event not totally controllable by the Group. A contingent liability is also defined as a present obligation that probably will not require the settlement of the obligation or that cannot be measured reliably. A contingent liability is disclosed in the notes to the consolidated financial statements.

Correspondingly, a contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the realization of an uncertain future event not totally controllable by the Group. In case an inflow of economic benefits is probable, a contingent asset is disclosed in the notes to the consolidated financial statements.

EUR million	2023	2022
<b>For own debt</b>		
Pledged assets	5.9	6.7
<b>Other own commitments</b>		
Guarantees	0.3	2.3

### 33. 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 cyberattacks 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 & 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.

## 34. Related party transactions

### Parent and Group company relations:

	Domicile	Country	Group holding, %	Voting rights, %	Parent company holding, %
<b>Parent company</b>					
Nokian Tyres plc	Nokia	Finland			
<b>Group companies</b>					
Nokian Heavy Tyres Ltd.	Nokia	Finland	100	100	100
Levypöytä Oy	Nastola	Finland	100	100	
Nokian Däck AB		Sweden	100	100	100
Nokian Dekk AS		Norway	100	100	100
Nokian Tyres GmbH		Germany	100	100	100
Nokian Tyres AG		Switzerland	100	100	100
Nokian Tyres SP Z.O.O		Poland	100	100	100
Nokian Tyres U.S. Holdings Inc.		USA	100	100	100
Nokian Tyres Inc		USA	100	100	
Nokian Tyres U.S. Operations LLC		USA	100	100	
Nokian Tyres Canada Inc.		Canada	100	100	100
Nokian Tyres s.r.o.		Czech Rep.	100	100	100
TOV Nokian Shina		Ukraine	100	100	100
Nokian Tyres Holding Oy	Nokia	Finland	100	100	100
Nokian Tyres Trading (Shanghai) Co Ltd		China	100	100	
NT Tyre Machinery Oy	Nokia	Finland	100	100	
Koy Nokian Nosturikatu 18	Nokia	Finland	100	100	100
Koy Nokian Rengaskatu 4	Nokia	Finland	100	100	100
Nokian Portti Oy	Turku	Finland	100	100	100
Nokian Tyres Spain S.L.U.		Spain	100	100	100
Nokian Tyres Europe Operations S.R.L.		Romania	100	100	100
Nokian Tyres SAS		France	100	100	100

	Domicile	Country	Group holding, %	Voting rights, %	Parent company holding, %
Nokianvirran Energia Oy	Nokia	Finland	32.3	32.3	32.3
Vianor Holding Oy	Nokia	Finland	100	100	100
Vianor Oy	Lappeenranta	Finland	100	100	
Vianor AB		Sweden	100	100	
Nordic Wheels AB		Sweden	100	100	
Vianor AS		Norway	100	100	
EAM NRE1V Holding Oy		Finland	0	100	
<b>Associated companies</b>					
Sammaliston Sauna Oy	Nokia	Finland	33	33	33

Nokianvirran Energia Oy is a joint operation with three parties that supplies production steam for the tire plant in Nokia. The parties share control according to a specific Mankala-principle where the company is not intended to make profit while the parties have agreed to utilize the total output. The company is accounted for as a Group company using the proportionate consolidation method on each row according to the 32.3% shareholding.

The Board of Directors decided in their meeting on August 7, 2017, to implement a share acquisition and administration arrangement of Nokian Tyres Plc (Nokian Tyres) shares with Evli Awards Management Oy (EAM) according to the stipulations of the Companies Act for financing the purchase of own shares (the Finnish Companies Act, Chapter 13, Section 10, Subsection 2) relating to incentive plans. As a part of this arrangement EAM founded EAM NRE1V Holding Oy (Holding company) which acquires the shares with Nokian Tyres's funding and according to the agreement. These shares will be delivered to the employees according to the Nokian Tyre's share plan terms and conditions. The Holding company is owned by the EAM in legal terms, but according to the agreement Nokian Tyres has control over the company and acts as the principal, whereas EAM is an agent through the Holding company. This control arising from contractual terms means that the Holding company is consolidated into the group's IFRS financial statements as a structured entity.

The related parties of the Group consist of members of the Board of Directors, the President, other key management personnel, and close members of their families.

**Transactions and outstanding balances with parties having significant influence**

1,000 euros	2023	2022
<b>Key management personnel</b>		
<b>Employee benefit expenses</b>		
Short-term employee benefits	5,687.4	6,694.2
Post-employment benefits	0.0	0.0
Termination benefits	0.0	0.0
Share-based payments	700.7	516.1
<b>Total</b>	<b>6,388.1</b>	<b>7,210.3</b>
<b>Remunerations</b>		
Jukka Moisio, President and CEO (May 27, 2020–)	1,421.0	1,502.3
of which incentives for the reported period	538.7	730.8
<b>Members of the Board of Directors</b>		
Jukka Hienonen	121.9	126.1
Pekka Vauramo	86.9	90.4
Heikki Allonen	-	67.2
Veronica Lindholm	86.9	91.1
Inka Mero	-	67.9
George Rietbergen	64.4	67.2
Susanne Hahn	67.2	61.6
Christopher Ostrander	72.8	68.6
Jouko Pölonen	86.9	90.4
Reima Rytsölä	60.9	-
Markus Korsten	62.3	-

1,000 euros	2023	2022
<b>Prior members of the Board of Directors</b>		
Raimo Lind	-	5.6
Heikki Allonen	4.2	-
Inka Mero	4.2	-
<b>Total</b>	<b>718.6</b>	<b>736.1</b>

No incentives were paid to the members of the Board of Directors. In addition to the above remuneration, the Company paid asset transfer taxes arising from the acquisition of shares from fixed pay.

1,000 euros	2023	2022
<b>Other key management personnel</b>	<b>4,248.5</b>	<b>4,971.9</b>
of which incentives for the reported period	1,888.6	2,413.9

No special pension commitments have been granted to the members of the Board of Directors and no statutory pension expense incurs. President and CEO Jukka Moisio does not have a supplementary pension plan and his retirement age is in accordance with the statutory pension regulations. The other management has a supplementary pension plan of 10% of the annual salary and a retirement age of 63 years.

No loans, guarantees or collaterals have been granted to the related parties.

**Shares and share options granted to the President and other key management personnel.**

	2023	2022
<b>Granted, pcs</b>		
Shares	313,565	113,907
Share options	-	-
<b>Held, pcs</b>		
Shares	126,224	72,525
Share options	-	-
Exercisable	-	-

No performance shares nor share options have been granted to the members of the Board of Directors.

### 35. Events after the reporting date

Nokian Tyres informed on January 30, 2024, that The European Commission has at the same day initiated an unannounced inspection at Nokian Tyres plc's headquarters in Nokia, Finland. The European Commission has expressed its concerns that the inspected tyre 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.

# Parent company income statement, FAS

EUR	Note	2023	2022
<b>Net sales</b>	1	<b>712,531,189.30</b>	803,648,640.63
Cost of sales	2, 3	-590,984,413.66	-741,142,612.20
<b>Gross profit</b>		<b>121,546,775.64</b>	62,506,028.43
Selling, marketing and R&D expenses	2, 3	-33,974,308.84	-42,494,998.20
Administration expenses	2, 3, 4	-48,827,867.60	-55,989,297.44
Other operating expenses	2, 3	-72,707,151.26	-18,766,363.50
Other operating income		450,551.00	413,617.52
<b>Operating profit</b>		<b>-33,512,001.06</b>	-54,331,013.19
Financial income and expenses	5	227,568,009.08	106,266,390.84
<b>Profit before appropriations and tax</b>		<b>194,056,008.02</b>	51,935,377.65
Appropriations	6	620,081.12	2,675,338.50
Income tax	7	9,044,866.45	-6,181,738.89
<b>Profit for the period</b>		<b>203,720,955.59</b>	48,428,977.26

The accounting principles of the parent company and the group have been harmonized. From 2023, financial instruments will be subscribed fair value (Act 5:2a) and deferred taxes are recorded in the parent's income statement and balance sheet (Act 5:18).

# Parent company balance sheet, FAS

EUR	Note	2023	2022
<b>Assets</b>			
<b>Fixed assets and other non-current assets</b>			
Intangible assets	8	8,158,113.80	7,348,806.48
Tangible assets	8	198,527,380.21	175,582,825.78
Shares in Group companies	9	569,526,472.26	423,461,911.32
Investments in associates	9	4,261,050.20	4,261,050.20
Shares in other companies	9	153,111.50	153,111.50
Unquoted securities	9	2,705,882.35	2,803,300.21
<b>Total non-current assets</b>		<b>783,332,010.32</b>	<b>613,611,005.49</b>
<b>Current assets</b>			
Inventories	10	231,448,002.79	207,617,297.09
Non-current receivables	11, 12	206,820,763.01	222,618,133.94
Current receivables	13	237,688,248.76	393,166,339.82
Cash and cash equivalents		390,239,744.15	165,792,598.95
<b>Total current assets</b>		<b>1,066,196,758.71</b>	<b>989,194,369.80</b>
		<b>1,849,528,769.03</b>	<b>1,602,805,375.29</b>

EUR	Note	2023	2022
<b>Liabilities and shareholder's equity</b>			
<b>Shareholders' equity</b>			
Share capital	14	25,437,906.00	25,437,906.00
Share premium		182,505,622.52	182,505,622.52
Treasury shares		-16,678,211.37	-16,563,737.72
Fair value and hedging reserves		1,605,198.77	10,543,503.34
Paid up unrestricted equity fund		238,231,226.51	238,231,226.51
Retained earnings		434,143,287.09	461,716,033.70
Profit for the period		203,720,955.59	48,428,977.26
<b>Total shareholders' equity</b>		<b>1,068,965,985.11</b>	<b>950,299,531.61</b>
<b>Untaxed reserves and provisions</b>			
Accumulated depreciation in excess of plan	8	32,755,575.49	27,076,656.61
<b>Liabilities</b>			
Non-current liabilities	12, 15	400,205,608.82	106,580,620.55
Current liabilities	16	347,601,599.61	518,848,566.52
<b>Total liabilities</b>		<b>747,807,208.43</b>	<b>625,429,187.07</b>
		<b>1,849,528,769.03</b>	<b>1,602,805,375.29</b>

The accounting principles of the parent company and the group have been harmonized. From 2023, financial instruments will be subscribed fair value (Act 5:2a) and deferred taxes are recorded in the parent's income statement and balance sheet (Act 5:18).



# Parent company statement of cash flows, FAS

EUR million	2023	2022
<b>Profit for the period</b>	<b>203.7</b>	<b>48.4</b>
<b>Adjustments for</b>		
Depreciation, amortization and impairment	32.8	32.9
Financial income and expenses	-227.6	-106.3
Gains and losses on sale of intangible assets, other changes	-0.6	0.6
Income Taxes	-9.0	6.2
<b>Cash flow before changes in working capital</b>	<b>-0.7</b>	<b>-18.1</b>
<b>Changes in working capital</b>		
Current receivables, non-interest-bearing, increase (-) / decrease (+)	20.3	62.7
Inventories, increase (-) / decrease (+)	-23.8	-86.5
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	99.8	-36.8
<b>Changes in working capital</b>	<b>96.2</b>	<b>-60.5</b>
<b>Financial items and taxes</b>		
Interest and other financial items, received	28.9	8.8
Interest and other financial items, paid	-29.3	-44.8
Dividends received	232.2	30.2
Income taxes paid	-0.4	-3.4
<b>Financial items and taxes</b>	<b>231.4</b>	<b>-9.1</b>
<b>Cash flow from operating activities (A)</b>	<b>327.0</b>	<b>-87.8</b>

EUR million	2023	2022
<b>Cash flows from investing activities</b>		
Acquisitions of property, plant and equipment and intangible assets	-57.5	-49.9
Proceeds from sale of property, plant and equipment and intangible assets	0.6	0.7
Acquisitions of other investments	-146.1	-23.0
<b>Cash flows from investing activities (B)</b>	<b>-203.0</b>	<b>-72.2</b>
<b>Cash flow from financing activities:</b>		
Change in current financial receivables, increase (-) / decrease (+)	123.1	-115.3
Change in non-current financial receivables, increase (-) / decrease (+)	22.5	77.9
Change in current financial borrowings, increase (+) / decrease (-)	-273.9	126.4
Change in non-current financial borrowings, increase (+) / decrease (-)	295.8	0.0
Group contributions	5.0	-12.6
Dividends paid	-72.2	-89.7
<b>Cash flow from financing activities (C)</b>	<b>100.4</b>	<b>-13.2</b>
<b>Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)</b>	<b>224.4</b>	<b>-173.2</b>
Cash and cash equivalents at the beginning of the period	165.8	339.0
Cash and cash equivalents at the end of the period	390.2	165.8

# Accounting policies for the parent company

## General

The financial statements of Nokian Tyres plc, domiciled in the city of Nokia, have been prepared according to the Finnish Accounting Standards (FAS).

## Inventory valuation

Inventories are measured at the lower of cost or the net realizable value. Cost is primarily determined in accordance with standard cost accounting. The cost of finished goods and work in progress includes raw material purchase costs, direct manufacturing wages, other direct manufacturing costs, and a share of production overheads, borrowing costs excluded. Net realizable value is the estimated sales price in ordinary activities less the costs associated with the completion of the product and the estimated necessary costs incurred to make the sale of the product. Allowance is recorded in obsolete items.

## Fixed assets and depreciation

Fixed assets are stated in the balance sheets at cost less depreciation according to plan. The accumulated difference between the total depreciation charged to the income statement and depreciation according to plan is shown as a separate item in untaxed reserves.

Depreciations according to plan are calculated on the basis of the estimated useful life of the assets using the straight line method.

The depreciation times are as follows:

Intangible assets	3–10 years
Buildings	20–40 years
Machinery and equipment	4–20 years
Other tangible assets	10–40 years

Land property, as well as investments in shares, are not regularly depreciated.

## Research and development

Research and development costs are charged to the other operating expenses in the income statement in the year in which they are incurred. Certain significant development costs with useful life over three years are capitalized and are amortized on a systematic basis over their expected useful lives. The amortization period is between three and five years.

## Pensions and coverage of pension liabilities

Pension contributions are based on periodic actuarial calculations and are charged to the income statement.

In Finland the pension schemes are funded through payments to a pension insurance company.

## Equity

The acquisition cost of treasury shares repurchased by the Group is recognized as a deduction in equity. The consideration received for the treasury shares when sold, net of transaction costs and tax, is included in equity.

## Foreign currency items

Transactions in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. At the end of the accounting period unsettled balances on foreign currency transactions and forward exchange contracts are valued at the rates published by the European Central Bank as on the financial statement date. If European Central Bank doesn't quote a currency, the exchange rates announced by that country are used.

All foreign currency exchange gains and losses are entered under financial income and expenses.

## Taxes

Taxes in the income statement include taxes calculated from the financial year's result based on Finnish tax regulations, adjustments to taxes from previous financial years and deferred taxes. Deferred tax liability or asset is calculated from all temporary differences between accounting and taxation using the tax rate for the following years confirmed at the time of closing the accounts. Deferred tax liabilities are recorded in the balance sheet in their full amount and deferred tax assets in the amount of the estimated probable tax benefit.

## Fair values of derivative financial instruments

Derivative contracts are initially recorded in the balance sheet at fair value and later valued at fair value in the financial statements (Act 5:2a). The valuation of derivatives and the principles of hedge accounting are explained in more detail in the group note 30.

# Notes to the financial statements of the parent company

## 1. Net sales by segments and market areas

EUR million	2023	2022
Passenger Car Tyres	488.7	570.4
Heavy Tyres	223.8	233.2
<b>Total</b>	<b>712.5</b>	<b>803.6</b>
Finland	217.1	159.7
Nordics	194.7	222.9
Other Europe	200.8	227.7
Americas	92.5	167.4
Other countries	7.5	25.9
<b>Total</b>	<b>712.5</b>	<b>803.6</b>

## 2. Wages, salaries and social expenses

EUR million	2023	2022
Wages and salaries	59.9	60.7
Pension contributions	10.2	10.3
Other social expenses	0.9	2.2
<b>Total</b>	<b>71.1</b>	<b>73.3</b>
Remuneration of the members of the Board of the Directors and the President on accrual basis	2.1	2.2
of which incentives	0.5	0.7

No special pension commitments have been granted to the members of the Board of Directors and no statutory pension expense incurs. President and CEO Jukka Moision does not have a supplementary pension plan and his retirement age is in accordance with the statutory pension regulations. More details in the group note 34 Related party transactions.

Personnel, average during the year	2023	2022
<b>Total</b>	<b>848</b>	<b>854</b>

## 3. Depreciation

EUR million	2023	2022
<b>Depreciation according to plan by asset category</b>		
Intangible assets	3.0	4.0
Buildings	2.2	2.3
Machinery and equipment	26.8	22.7
Other tangible assets	0.5	0.4
<b>Total</b>	<b>32.4</b>	<b>29.4</b>
<b>Impairment losses by asset category</b>		
Buildings	-	2.3
Machinery and equipment	-	1.1
<b>Total</b>	<b>-</b>	<b>3.4</b>
<b>Depreciation by function</b>		
Production	24.7	20.4
Selling, marketing and R&D	3.3	3.7
Administration	4.5	5.4
<b>Total</b>	<b>32.4</b>	<b>29.4</b>
<b>Impairment losses by function</b>		
Production	-	1.0
Administration	-	2.4
<b>Total</b>	<b>-</b>	<b>3.4</b>

#### 4. Auditors' fees

EUR million	2023	2022
Audit fee	0.8	0.7
Other services	0.0	0.1
<b>Total</b>	<b>0.8</b>	<b>0.7</b>

#### 5. Financial income and expenses

EUR million	2023	2022
<b>Dividend income</b>		
From the Group companies	232.2	153.8
<b>Total</b>	<b>232.2</b>	<b>153.8</b>
<b>Interest income, non-current</b>		
From the Group companies	9.3	11.1
<b>Total</b>	<b>9.3</b>	<b>11.1</b>
<b>Income from shares in companies of the same Group</b>	<b>0.5</b>	<b>1.2</b>
<b>Other interest and financial income</b>		
From the Group companies	5.1	4.3
From others	10.3	0.7
<b>Total</b>	<b>15.5</b>	<b>5.0</b>
<b>Exchange rate differences (net)</b>	<b>-3.9</b>	<b>-27.1</b>
<b>Impairment, long-term investments</b>	<b>-</b>	<b>-18.7</b>
<b>Interest and other financial expenses</b>		
To the Group companies	-5.0	-14.6
To others	-18.1	-3.4
Other financial expenses	-2.8	-1.0
<b>Total</b>	<b>-25.9</b>	<b>-19.0</b>
<b>Total financial income and expenses</b>	<b>227.6</b>	<b>106.3</b>

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 and the company's personnel in Russia was transferred to the new owner. The closing date of sale transaction of Russian operations is considered to be March 16, 2023, when the sale price was received. Income and expenses related to the exit from Russian operations have been netted.

#### 6. Appropriations

EUR million	2023	2022
<b>Change in accumulated depreciation in excess of plan</b>		
Intangible assets	0.2	0.4
Buildings	0.2	2.4
Machinery and equipment	-6.0	-5.1
Other tangible assets	0.0	0.0
<b>Total</b>	<b>-5.7</b>	<b>-2.3</b>
<b>Other appropriations</b>		
Group contributions	6.3	5.0
<b>Total</b>	<b>6.3</b>	<b>5.0</b>
<b>Total appropriations</b>	<b>0.6</b>	<b>2.7</b>

## 7. Income tax

EUR million	2023	2022
Direct tax for the year	-0.2	-6.2
Direct tax from previous years	-0.1	0.0
Change in deferred tax	9.3	-
<b>Total</b>	<b>9.0</b>	<b>-6.2</b>

The accounting principles of the parent company and the group have been harmonized. From 2023, financial instruments will be subscribed fair value (Act 5:2a) and deferred taxes are recorded in the parent's income statement and balance sheet (Act 5:18).

## 8. Fixed assets

EUR million	Intangible assets			Tangible assets			
	Intangible rights	Other intangible rights	Land property	Buildings	Machinery and equipment	Other tangible assets	Advances and fixed assets under construction
<b>Accumulated cost, Jan 1, 2023</b>	67.2	9.6	3.9	91.2	535.0	8.3	25.9
Increase	0.5		0.1		8.8	0.0	47.5
Decrease	-		0.0		-6.2		
Transfer between items	3.3			1.4	38.7	0.5	-43.9
<b>Accumulated cost, Dec 31, 2023</b>	<b>71.0</b>	<b>9.6</b>	<b>4.0</b>	<b>92.6</b>	<b>576.3</b>	<b>8.8</b>	<b>29.4</b>
<b>Accum. depr. acc. to plan Jan 1, 2023</b>	<b>-60.0</b>	<b>-9.5</b>		<b>-53.7</b>	<b>-430.2</b>	<b>-4.9</b>	
Accum. depr. on disposals	-				5.5		
Depreciations for the period	-2.9	0.0		-2.2	-26.8	-0.5	
Impairment				-	-		
<b>Accum. depr. acc. to plan, Dec 31, 2023</b>	<b>-62.9</b>	<b>-9.6</b>		<b>-55.9</b>	<b>-451.5</b>	<b>-5.4</b>	
<b>Carrying amount, Dec 31, 2023</b>	<b>8.1</b>	<b>0.1</b>	<b>4.0</b>	<b>36.8</b>	<b>124.8</b>	<b>3.5</b>	<b>29.4</b>
<b>Carrying amount, Dec 31, 2022</b>	<b>7.2</b>	<b>0.1</b>	<b>3.9</b>	<b>37.6</b>	<b>104.8</b>	<b>3.4</b>	<b>25.9</b>
<b>Accum. depreciation in excess of plan, Dec 31, 2023</b>	<b>1.0</b>	<b>0.0</b>	<b>-</b>	<b>8.4</b>	<b>23.0</b>	<b>0.3</b>	
<b>Accum. depreciation in excess of plan, Dec 31, 2022</b>	<b>1.2</b>	<b>0.0</b>	<b>-</b>	<b>8.6</b>	<b>17.0</b>	<b>0.2</b>	

## 9. Investments

EUR million	Shares in Group companies	Investments in associates	Shares in other companies	Unquoted securities
Accumulated cost, Jan 1, 2023	423.5	4.3	0.2	2.8
Decrease	-3.1		-	
Increase	149.2		-	
Impairment losses	-			
Exchange rate difference				-0.1
Accumulated cost, Dec 31, 2023	569.5	4.3	0.2	2.7
Carrying amount, Dec 31, 2023	569.5	4.3	0.2	2.7
Carrying amount, Dec 31, 2022	423.5	4.3	0.2	2.8

## 10. Inventories

EUR million	2023	2022
Raw materials and supplies	74.2	117.2
Work in progress	3.5	3.4
Finished goods	153.7	87.0
<b>Total</b>	<b>231.4</b>	<b>207.6</b>

## 11. Non-current receivables

EUR million	2023	2022
Loan receivables from the Group companies	181.3	203.8
Loan receivables from others	0.5	0.6
Other non-current receivables	0.0	2.5
Deferred tax assets	25.0	15.7
<b>Total long-term receivables</b>	<b>206.8</b>	<b>222.6</b>

The members of the Board of Directors and the President have not been granted loans.

The accounting principles of the parent company and the group have been harmonized. From 2023, financial instruments will be subscribed fair value (Act 5:2a) and deferred taxes are recorded in the parent's income statement and balance sheet (Act 5:18). The impact of the change on other non-current receivables in 2022 is EUR 2.5 million and on deferred tax assets EUR 15.7 million.

## 12. Deferred tax assets and liabilities

EUR million	31.12. 2022	Recognized in income statement	Fair value changes	31.12. 2023
Deferred tax assets				
Provisions and accruals	0.2			0.2
Tax losses carried forward	15.5	9.3		24.8
Cash flow hedges	0.0		0.0	0.0
<b>Total</b>	<b>15.7</b>	<b>9.3</b>	<b>0.0</b>	<b>25.0</b>

EUR million	31.12. 2022	Recognized in income statement	Fair value changes	31.12. 2023
Deferred tax liabilities				
Cash flow hedges	2.6		-2.2	0.4
<b>Total</b>	<b>2.6</b>		<b>-2.2</b>	<b>0.4</b>

The accounting principles of the parent company and the group have been harmonized. From 2023, financial instruments will be subscribed fair value (Act 5:2a) and deferred taxes are recorded in the parent's income statement and balance sheet (Act 5:18). The impact of the change on deferred tax assets in 2022 is EUR 15.7 million and on deferred tax liabilities EUR 2.6 million. On December 31, 2023 the parent company had carry forward losses for EUR 124.1 (77.7) million, of which a deferred tax assets has been recognized. Carry forward losses EUR 124.1 million will expire during years 2032 and 2033.

The calculated tax liability of accumulated depreciation differences not recorded in the balance sheet in 2023 was EUR 6.6 million.

### 13. Current receivables

EUR million	2023	2022
Receivables from the Group companies		
Trade receivables	128.3	151.0
Loan receivables	28.0	151.2
Accrued revenues and deferred expenses	24.7	30.4
<b>Total</b>	<b>181.0</b>	<b>332.6</b>
Trade receivables	39.6	35.0
Other receivables	6.9	5.0
Accrued revenues and deferred expenses	10.2	20.6
<b>Total</b>	<b>56.7</b>	<b>60.6</b>
<b>Total short-term receivables</b>	<b>237.7</b>	<b>393.2</b>
<b>Significant items under accrued revenues and deferred expenses</b>		
Financial items	11.7	19.7
Taxes	0.2	0.1
Social payments	0.3	0.4
Capital expenditure in factories	0.0	0.0
Goods and services rendered and not invoiced, subsidiary	12.3	15.3
Group contributions	6.3	5.0
Other items	3.9	10.6
<b>Total</b>	<b>34.9</b>	<b>51.0</b>

The accounting principles of the parent company and the group have been harmonized. From 2023, financial instruments will be subscribed fair value (Act 5:2a) and deferred taxes are recorded in the parent's income statement and balance sheet (Act 5:18). The impact of the change on external accrued revenues and deferred expenses in 2022 is EUR 10.7 million.

### 14. Shareholders' equity

EUR million	2023	2022
<b>Restricted shareholders' equity</b>		
Share capital, Jan 1	25.4	25.4
Emissions	-	-
Share capital, Dec 31	25.4	25.4
Share issue premium, Jan 1	182.5	182.5
Emission gains	-	-
Share issue premium, Dec 31	182.5	182.5
Fair value and hedging reserves, Jan 1	10.5	-
Fair value changes	-8.9	-
Fair value and hedging reserves, Dec 31	1.6	10.5
<b>Total restricted shareholders' equity</b>	<b>209.5</b>	<b>218.5</b>
<b>Non-restricted shareholders' equity</b>		
Paid-up unrestricted equity reserve, Jan 1	238.2	238.2
Emission gains	-	-
Paid-up unrestricted equity reserve, Dec 31	238.2	238.2
Retained earnings, Jan 1	510.1	522.0
Dividends to shareholders	-76.0	-76.0
Changes in accounting principles	-	15.7
Retained earnings, Dec 31	434.1	461.7
Treasury shares	-16.7	-16.6
Profit for the period	203.7	48.4

EUR million	2023	2022
<b>Total non-restricted shareholders' equity</b>	<b>859.4</b>	<b>731.8</b>
<b>Total shareholders' equity</b>	<b>1,069.0</b>	<b>950.3</b>
<b>Specification of the distributable funds, Dec 31</b>		
Retained earnings	434.1	461.7
Treasury shares	-16.7	-16.6
Paid-up unrestricted equity reserve	238.2	238.2
Profit for the period	203.7	48.4
<b>Distributable funds, Dec 31</b>	<b>859.4</b>	<b>731.8</b>

The accounting principles of the parent company and the group have been harmonized.

From 2023, financial instruments will be subscribed fair value (Act 5:2a) and deferred taxes are recorded in the parent's income statement and balance sheet (Act 5:18).

Due to this change, financial instruments have been recorded in fair value and hedging reserves and retained earnings for 2022 have been restated EUR 15.7 million. The 2023 financial statements include the fair value and hedging reserves comparison figure for the year 2022.

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 from 2017 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. In accordance with IFRS, these repurchased shares have been reported as treasury shares in the Consolidated Statement of Financial Position. On December 31, 2023, the number of these shares was 1,054,507 (670,426). On December 31, 2023 this number of shares corresponded to 0.76 (0.48) percent of the total shares and voting rights in the company.

## 15. Non-current liabilities

EUR million	2023	2022
<b>Interest-bearing</b>		
Bonds	99.2	-
Loans from financial institutions	300.0	103.3
Deferred tax liabilities	0.4	2.6
<b>Total</b>	<b>399.7</b>	<b>106.0</b>
<b>Non-interest-bearing</b>		
Accrued expenses and deferred revenues	0.5	0.6
<b>Total</b>	<b>0.5</b>	<b>0.6</b>
<b>Total non-current liabilities</b>	<b>400.2</b>	<b>106.6</b>

Nokian Tyres plc issued euro-denominated senior unsecured sustainability-linked bonds in a nominal amount of EUR 100 million on June 14, 2023. The bonds bear an annual interest at the rate of 5.125 percent and will mature on June 14, 2028.

From 2023, financial instruments will be subscribed fair value (Act 5:2a) and deferred taxes are recorded in the parent's income statement and balance sheet (Act 5:18). The impact of the change on deferred tax liabilities in 2022 is EUR 2.6 million.

## 16. Current liabilities

EUR million	2023	2022
<b>Interest-bearing</b>		
Liabilities to the Group companies		
Finance loans	106.3	219.3
Commercial papers	-	10.9
<b>Total interest-bearing liabilities</b>	<b>106.3</b>	<b>230.2</b>
<b>Non-interest-bearing</b>		
Liabilities to the Group companies		
Trade payables	12.1	9.8
Accrued expenses and deferred revenues	8.2	26.5
<b>Total</b>	<b>20.3</b>	<b>36.4</b>
Trade payables	77.5	52.1
Liabilities to the others	114.5	157.0
Accrued expenses and deferred revenues	28.9	43.1
<b>Total</b>	<b>221.0</b>	<b>252.3</b>
<b>Total non-interest-bearing liabilities</b>	<b>241.3</b>	<b>288.6</b>
<b>Total current liabilities</b>	<b>347.6</b>	<b>518.8</b>

EUR million	2023	2022
<b>Significant items under accrued expenses and deferred revenues</b>		
Wages, salaries and social security contributions	9.6	17.5
Annual discounts, sales	10.2	13.0
Financial items	7.4	2.4
Commissions	-	0.1
Warranty commitments	0.9	0.9
Other items	9.1	35.8
<b>Total</b>	<b>37.2</b>	<b>69.7</b>



## 17. Contingent liabilities

EUR million	2023	2022
<b>For own debt</b>		
Pledged assets	4.0	4.8
<b>On behalf of Group companies and investments in associates</b>		
Guarantees	112.5	130.9
Pledged assets	2.0	2.0
The amount of debts and commitments mortgaged for total EUR 98.3 (115.0) million.		
<b>Other own commitments</b>		
Guarantees	-	0.3
Leasing and rent commitments		
Payments due in 2024	9.2	5.9
Payments due in subsequent years	8.2	4.0

## 18. Derivative financial instruments

EUR million	2023	2022
<b>Interest rate derivatives</b>		
Interest rate swaps		
Notional amount	150.0	100.0
Fair value	1.6	3.9
<b>Foreign currency derivatives</b>		
Currency forwards		
Notional amount	239.8	189.3
Fair value	1.1	1.7
Currency options, purchased		
Notional amount	6.7	4.8
Fair value	0.0	0.0
Currency options, written		
Notional amount	15.6	11.8
Fair value	-0.3	-0.1
Interest rate and currency swaps		
Notional amount	-	18.4
Fair value	-	0.4
<b>Electricity derivatives</b>		
Electricity forwards		
Notional amount	9.1	6.9
Fair value	0.7	9.4

Unrealized fair value changes of interest rate and electricity derivatives are not recognized in profit and loss. The interest rate swap hedges the future interest payments of a loan from a financial institution and the electricity forwards hedge the future electricity purchase prices in Finland. The contractual terms of these derivatives and the hedged items are congruent. The cash flows of the interest rate swaps, and electricity forwards will occur during the next four years.

The fair value of forward exchange contracts is measured using the forward rates on the reporting date. The fair value of currency options is calculated using an option valuation model.

The fair values of interest rate and currency swaps and interest rate derivatives are determined as the present value of the future cash flows based on market interest rates on the reporting date.

The fair value of electricity derivatives is based on quoted market prices in active markets on the reporting date.

## 19. Environmental commitments and expenses

Expenses relating to environment are included to production costs. The company has duly attended to environmental commitments and has no information on material environmental liabilities. In addition to the environmental aspects presented in the Annual Report, Nokian Tyres issued a Corporate Social Responsibility Report in spring 2023.

# Signatures for the financial statements and the report by the Board of Directors

Helsinki, February 6, 2024

Jukka Hienonen

Pekka Vauramo

Susanne Hahn

Markus Korsten

Veronica Lindholm

Christopher Ostrander

Jouko Pölönen

George Rietbergen

Reima Rytsölä

Jukka Moisio  
President and CEO

# The auditor's note

Report on the audit of the financial statements has been given today.

Helsinki, February 13, 2024

**Ernst & Young Oy**  
Authorized Public Accountant Firm

**Mikko Järventausta**  
APA

# Auditor's report

(Translation of the Finnish original)

To the Annual General Meeting of Nokian Tyres plc

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Nokian Tyres plc (business identity code 0680006-8) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 6 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

## Key Audit Matter

### Revenue recognition

We refer to the accounting policies for the consolidated financial statements and the note 1.

The Group's revenue is recognized when control of the good or service is transferred to the customer. Revenue is a key financial performance measure which could create an incentive for revenues to be recognized prematurely. Due to the variety of contractual terms used across the Group's markets management judgment is needed to account for the revenue.

Customer discounts and credits are considered when determining the revenue. Estimating discounts and credits require also management judgment both at the time of revenue recognition as well as at the end of each reporting period. Based on above, revenue recognition, was a key audit matter.

This matter was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).

### Valuation of goodwill

The accounting principles and disclosures about goodwill are included in note 14.

As of balance sheet date December 31, 2023, the value of goodwill amounted to EUR 62.3 million representing 2.7% of the total assets and 4.6% of the total equity.

The annual impairment testing of goodwill was based on the management's estimate about the value-in-use of the cash generating units. There are a number of assumptions used to determine the value-in-use of the cash generating units, including revenue growth, margins and the discount rate applied on net cash-flows. The estimated value-in-use may vary significantly when underlying assumptions are changed and the changes in above-mentioned individual assumptions may result in an impairment of goodwill.

The valuation of goodwill was a key audit matter because the annual impairment testing included management judgment with respect to the key assumptions used and because of the significance of goodwill to the financial statements.

## How our audit addressed the Key Audit Matter

Our audit procedures to address the risk of material misstatement in respect of revenue recognition, included, among others:

- Assessment of the compliance of the Group's accounting policies over revenue recognition, including those relating to discounts and credits, against IFRS standards.
- Assessment of the revenue recognition process especially relating to timing of revenue recognition, and calculation of discounts and credits.
- Data analytical procedures, for example, analyzing the conversion of revenue to cash received.
- Familiarizing ourselves with the contractual terms in sales agreements. Testing the revenue cut-off with analytical procedures and with a sample test of details on a transaction level on either side of the balance sheet date. Testing of revenue discounts and credits on a sample basis.
- Analyzing credit notes.
- Assessment of the Group's disclosures in respect of revenues.

Our audit procedures in respect of valuation of goodwill included, among others:

- Evaluation of the determination of cash generating units and the goodwill allocated to those units.
- Involvement of our valuation specialists to assist us in evaluating the key assumptions used in impairment testing. The procedures included also the comparison of the management's assumptions to externally derived data, in particular those relating to
  - the forecasted revenue growth,
  - the forecasted margin and
  - the weighted average cost of capital used to discount the net cash-flows.
- Testing of the accuracy of the impairment calculations prepared by the management and comparison of the sum of discounted cash flows against Nokian Tyres' market capitalization.
- Evaluation of the adequacy of the disclosures of the impairment testing results.

## Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Reporting Requirements

### Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on March 30, 2021, and our appointment represents a total period of uninterrupted engagement of three years.

### Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions based on assignment of the Audit Committee

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the distributable funds shown in the financial statements is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki, February 13, 2024

**Ernst & Young Oy**  
Authorized Public Accountant Firm

**Mikko Järventausta**  
Authorized Public Accountant

# Independent auditor's report on Nokian Tyres plc's ESEF-consolidated financial statements

(Translation of the Finnish original)

## To the Board of Directors of Nokian Renkaat Oyj

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files tyres-2023-12-31-fi.zip of Nokian Renkaat Oyj (business identity code: 0680006-8) for the financial year 1.1.–31.12.2023 to ensure that the financial statements are marked/tagged with iXBRL in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

### Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESEF RTS. This responsibility includes:

- Preparation of ESEF-financial statements in accordance with Article 3 of ESEF RTS
- Tagging the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included within the ESEF-financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- Ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable

the preparation of ESEF financial statements in accordance the requirements of ESEF RTS.

### Auditor's Independence and Quality Management

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to 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.

### Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the tagging of the notes to the financial statements and the entity identifier information in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS

- whether the ESEF-financial statements are consistent with the audited financial statements.

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

### Opinion

In our opinion the tagging of the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included in the ESEF financial statements tyres-2023-12-31-fi.zip of Nokian Renkaat Oyj for the year ended 1.1.–31.12.2023 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Nokian Renkaat Oyj for the year ended 1.1.–31.12.2023 is included in our Independent Auditor's Report dated 13.2.2024. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

Helsinki 29.2.2024

**Ernst & Young Oy**  
Authorized Public Accountant Firm

**Mikko Järventausta**  
Authorized Public Accountant

# Information on Nokian Tyres' share

## Share data

Market	Nasdaq Helsinki
Listing date	June 1, 1995
Currency	euro
ISIN	FI0009005318
Symbol	TYRES
Reuters symbol	TYRES.HE
Bloomberg symbol	TYRES:FH
Market capitalization segment	OMXH Large Caps
Sector	Consumer goods
Industry	Automobiles and parts
Number of shares, December 31, 2023	138,921,750

## Share capital and shares

The company has one class of shares, each share entitling the shareholder to one vote and carrying equal rights to a dividend. On December 31, 2023, the number of shares was 138,921,750. Read more: [www.nokiantyres.com/company/investors/share/share-information/](http://www.nokiantyres.com/company/investors/share/share-information/)

## Number of shareholders on December 31, 2023

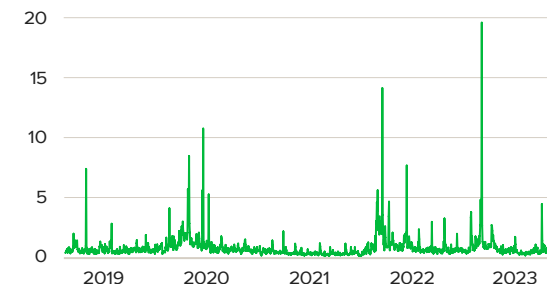
Number of shares	Number of share-holders	% of share-holders	Total number of shares	% of share capital
1-100	42,086	44.73	1,896,485	1.37
101-500	33,157	35.24	8,497,497	6.12
501-1,000	9,319	9.90	7,176,698	5.17
1,001-5,000	8,143	8.65	17,239,416	12.41
5,001-10,000	857	0.91	6,116,440	4.40
10,001-50,000	451	0.48	8,781,355	6.32
50,001-100,000	39	0.04	2,726,106	1.96
100,001-500,000	25	0.03	6,384,221	4.60
500,001-	15	0.02	80,103,532	57.66
<b>Total</b>	<b>94,092</b>	<b>100</b>	<b>138,921,750</b>	<b>100</b>

## Shareholder structure on December 31, 2023

	Number of shares	% of share capital
Nominee registered and non-Finnish holders	53,542,135	38.54
Households	42,679,207	30.72
General Government	24,250,308	17.46
Financial and insurance corporations	7,429,468	5.35
Non-profit institutions	3,021,118	2.18
Corporations	7,999,514	5.76
<b>Total</b>	<b>138,921,750</b>	<b>100</b>

Read more: [www.nokiantyres.com/company/investors/share/major-shareholders/](http://www.nokiantyres.com/company/investors/share/major-shareholders/)

Share trading volumes on NASDAQ Helsinki  
Jan 1, 2019–Dec 31, 2023, pcs million



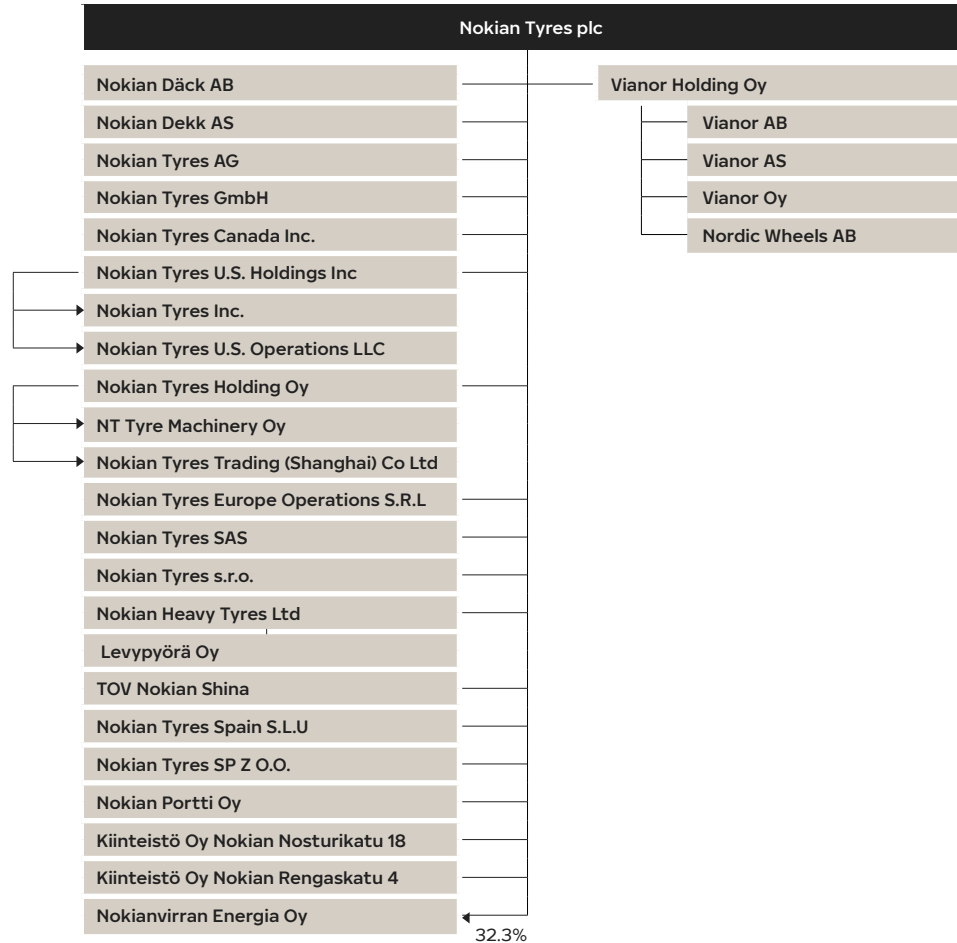
Share price development on NASDAQ Helsinki  
Jan 1, 2019–Dec 31, 2023, EUR



Read more: [www.nokiantyres.com/company/investors/share/share-performance/](http://www.nokiantyres.com/company/investors/share/share-performance/)



# Nokian Tyres group structure





# CORPORATE GOVERNANCE STATEMENT

MADE FOR DEMANDING CONDITIONS



” SUSTAINABILITY IS NOT SEPARATE FROM OTHER OPERATIONS, BUT TAKEN INTO ACCOUNT IN EVERYTHING WE DO.

Mikko Lehtinen,  
Head of B2C & B2B, Vianor

# Corporate Governance Statement 2023

## I Introduction

During 2023 Nokian Tyres plc (hereinafter referred to as “Nokian Tyres” or the “Company”) complied in full with and has prepared this Corporate Governance Statement in accordance with the Finnish Corporate Governance Code 2020. The Corporate Governance Code 2020 is available in its entirety at [www.cgfinland.fi/en/](http://www.cgfinland.fi/en/).

### Nokian Tyres’ regulatory framework for Corporate Governance

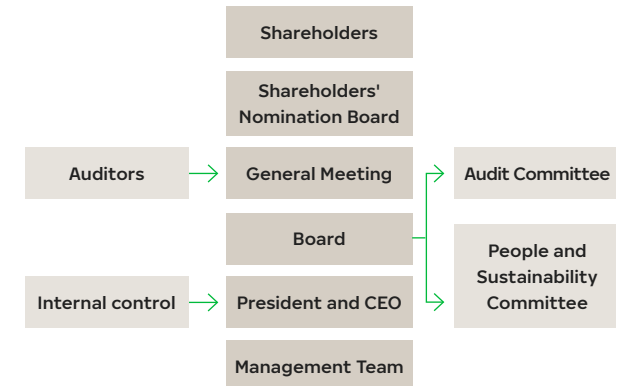
External framework	Internal framework
<ul style="list-style-type: none"> <li>• Finnish Limited Liability Companies Act</li> <li>• Laws and regulations relating to publicly listed companies in Finland</li> <li>• Corporate Governance Code 2020 published by the Securities Market Association</li> <li>• Rules and regulations of the Nasdaq Helsinki, the European Securities and Markets Authority, and the Financial Supervisory Authority</li> </ul>	<ul style="list-style-type: none"> <li>• Articles of Association</li> <li>• Code of Conduct</li> <li>• Charters of the Board of Directors, the Committees and the Internal Audit</li> <li>• Nokian Tyres’ policies, procedures and practices</li> </ul>

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 publishes its Corporate Governance Statement as a separate document and as part of the Annual Report 2023. Nokian Tyres has also prepared a separate Remuneration Report in accordance with the Corporate Governance Code 2020. The Remuneration Report is also published as part of the Annual Report 2023. The statement is available on the Company’s website at [www.nokiantyres.com/company/investors/corporate-governance/](http://www.nokiantyres.com/company/investors/corporate-governance/) and said reports at [www.nokiantyres.com/company/investors/financials/annual-reports/](http://www.nokiantyres.com/company/investors/financials/annual-reports/).

Nokian Tyres’ corporate governance is based on the General Meeting, the Articles of Association, the Board of Directors (also referred to as the “Board”), the President and CEO, the Group’s Management Team, the legislation and regulations mentioned hereinabove as well as the Group’s policies, procedures, and practices. The Board has approved the Corporate Governance Statement on February 6, 2024. The Company’s auditor verifies that the statement and its related descriptions of the internal reporting controls and risk management correspond to the financial reporting process. The statement will not be updated during the financial period; however, up-to-date information will be provided on the Company’s website at [www.nokiantyres.com/company/investors/](http://www.nokiantyres.com/company/investors/).

### Nokian Tyres' administrative organization



## II Governance bodies

Nokian Tyres is a Finnish limited liability company, and its registered place of business is Nokia, Finland. The parent company Nokian Tyres plc and its subsidiaries form the Nokian Tyres Group (also referred to as the “Group”). The administrative bodies of the parent company Nokian Tyres plc, i.e., the General Meeting, the Board of Directors, and the President and CEO, are responsible for the administration and operation of the Nokian Tyres Group. The General Meeting elects the members of the Board of Directors, and the Chair and the Deputy Chair of the Board upon the proposal by the Shareholders’ Nomination Board, and the Board appoints the Company’s President and CEO. The President and CEO is assisted by the Group’s Management Team in leading the Company’s operations.

### General Meeting

Nokian Tyres’ highest decision-making power is held by the General Meeting, whose tasks and procedures are outlined in the Limited Liability Companies Act and the Articles of Association. The Annual General Meeting decides on such matters as the

- adaption of the Company’s annual accounts
- profit distribution
- discharging the Board of Directors and the President and CEO from liability
- number of members on the Board, the selection of the board members and the auditor, and their remuneration
- amendments to the Articles of Association, share issues, granting warrants, and acquiring of the Company’s own shares.

In addition, as of the Annual General Meeting 2020, the Remuneration Policy is presented to the General Meeting at least every four years and the Remuneration Report annually as of 2021. Resolutions of the General Meeting regarding the policy and the report are advisory.

The Annual General Meeting is held by the end of May of each year on a date determined by the Board of Directors, either at the Company’s registered place of business or in the city of Tampere or Helsinki. The General Meeting 2023 decided to enable holding a General Meeting of Shareholders entirely without a meeting venue, as a so-called remote meeting. In remote meetings, shareholders may exercise their full decision-making power, including the right to present questions and to vote, by using a remote connection and technical means.

An Extraordinary General Meeting is summoned whenever the Board considers this to be necessary or if an auditor or a group of shareholders with a holding of a total of at least one-tenth of all the shares in the Company requires it in writing, in order to address a particular issue.

According to law, a shareholder has the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting, if the shareholder so demands in writing from the Board of Directors well in advance of the General Meeting, so that the matter can be mentioned in the notice to the meeting. The shareholder shall submit the request for having a matter to be dealt with by the General Meeting by March 8, 2024.

The Articles of Association state that the notice of a General Meeting shall be published on the Company’s website. In addition, Nokian Tyres publishes the notice of a General Meeting as a stock exchange release. The invitation lists the agenda of the meeting.

Nokian Tyres’ Articles of Association is available on the Company’s website at [www.nokiantyres.com/company/investors/corporate-governance/articles-of-association/](http://www.nokiantyres.com/company/investors/corporate-governance/articles-of-association/).

Shareholders are entitled to participate in the General Meeting if they are registered in the Company’s shareholders’ register, maintained by Euroclear Finland Ltd, on the record date separately indicated by the Company. A holder of nominee registered shares can be temporarily registered in the shareholders’ register of the Company for purposes of participation in the General Meeting.

According to the Corporate Governance Code 2020, the Chair of the Board, the Board members and the President and CEO must be present at the General Meeting, and the auditor must be present at the Annual General Meeting. Board member candidates must be present at the General Meeting deciding on their election.

The Annual General Meeting for 2023 was held on April 26, 2023, in Helsinki, Finland. The meeting confirmed the financial statements, discharged the Board members and the President and CEO from liability for the fiscal year 2022 and adapted Nokian Tyres’ Remuneration Report for governing bodies. The meeting also decided on the payment of dividends as well as authorized the Board of Directors to resolve on the second installment of dividends was paid in December, 2023, the composition of the Board and their remuneration, and the election of the auditor and its remuneration. Further, the Annual General Meeting authorized the Board of Directors to decide on the repurchase of the Company’s own shares as well as on the issuance of shares and special rights entitling to shares and to decide on donations. In addition, the Annual General Meeting decided on amendments to the Articles of Association. The documents related to the Annual General Meeting are available on the Company’s website at [www.nokiantyres.com/company/investors](http://www.nokiantyres.com/company/investors).

The Annual General Meeting for 2024 is scheduled for April 30, 2024, at 10:00 a.m. EEST.

## Shareholders' Nomination Board

Nokian Tyres' Shareholders' Nomination Board (also referred to as the "Nomination Board") was established in 2020. According to the Charter of the Nomination Board, the duties of the Nomination Board consist of the preparation of proposals to the General Meeting concerning the number, composition, Chair and possible Deputy Chair of the Board, and the remuneration of the members of the Board and the Board committees. In addition, the Nomination Board seeks prospective successor candidates for the members of the Board.

The Nomination Board consists of five members of which four members represent the Nokian Tyres' four largest shareholders, who on the first banking day of June each year are the largest shareholders as determined on the basis of the shareholders' register of the Company maintained by Euroclear Finland Ltd and wish to nominate a member to the Nomination Board. If a shareholder, who would have the obligation to notify the Company of certain changes in shareholding under the Finnish Securities Markets Act (flagging obligation), presents a written request addressed to the Board by the first banking day of June, the holdings of a corporation or a foundation controlled by such shareholder or such shareholder's holdings in several funds or registers will be combined when determining the nomination right. A holder of nominee-registered shares will be taken into account when determining the composition of the Nomination Board, if the holder of nominee-registered shares presents a written request concerning the issue addressed to the Board by the first banking day of June. The fifth member of the Nomination Board is the Company's Chair of the Board. Proposals that have been supported by at least three members of the Nomination Board shall constitute the proposals of the Nomination Board.

The Nomination Board is established to operate until abolished by the decision of the General Meeting. The term of the members of the Nomination Board shall end upon the nomination of the following Nomination Board in accordance with the Charter of the Nomination Board. The members of the Nomination Board are not entitled to remuneration from the Company on the basis of their membership unless otherwise decided by the General Meeting.

The following members were appointed to the Nomination Board in 2023:

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

During its tenure, the Nomination Board had four meetings and all members participated in all meetings.

The proposals by the Nomination Board to the Annual General Meeting 2024 were published on November 30, 2023.

The Charter of the Nomination Board is available at [www.nokiantyres.com/corporate-governance/shareholders-nomination-board/charter](http://www.nokiantyres.com/corporate-governance/shareholders-nomination-board/charter).



## Board of Directors

### Operation of the Board of Directors

The Board is responsible for the Nokian Tyres' corporate governance and the appropriate organization of its operations pursuant to the Finnish Limited Liability Companies Act and other regulations. The Board holds the general authority in company-related issues, unless other Company bodies have the authority under the applicable legislation or the Articles of Association. The policies and key tasks of the Board are defined in the Finnish Limited Liability Companies Act, the Articles of Association, and the Board's Charter. The key tasks include:

- approving consolidated financial statements, half year reports and interim reports
- presenting matters to the General Meeting
- appointing and dismissing the President and CEO
- organization of financial control.

In addition, as defined in the Board's Charter, the Board deals with, and decides on, matters of principle as well as issues that carry financial and business significance, such as:

- Group strategy and financial objectives
- the Group's action, budget, and investment plans
- the Group's risk management and reporting procedures
- decisions concerning the structure and organization of the Group
- significant individual investments, acquisitions, divestments, and reorganizations
- the Group's financing policies
- reward and incentive schemes for the Group's management
- monitoring compliance with the applicable legal and regulatory requirements and the corporate policies, such as Code of Conduct, approved by the Board
- appointing Board committees
- monitoring and evaluating the actions of the President and CEO.

Nokian Tyres has a separate Audit Committee and a People and Sustainability Committee.

The President and CEO is in charge of ensuring that the Board members have the necessary and sufficient information on the Company's operations. The Board assesses its activities and operating methods by carrying out a self-evaluation once a year. Members of the Board and the President and CEO will not participate in decision-making where the law states that they must be disqualified.

### Composition of the Board of Directors

According to the Articles of Association of Nokian Tyres, the Board of Directors comprises no fewer than four and no more than nine members. The proposal regarding the composition and remuneration of the Board for the General Meeting is prepared by the Nomination Board. The number of Board members and the composition of the Board shall be such that the Board is capable of efficiently carrying out its tasks, while taking into account the requirements set by the Company's operations and its stage of development. The elected Board members must be qualified for the task and able to devote a sufficient amount of time for the Board duties.


Members of the Board are elected at the Annual General Meeting for a one-year term of office that begins after the closing of the Annual General Meeting and ends at the end of the next Annual General Meeting. In 2023, the Annual General Meeting appointed the Chair and the Deputy Chair from among the Board members upon the proposal by the Nomination Board. The remuneration payable to the Board members is also decided at the Annual General Meeting based on the proposal by the Nomination Board.

### Information on the members of the Board of Directors


The Annual General Meeting on April 26, 2023, elected nine Board members. Susanne Hahn, Jukka Hienonen, Veronica Lindholm, Christopher Ostrander, Jouko Pölonen, George Rietbergen and Pekka Vauramo were re-elected as members of the Board, and Markus Korsten and Reima Rytsölä were elected as new members of the Board 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.

Board of Directors, December 31, 2023



**Jukka Hienonen**  
**Chair of the Board**  
 (b. 1961)   
 Member of the Board since 2020.  
 Member of the People and Sustainability Committee.  
 Member of the Shareholders' Nomination Board.  
**Education:** Master of Science (Economics)  
**Main occupation:** Professional board member  
**Key positions of trust:** –



**Pekka Vauramo**  
**Deputy Chair of the Board**  
 (b. 1957)   
 Member of the Board since 2018.  
 Member of the People and Sustainability Committee.  
**Education:** Master of Science (Technology)  
**Main occupation:** President and CEO, Metso Corporation  
**Key positions of trust:** Member of the Board: Huhtamäki Oyj (Member of the Audit Committee), China Office of Finnish Industries, New Children's Hospital Foundation (Deputy Chair)




**Susanne Hahn**  
 (b. 1976)   
 Member of the Board since 2022.  
 Member of the People and Sustainability Committee.  
**Education:** University Diploma of Economics  
**Main occupation:** Founding and Managing Partner (CEO) of SKV Invest  
**Key positions of trust:**  
 Member of the Board: Klingele Paper & Packaging SE & Co KG, Invest BW-Funding program of the state of Baden-Württemberg, HyperPark Ltd., SENTImotion GmbH, 1886Technologies GmbH  
 Chair of the Board: Zefyron GmbH



**Markus Korsten**  
 (b. 1970)   
 Member of the Board since 2023.  
**Education:** Study of Applied Physics, Dipl. Ing. (FH)  
**Main occupation:** Vice President Factory Programs, Northvolt AB  
**Key positions of trust:** –



**Veronica Lindholm**  
 (b. 1970)   
 Member of the Board since 2016.  
 Chair of the People and Sustainability Committee.  
**Education:** Master of Science (Economics)  
**Main occupation:** Professional board member  
**Key position of trust:** Member of the Board: Finland Chamber of Commerce



**Christopher Ostrander**

(b. 1968) 

Member of the Board since 2021.  
Member of the Audit Committee.

**Education:** B.Sc. (Mechanical Engineering); M.Sc. (Engineering Management); MBA

**Main occupations:** CEO/Managing Partner, Premier Staffing Solution, LLC; Partner/Chairman, Kensington Hill Capital, LLC; Partner/Chairman, Cornerstone Consulting Organization, LLC

**Key positions of trust:** Kensington Hill Partners II, LLC, and Kensington Hill Capital, LLC, Chairman of the Board. Cornerstone Consulting Organization, LLC, Chairman of the Board. Tamarind Hill Management, LLC Limited Partner Advisor. University of Findlay, Member of Board of Trustees, Chairman of the Board of Trustees



**Jouko Pölönen**

(b. 1970) 


Member of the Board since 2021.  
Chair of the Audit Committee.

**Education:** M.Sc. (Econ & Bus. Adm.), Authorized Public Accountant, eMBA  
**Main occupation:** President and CEO, Ilmarinen Mutual Pension Insurance Company

**Key positions of trust:** Chairman of the Board: The Finnish Foundation for Share Promotion. Member of the Board: The Finnish Pension Alliance TELA, Finance Finland FFI and Excellence Finland



**George Rietbergen**

(b. 1964) 

Member of the Board since 2017.

**Education:** Master of Business Administration  
**Main occupation:** CEO, Koninklijke Oosterberg

**Key positions of trust:** –



**Reima Rytsölä**

(b. 1969) 

Member of the Board since 2023.  
Member of the Audit Committee.

**Education:** Master of Social Sciences  
**Main occupation:** CEO, Solidium Oy

**Key positions of trust:**  
Member of the Board: Ylva Palvelut Oy and Metso Corporation

More detailed information concerning members of the Board is available on the company's website at [www.nokiantyres.com/company/investors/corporate-governance/board-of-directors/](http://www.nokiantyres.com/company/investors/corporate-governance/board-of-directors/).



### Independence of the members of the Board of Directors

Pursuant to the recommendation of the Corporate Governance Code 2020, the Board assesses the independence of its members annually. According to the Board's estimate, all Board members 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.

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

Nokian Tyres holdings of the Company's current Board members	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, Member	2,386**
<b>Total</b>	<b>89,672</b>

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

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

### The Board of Directors meetings, members' attendance at meetings, and at making resolutions without a meeting (per capsulam)

In 2023, in addition to its normal duties, the Nokian Tyres' Board focused on building the new Nokian Tyres. The exit from Russia and the sale of Nokian Tyres Russian operations to PJSC Tatneft was completed in March 2023, after which all Nokian Tyres' operations in Russia ended. In order to secure tire supply, the company is building a new tire factory in Romania and has increased its production capacity by investing in its current factories in Finland and the US and by increasing the share of contract manufacturing of its production.

The Board convened a total of 10 times and made twice resolutions without a meeting (per capsulam) in 2023.

### Board members' attendance at meetings and at making resolutions without a meeting (per capsulam) in 2023

Jukka Hienonen (Chair)	100%
Pekka Vauramo (Deputy Chair)	100%
Heikki Allonen (Member until*)	100%
Susanne Hahn	100%
Markus Korsten (Member since*)	100%
Veronica Lindholm	100%
Inka Mero (Member until*)	100%
Christopher Ostrander	100%
Jouko Pölönen	100%
George Rietberger	92%
Reima Rytsölä (Member since*)	100%

\* April 26, 2023



### Diversity of the Board of Directors

Nokian Tyres sees diversity as a success factor enabling the achievement of Company’s strategic goals and business growth. In practice, diversity means different factors such as gender, age, nationality, and the complementary expertise of the members, their education and experience in different professional areas and industrial sectors in which the group mainly operates. Leadership experience and personal competencies are also considered.

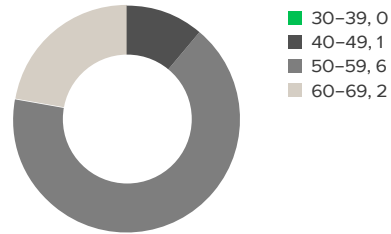
The Board shall have no fewer than two representatives from both genders. This goal has been met in the current Board. If two candidates are equally qualified, the candidate from the minority gender has priority. The Board members have significant experience in industry, consumer business and financial management, among other things. The status and progress of diversity is monitored by the Shareholders’ Nomination Board.

The principles concerning the selection of the Board and its diversity are visible on the Company’s website at [www.nokiantyres.com/company/investors/corporate-governance/board-of-directors/diversity-policy-for-the-board-of-directors/](http://www.nokiantyres.com/company/investors/corporate-governance/board-of-directors/diversity-policy-for-the-board-of-directors/).

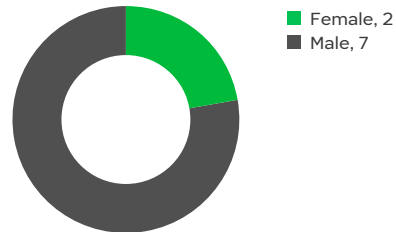
### Committees of the Board of Directors

The Board will decide on the committees and their chairs and members each year at its organizing meeting. In 2023, the Board had two committees: the People and Sustainability Committee and the Audit Committee. Each committee must include no fewer than three members having the competence and expertise necessary for working in the committee. At least one member of the Audit Committee must have expertise in accounting or auditing. The majority of the members of the People and Sustainability Committee must be independent of the Company. The majority of the members of the Audit Committee must be independent of the Company, and at least one member must be independent of the Company’s major shareholders. The President and CEO and the other members of the Group Management Team cannot act as members of the People and Sustainability Committee.

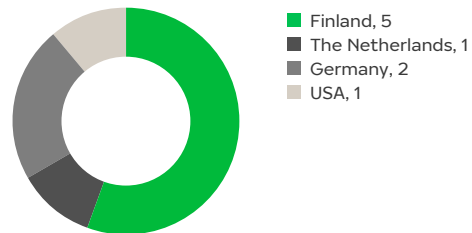
Age, Persons



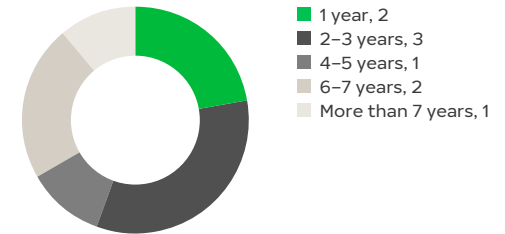
Gender, Persons



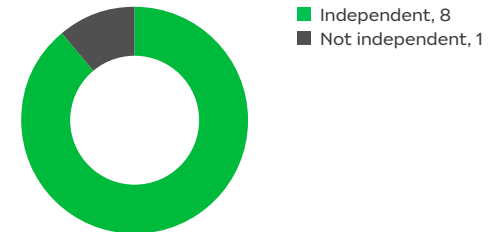
Nationality, Persons



Tenure, Persons



Independence of the Company, Persons



## People and Sustainability Committee

The committee was formerly called the Board's Personnel and Remuneration Committee until the Board's organizing meeting on April 26, 2023, changed the name to Board's People and Sustainability Committee. The People and Sustainability Committee prepares a proposal to the Board on the Company's President and CEO and on the salary and other incentives paid to the President and CEO. People and Sustainability Committee also prepares a proposal to the Board on the nominations, salaries and other incentives of the Group Management Team members. This committee also reviews and submits a proposal to the Board on the allocation and criteria of the Nokian Tyres share-based incentive plans, and on the other incentive plans. In addition, the key duties of the People and Sustainability Committee include the preparation of the remuneration policy and the remuneration report for the Board and the President and CEO in accordance with applicable laws and regulations.

The People and Sustainability Committee also prepares sustainability issues for the Board and monitors developments in the operating environment and regulation relating to sustainability. The committee prepares and reviews a report on non-financial information as part of the annual report and annual sustainability report.

The committee has no independent decision-making power; collective decisions are made by the Board, which is responsible for carrying out the tasks assigned to the committee.

In 2023, the members of the People and Sustainability Committee were Veronica Lindholm (Chair), Jukka Hienonen, Pekka Vauramo, and Susanne Hahn (Member since April 26, 2023).

All committee members are independent of the Company and of all major shareholders in the Company.

The committee assembled five times in 2023.

### Attendance at People and Sustainability Committee meetings in 2023

Veronica Lindholm (Chair)	100%
Susanne Hahn (Member since*)	100%
Jukka Hienonen	100%
Pekka Vauramo	100%

\* April 26, 2023

### Audit Committee

The Audit Committee assists the Board in its regulatory duties and reports to the Board. The committee has no independent decision-making power; collective decisions are made by the Board, which is then responsible for carrying out the tasks assigned to the committee.

According to the Committee Charter, the committee controls that bookkeeping, financial administration, financing, internal control, internal auditing, audit of the accounts, risk management and compliance function are appropriately arranged in the Company. The committee follows and assesses the reporting process for financial statements as well as any significant changes in the accounting policies and the items valued in the balance sheet. The committee also processes the general description of the mechanisms of internal auditing and risk management of the financial reporting process, which forms part of the Corporate Governance Statement.

The committee follows the statutory auditing of the financial statement and the consolidated financial statements and assesses the independence of the statutory auditor and the offering of services other than auditing services by the auditor. Furthermore, the committee handles the auditor's report and possible audit

minutes as well as the supplementary report presented by the auditor to the committee. The committee prepares the draft resolution on selecting the auditor. In addition, the Audit Committee monitors and assesses how agreements and other legal acts between the Company and its related parties meet the requirements of the ordinary course of business and arm's length terms in accordance with applicable laws and regulations. The Audit Committee must have the expertise and experience required for its tasks.

In 2023, the members of the Audit Committee were Jouko Pölönen (Chair), Heikki Allonen (Member until April 26, 2023), Inka Mero (Member until April 26, 2023), Christopher Ostrander (Member since April 26, 2023) and Reima Rytsölä (Member since April 26, 2023). As a general rule, the Company's chief auditor participates in the committee's meetings.

All committee members are independent of the Company and of all major shareholders in the Company, with the exception of Reima Rytsölä, who is deemed not to be independent of a significant shareholder of the Company based on his position as the CEO of Solidium Oy.

The committee assembled five times in 2023.

### Attendance at Audit Committee meetings in 2023

Jouko Pölönen (Chair)	100%
Heikki Allonen (Member until*)	100%
Inka Mero (Member until*)	100%
Christopher Ostrander	100%
Reima Rytsölä (Member since*)	100%

\* April 26, 2023

### President and CEO and his duties

The President and CEO conducts the group's business and manages the Company operations in accordance with the Finnish Limited Liability Companies Act and the instructions and guidelines provided by the Board. The President and CEO is responsible for informing the Board regarding the development of the Company's business and financial situation. The President and CEO prepares the Company's strategy and objectives for the Board. The President and CEO is also responsible for implementing the approved strategy and plans. The President and CEO is responsible for ensuring the legal compliance of the Company's bookkeeping and for arranging reliable asset management. The President and CEO is elected by the Board. Jukka Moisio has been the Company's President and CEO since May 27, 2020.

#### Jukka Moisio (b. 1961)

**Education:** Master of Science (Economics), MBA

**Position:** President and CEO since May 27, 2020

#### Key experience:

- 2008–2019 Huhtamäki Oyj, President and CEO
- 2004–2008 Ahlstrom Oyj, President and CEO
- 1991–2004 Ahlstrom Oyj, various management positions
- 1989–1991 McKinsey & Company, Associate

#### Key positions of trust:

- Chair of the Board: Paulig Oy and Sulapac Oy
- Member of the Board: Metsä Board Corporation

### Nokian Tyres holdings of the President and CEO and legal entities controlled by him December 31, 2023

	Number of shares
Jukka Moisio, President and CEO	22,921

### Management Team

The Group's Management Team is responsible for assisting the President and CEO in preparing the Company's strategy and in operative management, and for discussing matters that involve substantial financial or other impacts, such as corporate transactions and organization changes. Members of the Management Team carry the main responsibility for their business areas and functions. The Management Team has no activities based on the applicable legislation or the Articles of Association. According to the Group's meeting practices, the Management Team assembles approximately 11 times per year. In addition to the President and CEO, the heads of the business units and functions participate in the meetings.



Management Team, December 31, 2023



**Jukka Moisio**  
(b. 1961)  
President and CEO  
**Education:** Master of Science (Economics), Master of Business Administration  
**Nokian Tyres holdings of person and legal entities controlled by him:** 22,921



**Päivi Antola**  
(b. 1971)  
Communications, Investor Relations and Brand  
**Education:** Master of Arts, CEFA  
**Nokian Tyres holdings of person and legal entities controlled by her:** 5,799



**Niko Haavisto**  
(b. 1972)  
CFO  
**Education:** Master of Science (Economics)  
**Nokian Tyres holdings of person and legal entities controlled by him:** 11,250



**Anna Hyvönen**  
(b. 1968)  
Passenger Car Tyres and Vianor  
**Education:** Licentiate of Science (Technology)  
**Nokian Tyres holdings of person and legal entities controlled by her:** 22,010



**Adrian Kaczmarczyk**  
(b. 1971)  
Supply Operations  
**Education:** Dipl. Ing. Engineering, Master of Business Administration  
**Nokian Tyres holdings of person and legal entities controlled by him:** 3,420



**Jukka Kasi**  
(b. 1966)  
Products and Innovations  
**Education:** Master of Science (Technology)  
**Nokian Tyres holdings of person and legal entities controlled by him:** 40,367



**Päivi Leskinen**  
(b. 1965)  
Human Resources  
**Education:** Master of Social Sciences  
**Nokian Tyres holdings of person and legal entities controlled by her:** 0



**Manu Salmi**  
(b. 1975)  
Heavy Tyres and Nokia Factory  
**Education:** Master of Military Sciences, Master of Science (Economics), Master of Business Administration  
**Nokian Tyres holdings of person and legal entities controlled by him:** 30,457

More detailed information concerning the Group's Management Team is available on the Company's website at [www.nokiantyres.com/company/investors/corporate-governance/the-groups-management-team/](http://www.nokiantyres.com/company/investors/corporate-governance/the-groups-management-team/).

### III Descriptions of mechanisms of internal control and risk management

#### Internal control

The purpose of the Group's internal control mechanisms is to ensure that the Company's operation is in line with the applicable laws and regulations and the Nokian Tyres' Code of Conduct. As regards the financial reporting process, the purpose of the Group's internal control mechanisms is to ensure that the financial reports released by the Company have been compiled in accordance with the accounting principles applied by the Company and that they contain essentially correct information on the Group's financial position, and to ensure that financial reporting is accurate and reliable. The Group has defined group-level policies and instructions for the key operative units specified below in order to ensure efficient and profitable company operations.

The Group's business consists of Passenger Car Tyres, Heavy Tyres, and Vianor business units. Passenger Car Tyres is further divided into the following business areas: Nordics, Central Europe, and North America. Heavy Tyres and Passenger Car Tyres business units are responsible for their own operations, financial results, risk management, balance sheet and investments, supported by different functions. The Group's sales companies serve as product distribution channels in local markets.

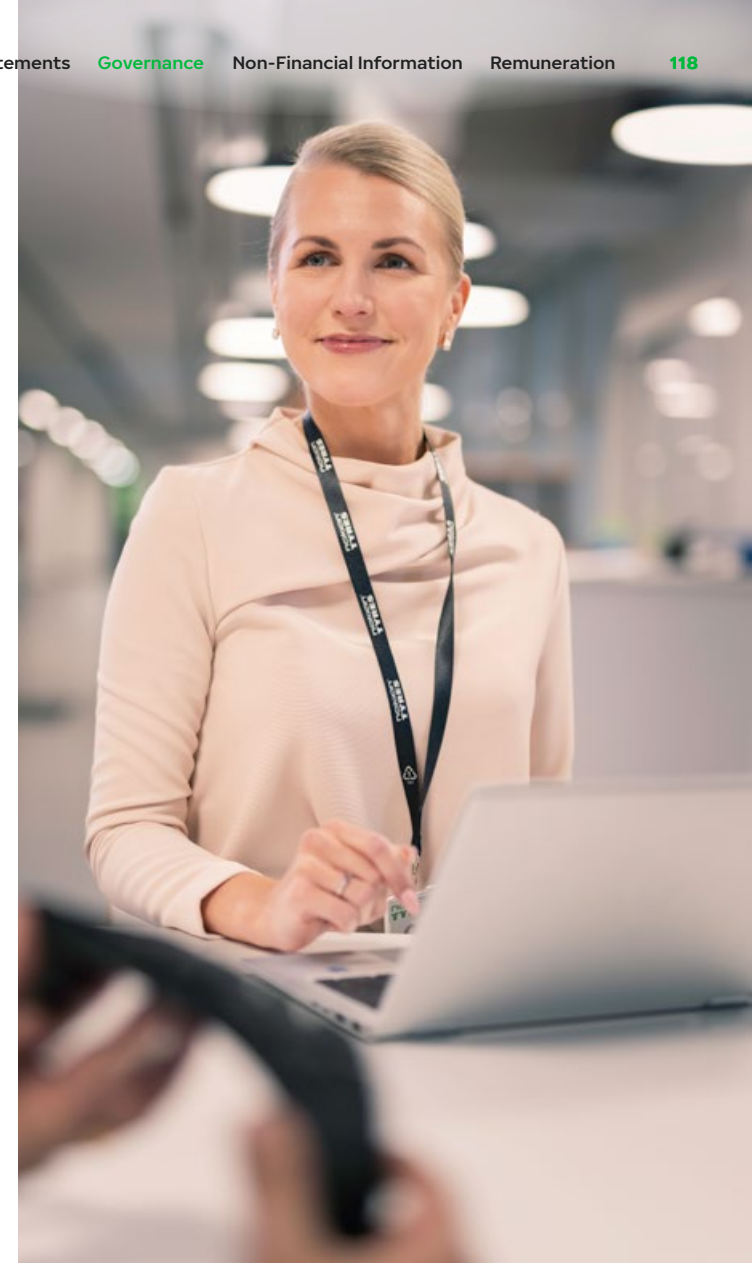
Subsidiaries are responsible for their daily operations and administration. They report to the director responsible for the said business area, while the Vianor chain reports to the director of the Vianor business unit.

The Board is responsible for the functionality of the internal control mechanisms, which are managed by the Company's management and implemented throughout the organization. Internal control is an integral part of all activities of the Group at

all levels. Nokian Tyres' operative management bears the main responsibility for operational control. Every supervisor is obliged to ensure sufficient control over the activities belonging to their responsibility and to continuously monitor the functionality of the control mechanisms. The Chief Financial Officer is responsible for organizing financial administration and reporting processes and the internal control thereof. Finance function is responsible for internal and external accounting; its tasks include, among others, producing financial information concerning the different areas and ensuring the accuracy of this information.

The preparation process of the consolidated financial statements (IFRS), the related control measures, and the task descriptions and areas of responsibility related to the reporting process are defined. The Company's Finance function produces the consolidations and information for the group level and the different areas. Each legal entity within the Group produces its own information in compliance with the instructions provided and in line with local legislation. The Group's Finance function is centrally responsible for the interpretation and application of financial reporting standards as well as for monitoring compliance with these standards.

Effective internal control requires sufficient, timely, and reliable information in order for the Company's management to be able to monitor the achievement of targets and the efficiency of the control mechanisms. This refers to financial information as well as other kinds of information received through IT systems and other internal and external channels. The instructions on financial administration and other matters are shared on the Company's intranet, and training is organized for personnel with regard to these instructions when necessary. Communication with the business units is continuous. The Company's financial performance is internally monitored by means of monthly reporting complemented with updated forecasts.



### Investor communications

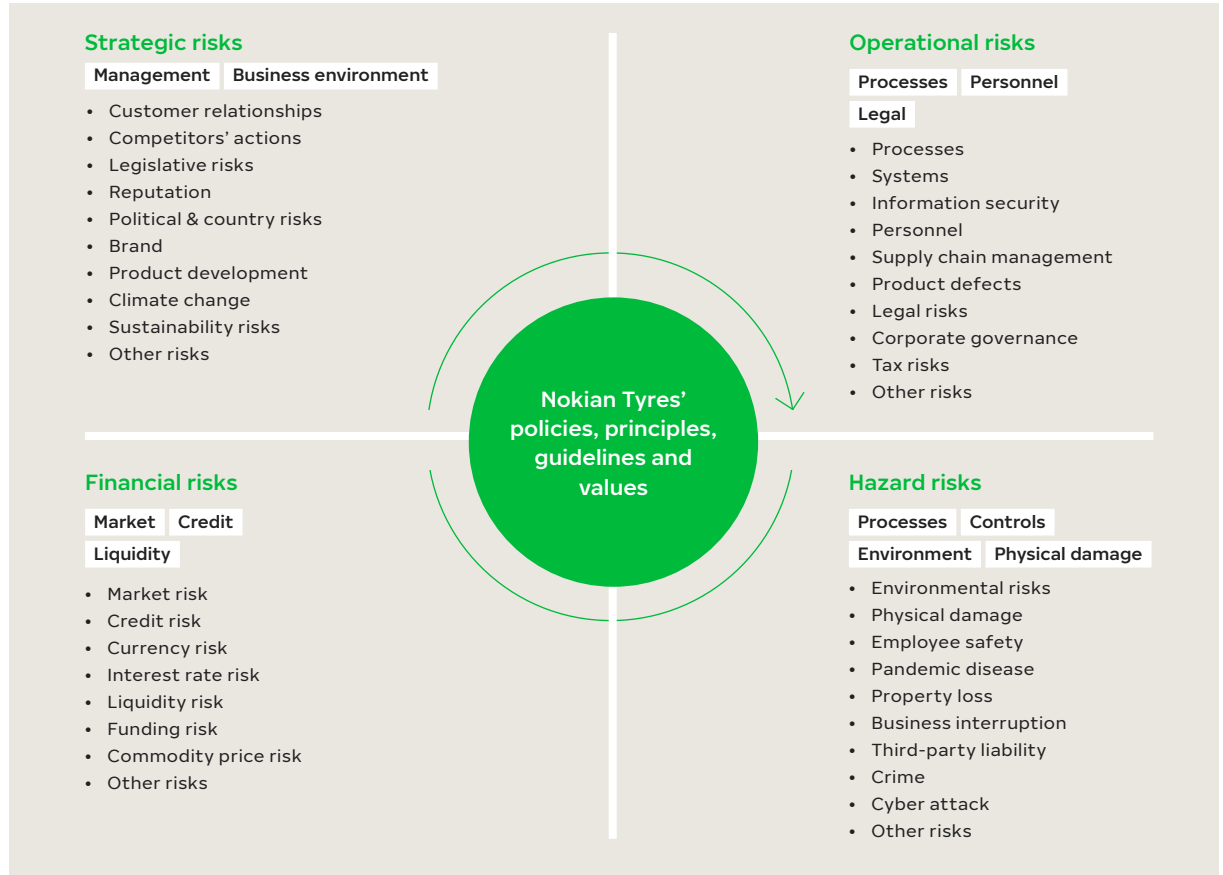
The goal of Nokian Tyres' Investor Relations is to regularly and consistently provide the stock market with essential, correct, sufficient, and up-to-date information that is subsequently used to determine the share value. The operations are based on equality, openness, and accuracy.

### Risk management

The Group has adopted a Risk Management Policy, approved by the Board, which supports the achievement of strategic goals and ensures continuity of business. 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 enterprise risks are classified as strategic, operational, financial and hazard risks. Strategic risks are related to customer relationships, competitors' actions, political and legislative risks, reputation, country risks, brand, product development, climate change and sustainability risks and investments. Operational risks arise as a consequence of shortcomings or failures in the Company's internal processes, actions by its personnel or systems, contractual risks, risk of non-compliance, or external events, such as unforeseen changes in the operating environment, cyber and information security, management of the supply chain, or changes in raw material prices. Financial risks are related to fluctuations in interest rate and currency markets, liquidity and refinancing, and counterparty and credit risks. Hazard risks arise from property loss or business interruption, shortcomings or failures in employee safety or environmental management systems.

### Enterprise risks



The most significant risks that could potentially have an impact on Nokian Tyres' business are 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.

The war in Ukraine has severely impacted Nokian Tyres' operating environment and production capacity, impacting the Company's ability to serve customers especially in Central Europe. Due to the war, Nokian Tyres decided to exit Russia and completed the sale of its operations in Russia to PJSC Tatneft in March 2023, after which all Nokian Tyres' operations in Russia ended. In order to secure tire supply, the company is building a new tire factory in Romania and has increased its production capacity by investing in its current factories in Finland and the US and by increasing the share of contract manufacturing of its production. Delay in these actions could have an adverse effect on Nokian Tyres' financial performance.

The tire market is evolving to meet changing consumer needs. Failure to meet demands of performance and safety or to innovate and develop new products and services or to adapt to the changes in the sales channel or new technologies could have an adverse effect on the financial performance. Unplanned interruption in critical information systems or network services may cause disruption to the continuity of operations. Any unexpected production or delivery breaks at production facilities or those of its contract manufacturing partners would have a negative impact on the company's business. Interruptions in logistics or lack of resources could have a significant impact on production and peak season sales. The 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' risk analysis pays special attention on corporate social responsibility risks. Analyses and projects related to information security and data protection and customer information are continuously a special focus area.

The risk management process aims to identify and evaluate the risks, and to plan and implement the practical measures and

continuous monitoring for each risk. Among others, such measures may include avoiding the risk, reducing it in different ways or transferring the risk through insurance policies or agreements. Control functions and measures are verification or back-up procedures applied to reduce the risks and ensure the completion of the risk management measures.

Responsibility for identifying, evaluating and to large extent, managing risks is delegated to business units, business areas and functions. Treasury is responsible for developing and maintaining risk management processes, methods and tools. Assisted by the Audit Committee, the Nokian Tyres' Board monitors and assesses the efficiency of the Company's risk management mechanisms and monitors the assessment and management of risks related to the Company's strategy and operations. The Audit Committee monitors that the risk management actions are in line with the Risk Management Policy. Issues raising in risk analysis are noted in the development of processes, compliance and control, and in Internal Audit planning. The Nokian Tyres' Board discusses the most significant risks annually.

## IV Other information provided

### Internal audit

The Group's Internal Audit systematically carries out assessments and audits on the efficiency of risk management, internal control, and corporate governance processes. Internal Audit is an independent and objective function whose aim is to help the organization to achieve its goals. The principles for internal audit have been confirmed in the Internal Audit's Charter approved by the Board.

The Group's Internal Audit function is managed by the Chief Audit Executive (CAE), who works under the Audit Committee. The focus areas for internal audit are approved by the Audit Committee each year. The audit assignments are based on the key strategic focus areas of the company's operations and the risks involved. The operation of Internal Audit covers all business activities, functions

and processes within the Nokian Tyres Group. The CAE reports on their activities to the Audit Committee and administratively to the Chief Financial Officer. The Company's Board of Directors follows and monitors the efficiency of the Internal Audit.

### Related party transactions

Nokian Tyres determines and monitors related parties in accordance with the International Accounting Standards (IAS 24, Related Party Disclosures) and other applicable regulations. The Company has procedures in place to identify and define its related parties and assesses and monitors related party transactions to ensure that all conflicts of interest and the Company's decision-making process are appropriately taken into account. The Audit Committee monitors and assesses how agreements and other legal acts between the Company and its related parties meet the requirements of ordinary activities and arm's length terms in accordance with applicable laws and regulations. The Group's financial management monitors and supervises related party transactions as part of the Company's normal reporting and monitoring procedures and reports to the Audit Committee on regular basis. The Company only has related party transactions that are a part of normal business, and the information regarding them is provided in the Annual Report. The decision-making processes have furthermore been structured in order to avoid conflict of interests. In case the Company would have any transactions that are not part of the Nokian Tyres' ordinary course of business or are not implemented under arm's length terms, such transactions shall be handled by the Audit Committee and approved by the Board and provided in the Annual Report.

### Insider management

Nokian Tyres complies with the guidelines for insider trading drawn up by Nasdaq Helsinki Ltd. Furthermore, the Company has drawn up separate Insider Guidelines that have been approved by the Board and that supplement other insider regulations as well as include instructions on insiders and insider administration.



Nokian Tyres does not maintain a permanent insider register. Insiders are identified on a case-by-case basis for specific projects. Project-specific insider lists are drawn up of people involved in insider projects of the Company. Persons with insider information are not allowed to trade in Nokian Tyres' financial instruments until the project ends or has been published. Those entered into the project-specific list of insiders are notified of their entry into the said list and the duties it entails, as well as the termination of the insider project.

Nokian Tyres maintains a separate list of persons discharging managerial responsibilities and their closely associated persons. In 2023, the persons discharging managerial responsibilities in the Company, as defined in the Market Abuse Regulation, were the members of the Board, the President and CEO and the Chief Financial Officer.

Persons discharging managerial responsibilities in the Company are allowed to trade with Nokian Tyres' financial instruments only for 30 days after the publication day of the Company's financial statement report, half year report, or interim report. The same applies also to the members of the Group's Management Team and persons who participate in the preparation, maintaining, and/or publication of the Company's financial reports. The prohibition on trading mentioned above also applies to persons who process the financial reporting and forecasts of the Nokian Tyres Group.

The Group General Counsel for Nokian Tyres is responsible for the overall management of insider matters in the Company and the related communication (limitations on trade, obligations to announce and publish management transactions). The Group General Counsel reviews the information for the persons discharging managerial responsibilities and their closely associated persons at least once per year. The Chief Financial Officer is the Group General Counsel's substitute for insider matters.

### Whistleblowing

Nokian Tyres has defined processes that internal and external parties can use to notify of any suspected violations of the Company's Code of Conduct or other policies or guidelines, or of any other malpractices. External parties can use the email address [whistleblow@nokiantyres.com](mailto:whistleblow@nokiantyres.com), among others. All whistleblowing notifications are investigated promptly in a confidential manner and protecting the identity of the whistleblower as far as possible.

### Audit

The auditor has an important role as a controlling body appointed by the shareholders. The audits give shareholders an independent opinion on how the financial statements and report by the Board of the Nokian Tyres have been drawn up and the accounting and administration of the Company have been managed. The auditor re-elected at the Annual General Meeting of 2023 is Ernst & Young Oy, authorized public accountants, with Mikko Järventausta, Authorized Public Accountant, acting as the Chief Auditor. The auditor's term of office lasts until the end of the following Annual General Meeting. In addition to his duties under the valid regulations, he reports all audit findings to the Group's management.

The following table presents fees by type paid for the years ended December 31:

Fees by type paid, EUR	2022	2023
The Group's audit fees	1,046,000	1,081,000
Fees paid to the auditor for services other than auditing	68,000	24,000
<b>Total</b>	<b>1,114,000</b>	<b>1,105,000</b>



# NON-FINANCIAL INFORMATION STATEMENT

MADE FOR DEMANDING CONDITIONS

” WHATEVER HAPPENS IN THE  
WORLD, A COMMUNITY BUILT ON  
DETERMINATION, COOPERATION AND  
TRUST WILL ALWAYS FIND ITS WAY.

Anne Aittoniemi,  
External Communications Specialist



# Non-Financial Information Statement 2023

Nokian Tyres develops and manufactures premium tires for consumers and customers who value safety, sustainability, and predictability. Sustainability is at the core of Nokian Tyres' business and one of the five cornerstones of the company's strategy.

Nokian Tyres is a supporting member of the United Nations Global Compact (UNGC) initiative and is committed to the Sustainable Development Goals (SDGs) set by the UN.

## Managing non-financial matters at Nokian Tyres

Nokian Tyres' sustainability activities are led by the SVP, Supply Operations, who is a member of the Group's Management Team. Nokian Tyres Sustainability Steering Group supervises and monitors the sustainability work within the Group and comprises of senior representatives from Supply Chain, Products & Innovations, Finance, Human Resources and Communications departments. Nokian Tyres Greenhouse Gas (GHG) Steering Group supervises and monitors the progress in reducing greenhouse gas emissions within the Group. The duties of all supervisors include day-to-day leadership of sustainability.

Targets, milestones, development items, and other key topics are discussed by the Group's Management Team at least twice a year, and at least three times a year by the Board's People and Sustainability Committee. The VP of Quality, Sustainability, and Supply Operations Business Development shares knowledge and updates with the Committee about the company's impacts.

### Managing sustainability at Nokian Tyres



Nokian Tyres' business is guided by the ethical principles presented in the Board-approved Code of Conduct that can be found at [www.nokiantyres.com/company/sustainability/code-of-conduct/](http://www.nokiantyres.com/company/sustainability/code-of-conduct/). The document specifies the principles for Nokian Tyres' business, including instructions for various matters related to ethics and the anti-bribery guidelines. Nokian Tyres does not condone any form of bribery within the company's operations.

When reporting a suspected misuse or violation, an employee is advised to contact either his/her supervisor, Internal Audit, Legal & Compliance, or the HR unit. Misconduct can also be reported by sending an email to [whistleblow@nokiantyres.com](mailto:whistleblow@nokiantyres.com) or via regular mail. The internal auditor reports suspected misuses and violations to the Board's Audit Committee.

The company requires that all its sustainability critical suppliers adhere to Nokian Tyres' Supplier Code of Conduct ([www.nokiantyres.com/company/sustainability/supplier-code-of-conduct/](http://www.nokiantyres.com/company/sustainability/supplier-code-of-conduct/)). All raw material suppliers must, at a minimum, have an ISO 9001 certified quality management system in place. Nokian Tyres prefers suppliers with an ISO 14001 certified environmental management system.

The Risk Management Policy adopted by Nokian Tyres' Board of Directors supports achieving the company's strategic targets and ensuring business continuity. Read more about the company's risk management in the Financial Statement under [Significant Risks and Uncertainties](#) and [in the Corporate Governance Statement](#).

## Guiding principles for Nokian Tyres' sustainability

Sustainability is a part of Nokian Tyres' company culture, strategy, and targets. The graph on the next page describes the areas of sustainability in the company, the guiding principles, and the most important standards and policies that guide the work.

## Nokian Tyres' material topics

Through continued focus on sustainability at Nokian Tyres, the company is committed to minimizing its negative impacts and maximizing its positive impacts on the economy, environment, and people. An essential part of driving this positive change is understanding how Nokian Tyres' stakeholders view sustainability and what sustainability topics are relevant for society and the business. This is done by conducting materiality assessments every three years. The assessments form a basis for sustainability at Nokian Tyres.






The VP of Quality, Sustainability, and Supply Operations Business Development presents the data from the materiality assessment to the Group's Management Team and to the Board. The Board reviews and approves the Non-Financial Information Statement, the topics of which are based on the materiality assessment.

The company conducted a comprehensive materiality assessment in 2021. As a result, the following sustainability topics were considered material to Nokian Tyres' operations, and sustainability reporting regarding the year 2023 is mostly based on them:

1. Sustainable raw materials
2. Actions to mitigate climate change
3. Safety and well-being at Nokian Tyres
4. Promoting human rights in all operations
5. Safety properties of tires

The material topics for 2024 are defined with a double materiality analysis, the results of which will be presented in the Nokian Tyres' Sustainability Report 2023 to be published by the end of March 2024.

Areas of sustainability

Products / R&D	People	Economy	Environment	Procurement
				
Nokian Tyres develops and manufactures safe and high-quality tires that reach their destination safely even under demanding conditions. Ecofriendliness is considered, for example, regarding rolling resistance, raw materials, and mileage and abrasion.	Nokian Tyres is committed to acting in the manner required by the UN's Guiding Principles for Business and Human Rights as well as OECD's Guiding Principles on Labour and Human Rights, and to following the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. The company respects human rights and treats all individuals equally.	Through profitable growth, Nokian Tyres enables the further development of its operations and ensures financial security, work, and well-being for stakeholders.	Nokian Tyres considers the product's entire life cycle and all of its functions in terms of environmental responsibility and is committed to acting in a way that does not harm the environment or people. Nokian Tyres aims to show leadership in actions against climate change.	Nokian Tyres is committed to sustainable procurement and further developing sustainability in the supply chain.
<b>Essential standards, group policies and procedures related to sustainability</b>				
Tire/vehicle safety regulations (UN tire regulations), various tire labelling (consumer information) regulations and standards (EU Tyre Labeling regulation), chemical regulation, UN Global Compact, Nokian Tyres tire testing policy.	ISO 45001, UN Global Compact, Policies and procedures related to safety, well-being, hiring, traveling, induction, people reviews and competence development, human rights, and equality.	Stock exchange rules, IFRS, UN Global Compact, Corporate Governance, risk management, Know Your Counterparty, Tax Policy.	ISO 14001, Responsible Care program, Science Based Targets, UN Global Compact, Policies and procedures related to environmental and chemical safety management.	ISO 9001, ISO 14001, UN Global Compact, Procurement policy, Supplier Code of Conduct, Sustainable Natural Rubber Policy.
<b>Local guidelines and procedures</b>				

## Non-financial targets

Nokian Tyres' non-financial targets are presented on the company's website at [www.nokiantyres.com/company/sustainability/fundamentals/our-targets-and-achievements/](http://www.nokiantyres.com/company/sustainability/fundamentals/our-targets-and-achievements/). The chart describes selected five key targets, with respective KPIs and results for 2023.

Area	Target	KPI	Progress in 2023
<b>Safe and eco-friendly tires:</b> increasing the share of sustainable materials in tires	Increase the share of recycled or renewable raw materials in tires to 50% by 2030	Report annual improvement	One new renewable raw material taken into production use
<b>Climate:</b> reducing CO <sub>2</sub> emissions in line with the four Science Based Targets	Reducing CO <sub>2</sub> emissions from tire production (scope 1+2) by more than 50% by 2030, base year 2015	Report annual improvement	Target was reached in 2023, seven years in advance
<b>Safety:</b> securing safer and better work	Accident frequency LTIF: Decrease from 8.3 (2018) to 1.5 by 2025	20% annual improvement in LTIF compared to the previous year	Negative development. LTIF increased from 3.2 to 4.7
<b>Human rights:</b> auditing all significant high-risk suppliers	100% of significant high-risk suppliers audited by 2025	Annual increase in the share of audited high-risk suppliers	100% audited (83% in 2022)
<b>Personnel wellbeing:</b> develop personnel wellbeing	Develop personnel wellbeing	Report annual improvement in sentiments about equal opportunities in the personnel survey, base year 2021 (65)	Score on equality was 67 on a scale of 0–100 (66 in 2022)

## Nokian Tyres as a part of society

**IMPACTS:** *Through sustainable business practices and financial success, Nokian Tyres offers security, work, and well-being for its personnel and contributes to the well-being of local communities.*

Nokian Tyres' objective is to create value for its various stakeholders, such as consumers, customers, personnel, and shareholders. Nokian Tyres wants to be a good corporate citizen wherever it operates.

Nokian Tyres' approach to philanthropy mirrors its purpose, entrepreneurial and inventive company culture, and sustainable way of doing business. The company does not support any political or religious entities. The company offers resources to projects based on the Nokian Tyres' Philanthropy Approach defined in 2020.

In 2023, Nokian Tyres gave the Baltic Sea Action Group (BSAG) a Baltic Sea commitment for the years 2023–2026. Nokian Tyres' commitment is focused on cooperation in BSAG's Ship Waste Action initiative. The goal of the initiative is to establish an operating model in which wastewater from cargo ships is discharged in the harbor and the utilization of nutrients is enabled by circular economy solutions.

Nokian Tyres also entered a partnership with the Finnish Ski Association, becoming the main partner of Cross-Country Ski Team Finland as well as junior Cross-Country Ski Team Finland for the seasons 2023–24 and 2024–25. With the partnership, Nokian Tyres wants to support the top athletes representing Finland as well as the young future talents.

Additionally, the company continued to support the traffic safety education for local school children in Nokia, Finland, and donated books for safety education. The tire and car service chain Vianor donated to Save the Children, an international advocate of children's rights, to support low-income families and children at the risk of alienation in Finland, Sweden, and Norway.

In the US, Nokian Tyres has donations committees in Dayton, Nashville, and Colchester. The company donated to non-profit and educational organizations near its US factory in Dayton, Tennessee. Throughout North America, Nokian Tyres donated tires to help charities and community organizations raise funds and serve their communities. In addition, Nokian Tyres supported Nokian Tyres Summer Nights, a summer concert series in Dayton aimed at supporting community growth.

Nokian Tyres continued its partnership with POWDR, a ski resort company in the US and Canada. The partners planted trees for every season pass sold during a select time period at participating resorts. They also worked together to educate resort guests on the importance of driving safety.

## Climate and the environment

**IMPACTS:** *Actions to mitigate climate change and reduce emissions, ensuring environmental and chemical safety*

Environmental and chemical safety and the coordination of sustainability are the responsibility of the Quality and Sustainability department. The company promotes environmental and chemical safety through risk management, continuous improvement of processes, and through new investments. When developing activities, the company applies best practices and advanced solutions while taking into account human factors and financial impacts.

The tire factories in Finland and in the US are certified pursuant to the international ISO 14001 environmental management system standard, the ISO 45001 occupational health and safety standard, and the ISO 9001 quality system standard. The company also holds an IATF 16949 approval for the automotive industry since 2013.

The company has defined its climate-related risks and opportunities according to the recommendations of Task Force on Climate-Related Financial Disclosures (TCFD). In 2023, the risks and opportunities were reassessed. The following scales were used for severity and time horizon:

### Severity:

Very low	<0.1 EUR million
Low	0.2–2 EUR million
Medium	3–20 EUR million
High	20–200 EUR million
Very high	>201 EUR million

### Time horizon:

Short	<2030
Medium	2030–2040
Long	2040–2050

Climate-related risks

	Risk group	Sub category	Examples of concrete risks	Time horizon	Severity (Financial impact)	Probability	Adaptation / mitigation plan
Transition risks	Regulatory	Emerging regulation	Deforestation-related regulation (EUDR), concerning natural rubber	Short	Medium	High	Follow-up of emerging regulation
				Medium	Low	High	
				Long	Low	High	
			Green regulation on aviation and maritime fuels can significantly increase costs of logistics	Short	Low	High	
				Medium	Low	High	
				Long	Very low	High	
		Further environmental fees	Additional taxes and duties e.g. EU's CBAM for fossil raw materials can increase prices. Carbon taxes. Certification costs	Short	Medium	High	Participation in industry sector working groups
				Medium	Medium	High	
				Long	Medium	High	
		Stricter expectations to oversight	Increased verification testing of products and emission measurements, including LCA, EPD	Short	Low	Medium	Follow-up of emerging regulations
				Medium	Low	High	
				Long	Low	High	
	Technological	Climate-related demands for new tire technology	A+ rolling resistance tires required for EVs	Short	Medium	Low	Anticipation of future expectations in R&D development road maps
				Medium	Medium	Low	
				Long	Medium	Low	
			150 km/h max speed for EU – demand for UHP (Ultra High Performance) tires declines	Short	Low	Low	
				Medium	Low	Low	
				Long	Low	Low	
	Market and reputation	Market changes	Shift from car ownership to mobility-as-a-service i.e. changing customer base	Short	Low	Medium	Update product and service offering
				Medium	Medium	Medium	
				Long	Medium	Medium	
		Tire raw materials	Replacing fossil-based raw materials with more expensive renewable and recycled materials	Short	High	High	Road map for selective use of renewable and recycled raw materials
				Medium	Medium	High	
				Long	Medium	High	
Replacing raw materials that have a high carbon footprint with materials with a lower carbon footprint. Availability and price of materials			Short	High	High	Selective use of lower carbon footprint materials	
			Medium	Medium	High		
			Long	Medium	High		
Energy		Green energy prices go up due to strong demand	Short	Low	High	Long term power purchasing agreements	
			Medium	Medium	High		
			Long	Medium	Medium		
	Raw material and transportation price increases due to higher energy prices	Short	Low	Medium	Long term contracts		
		Medium	Low	Medium			
		Long	Low	Medium			



Climate-related risks

Risk group	Sub category	Examples of concrete risks	Time horizon	Severity (Financial impact)	Probability	Adaptation / mitigation plan	
Market and reputation	Tire raw materials	Availability of renewable and recycled raw materials can limit plans for sustainability	Short	Low	High	Aiming for multiple sources	
			Medium	Low	High		
			Long	Low	Medium		
	Tire demand	Increased demand for all-season tires, decreased demand for winter tires	Short	Low	High	Update product offering	
			Medium	Low	High		
			Long	Low	Medium		
	Reputational risk	Deforestation scandals (natural rubber)	Short	Low	Low	Co-operation with supply chain in line with GPSNR recommendations	
			Medium	Low	Low		
			Long	Low	Low		
		Unintentional incorrect sustainability information	Short	Low	Low	Systematic information verification practices	
			Medium	Low	Low		
			Long	Low	Low		
Physical risks	Physical	Extreme weather events	Disruptions in logistics and force majeure situations	Short	Low	Medium	Alternative transportation routes
			Permanent changes in logistics and/or increased force majeure situations (chronic)	Medium	Low	Medium	
				Long	Low	Medium	
				Impact of extreme weather events on natural rubber producers	Short	Low	Low
			Medium		Low	Low	
			Long		Medium	Low	
		Extreme temperatures	Contamination/lower quality of raw materials	Short	Low	Low	Multiple supply sources
				Medium	Low	Low	
				Long	Low	Low	
		Extreme weather events	Disruption on own production and/or distribution	Short	Low	Low	Location selection and building design. Insurances.
				Medium	High	Low	
				Long	High	Low	

**Climate-related opportunities**

Opportunity group	Sub category	Examples of concrete opportunities	Time horizon	Financial impact	Probability	Implementation plan
Innovation	Raw materials	Innovations with renewable / recycled / local materials	Short	Medium	High	Material development road map to reach 50% share of renewable or recycled raw materials by 2030
			Medium	High	High	
			Long	High	High	
		Innovations with low carbon footprint raw materials	Short	Medium	High	
			Medium	High	High	
			Long	High	High	
	Recycling	Cooperation with innovative recycling companies	Short	Low	High	Screening of opportunities and widening of cooperation
			Medium	Medium	High	
			Long	High	High	
	Climate-friendly technology	Lower rolling resistance products. Climate-friendly production	Short	High	High	Product development road map. New zero CO <sub>2</sub> factory to Romania being implemented
			Medium	High	High	
			Long	High	High	
	Energy-efficient production	Modern machinery used in Nokian Tyres' factories	Short	Medium	Medium	New zero CO <sub>2</sub> factory to Romania being implemented
			Medium	Medium	Medium	
			Long	Medium	Medium	
Product range	Competitive advantage	As an expert in demanding and challenging weather conditions, Nokian Tyres' share in winter tire markets is strong. Readiness to increase the share further, should the extreme weather phenomena increase in the future	Short	Low	High	Innovations and developing product portfolio to meet future winter conditions, increasing consumer awareness
			Medium	Medium	High	
			Long	High	High	
		Increase of all-season tire sales in Europe due to milder winters	Short	High	High	
			Medium	High	High	
			Long	Medium	High	
	EU's ESG regulations	Increased share of sustainable raw materials	Short	Medium	High	Innovation and early adaptation of regulations
			Medium	Medium	High	
			Long	Low	High	
		Tire regulation for wear resistance (abrasion)	Short	Medium	High	
			Medium	Low	High	
			Long	Very low	High	
	Industrial (heavy) tires	Existing expertise to provide climate-friendly solutions, e.g. intelligent sensor technology	Short	Medium	High	Product development
			Medium	High	High	
			Long	High	High	

Climate-related opportunities

Opportunity group	Sub category	Examples of concrete opportunities	Time horizon	Financial impact	Probability	Implementation plan
Engagement	Consumers	Increase awareness of how tires can affect safety and carbon footprint	Short	Medium	High	Consumer education through communications and marketing
			Medium	Medium	High	
			Long	Medium	High	
	Policy makers	Increased preparedness for new regulations or incentives	Short	Medium	High	Industry-wide cooperation and information sharing with decision makers
			Medium	Medium	High	
			Long	Medium	High	
	Shareholders / stakeholders	Climate-related sustainable financing and incentives	Short	Medium	High	Transparent sustainability targets, public reporting, collaboration with financial institutions, information sharing with stakeholders
			Medium	Medium	High	
			Long	High	High	
Regulatory	Renewable Energy Directive and other climate regulation	More renewable energy available in EU, prices can decrease	Short	Low	High	Own investments/partnering for green energy
			Medium	Medium	High	
			Long	Medium	High	
		Global carbon tax or similar would improve the company's competitive position	Short	Low	Medium	Further improvement of corporate carbon footprint
			Medium	Low	Medium	
			Long	Low	Medium	

In 2020, Nokian Tyres was the first in tire industry to receive approval from the Science-Based Targets initiative (SBT) for its targets for reducing greenhouse gas emissions. In 2023, Nokian Tyres achieved one of its key climate targets seven years in advance and made a commitment to achieve net-zero greenhouse gas emissions by 2050. The company is currently in the process of having new, more ambitious emission reduction targets to be validated by the SBT. The new scope 1 + 2 emission targets will be aligned with the 1.5 degrees pathway. The work to reduce the GHG emissions is followed and supported by the Nokian Tyres Greenhouse Gas Reduction Steering Group, which convenes four times a year.

Nokian Tyres is a shareholder in Finnish Tyre Recycling Ltd, which centrally manages the collection and reuse of used tires in Finland. In Finland, nearly 100 percent of decommissioned tires are recycled. On average in Europe, the degree of tire recycling is approximately 95 percent.

The VOC emissions (volatile organic compounds, or solvents) of the Nokian Tyres' tire factory in Finland are still above the maximum level allowed by the environmental permit. During 2022 the company started discussions with environmental authorities, and a spread modelling of the VOC emissions was conducted to estimate the impacts of the VOCs in the nearby surroundings of the factory. According to the modelling, the VOC concentrations and the environmental effects are minor. Furthermore, the solvent use has decreased over 40 percent compared to 2018. An application was submitted to authorities during 2023 to have the environmental permit updated.

Nokian Tyres received one environmental complaint in 2023 concerning odor at the tire factory in Finland. The company received no other environmental complaints. In 2023, Nokian Tyres received a \$1,500 fine for a minor air permit recordkeeping violation in the factory in the US.

Special attention has been paid to reducing GHG emissions, as well as chemical safety and sustainability work across different fields of business.

At the production facilities, emphasis remained on reusing waste. In 2023, 100 percent of the tire factories' production waste was sent to utilization.

## EU taxonomy

The EU's Taxonomy Regulation is designed to support the transformation of the EU economy to meet its European Green Deal objectives, including the 2050 climate-neutrality target. The Taxonomy regulation classifies economic activities, which can be potentially aligned with EU's environmental targets. At the core of the Taxonomy Regulation is the definition of a sustainable economic activity. This definition is based on two criteria. An activity must:

- Contribute to at least one of six environmental objectives listed in the Taxonomy; and
- Do no significant harm to any of the other objectives, while respecting basic human rights and labor standards.

The tire industry is included in the economic activity groups Manufacture of other low carbon technologies of Climate change mitigation and Remanufacturing of Transition to a circular economy in the EU Taxonomy's technical screening criteria. After investigating and consulting on EU Taxonomy's technical screening criteria, following conclusions about Nokian Tyres' economic activities have been made:

- Tires with low rolling resistance ratings which are manufactured by Nokian Tyres have substantially lower life-cycle carbon footprint than corresponding average tires.
- At this stage, Nokian Tyres has excluded all heavy off-road tires for professional use as there is no solid comparison data available of use phase CO<sub>2</sub> emissions for heavy off-road tires for professional use.
- Tire retreading can be included in the Remanufacturing section of the EU Taxonomy's Transition to circular economy environmental target.

Manufacture of tires with low life-cycle greenhouse gas emissions and tire retreading business activities represented 3.4 percent of Nokian Tyres' total net sales in 2023. Based on Nokian Tyres' assessment, these economic activities are either aligned or eligible with the EU Taxonomy. Share of Opex within the same scope of EU Taxonomy was 1.8 percent and share of Capex within the same scope of EU Taxonomy was 1.0 percent.

It must be noted that the Taxonomy reporting scope and criteria may change in coming years as this is only the third reporting round, and therefore also the figures may not be comparable between earlier and future reporting periods.

## Nokian Tyres' approach to calculate the EU Taxonomy eligibility and alignment:

### Net sales

- **A:** Amount of aligned or eligible net sales coming from tires having EU Tyre Labelling grade A or B in rolling resistance and grade A in pass-by noise, and from tire retreading business activities. In previous years, the pass-by noise grade was not a criterion and all rolling resistance class C tires were still included, so the figures from 2022 have been restated.
- Heavy off-road tires for professional use will be excluded as there is no solid data (or public benchmark) available for use phase CO<sub>2</sub> emissions.
- **B:** Total amount of net sales
- **C:** Share of net sales within the scope of EU Taxonomy
- **C = A/B%**

### Capex and Opex

- **D:** Aligned or eligible tire production companies' and retreading plants' Opex: Research and Development and real estate expenses deducted by depreciation & amortization
- **E:** Group Opex: Research and Development and real estate expenses deducted by depreciation & amortization
- **F:** Share of Opex within the scope of EU Taxonomy
- **F = C\*D/E%**
- Justification: represents share of Opex used for producing low rolling resistance tires and offering retreading services with reasonable accuracy.
- **G:** Aligned or eligible tire production companies' and retreading plants' tangible Capex
- **H:** Group Capex including tangible and intangible investments
- **I:** Share of Capex within the scope of EU Taxonomy
- **I = C\*G/H%**
- Justification: represents share of Capex used for production readiness for low rolling resistance tires and offering retreading services with reasonable accuracy.
- Remark: handpicking and assessing each investment's relation to EU Taxonomy separately is regarded not to give much additional accuracy.

**Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023**

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria (“Does Not Significantly Harm”)							Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)	Code (2)	Turnover (3) EUR million	Proportion of turnover, year 2023 (4) %	Climate Change Mitigation (5) Y; N; N/EL	Climate Change Adaptation (6) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular Economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N	Minimum Safeguards (17) Y/N			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Manufacturing of other low carbon technologies	3.6.	23.1	2.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	2.1%*	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		23.1	2.0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	2.1%*		
Of which enabling		23.1	2.0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	2.1%*	E	
Of which transitional																			
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Repair, refurbishment and remanufacturing	5.1.	16.9	1.4%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		16.9	1.4%	0%	0%	0%	0%	100%	0%								-		
<b>A. Turnover of Taxonomy-eligible activities (A.1+A.2)</b>		40.0	3.4%	57.8%	0%	0%	0%	42.3%	0%								-		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Turnover of Taxonomy-non-eligible activities		1,133.6	96.6%																
<b>TOTAL</b>		<b>1,173.6</b>	<b>100%</b>																

\* Year 2022 restated

**Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023**

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria (“Does Not Significantly Harm”)							Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)			
Text		EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Manufacturing of other low carbon technologies	3.6.	2.4	1.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	1.1%*	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2.4	1.0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y			
Of which enabling		2.4	1.0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y		E	
Of which transitional																			
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Repair, refurbishment and remanufacturing	5.1.	0.1	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.1	0%	0%	0%	0%	0%	100%	0%								-		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		2.5	1.0%	96.0%	0%	0%	0%	4.0%	0%								-		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CapEx of Taxonomy-non-eligible activities		249.6	99.0%																
<b>TOTAL</b>		<b>252.1</b>	<b>100%</b>																

\* Year 2022 restated

**Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023**

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria (“Does Not Significantly Harm”)							Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Economic Activities (1)	Code (2)	OpEx (3) Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)			
Text		EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Manufacturing of other low carbon technologies	3.6.	0.6	1.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	1.9%*	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		<b>0.6</b>	<b>1.8%</b>	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y			
Of which enabling		0.6	1.8%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y		E	
Of which transitional																			
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Repair, refurbishment and remanufacturing	5.1.	0.0	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		<b>0.0</b>	<b>0%</b>	0%	0%	0%	0%	0%	0%								-		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		0.6	1.8%	100%	0%	0%	0%	0%	0%								-		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OpEx of Taxonomy-non-eligible activities		35.9	98.2%																
<b>TOTAL</b>		<b>36.5</b>	<b>100%</b>																

\* Year 2022 restated



## People

**IMPACTS:** *Safety and well-being of personnel*

Nokian Tyres' principles in all operations are fair treatment and respect of human rights when collaborating with its personnel or other stakeholders. This principle of equality and non-discrimination is an essential part of the company's operations, and the management of diversity is based on the concept of equality and equal prerequisites for work.

People Review discussions with all employees focus on managing performance and employee's personal development. Internal job rotation, on-the-job learning, and other learning solutions have a key role in supporting employee development.

In 2023, Nokian Tyres conducted the yearly personnel survey Drive! to measure well-being, equality, inclusion, and engagement inside the organization. In the company-wide survey, for the question concerning equality, the score was 67 on a scale of 0–100, which is 7 points below the global benchmark. Improving equality is a priority in Nokian Tyres' sustainability work, and the aim is to continuously improve the score. This equality KPI is being followed annually.

Nokian Tyres' commitment and efforts related to data protection continued throughout the year.

## Safety work continues

Nokian Tyres' goal is to promote occupational health and minimize the number of occupational accidents. Occupational health and safety are an integral part of the company's daily management and operations.

Safety is Nokian Tyres' priority, and the company's long-term goal is to decrease the lost-time accident frequency LTIF from 8.3 in 2018 to 1.5 in 2025. In 2023 the lost-time accident frequency developed negatively. To improve the situation in 2024, Nokian Tyres will strengthen safety culture implementation by engaging the employees even more actively than before, as well as by improving procedures and safety management according to the Nokian Tyres' Safety Management Standard.

### Lost-time injury frequency (LTIF)\*

2019	2020	2021	2022	2023
4.3	3.7	4.1	3.2	4.7

\* Number of incidents / 1,000,000 hours worked

## Products

**IMPACTS:** *Continuous improvement of traffic safety of tires and the sustainability of raw materials in tires*

Nokian Tyres' R&D constantly develops new ways of replacing fossil-based raw materials with recycled or renewable materials to enable more sustainable tire manufacturing. Nokian Tyres aims to increase the share of recycled or renewable raw materials in its tires to 50 percent by 2030.

## Rolling resistance

Carbon dioxide, CO<sub>2</sub>, is the most significant greenhouse gas generated by traffic. The higher the rolling resistance of a tire is, the higher the fuel consumption and CO<sub>2</sub> emissions will be.

Nokian Tyres' goal for developing the rolling resistance of its tires is to have at least 60 tires in the best rolling resistance A class of EU Tyre Labelling system by 2028.

### Nokian Tyres products in the rolling resistance A class\*

Status in 2023	Goal for 2028
10	60

\* Tires included in the EU Tyre Labelling

## Developing the safety of winter tires

Nokian Tyres participates actively in developing the EU Tyre Labelling test method standards, such as wet grip and ice grip. As a Scandinavian tire designer and manufacturer, the safety of winter tires is one of Nokian Tyres' top priorities in traffic safety of tires.

As of May 2021, the EU Tyre Labelling includes a label for snow grip marking as well as ice grip marking. A tire that is approved for severe snow conditions can have the snow grip marking, and a tire that passes the international ice grip test method can also have the ice grip marking on their label. Nokian Tyres' target for the winter tire safety performance level was that by 2025, 100 percent of Nordic Nokian Tyres Hakkapeliitta winter passenger car and SUV tires fulfill the 2021 EU ice grip criteria. In 2022, the target was reached, and the company works to maintain that level.

## Supply chain

**IMPACTS:** *Sustainable natural rubber procurement, climate change mitigation in supply chain*

Natural rubber is one of the main ingredients of tires. Cooperation with the industry and other stakeholders is vital in improving the conditions of the employees working in the natural rubber industry and the state of the environment. Nokian Tyres is a member of the Global Platform for Sustainable Natural Rubber (GPSNR). It is a platform whose members include natural rubber farmers, processors and traders, tire makers and other natural rubber product makers, car makers and other natural rubber product users, financial institutions, and civil societies.

In 2021, Nokian Tyres updated its Supplier Code of Conduct, and adopted a sustainable natural rubber policy that is fully aligned with the policy framework of the GPSNR. The company's sustainability in natural rubber is developed through the framework of this policy. In 2023, Nokian Tyres conducted eight sustainability audits of natural rubber processing plants that are suppliers for the company.

As part of the Nokian Tyres science-based targets for reducing CO<sub>2</sub> emissions, a new KPI for the supply chain was created. During 2023 Nokian Tyres aimed to gather Product Carbon Footprint from suppliers for at least 40 raw materials, and CO<sub>2</sub> data from at least 15 transport suppliers. Both targets were achieved.

In Norway, the Transparency Act (Åpenhetsloven) requires enterprises that meet certain requirements and operate in Norway to conduct due diligence assessments. The aim is to ensure that human rights and working conditions are respected throughout the value chain. This means that companies must look at their own business, their supply chain, and their business partners to find out where the biggest risks are. Nokian Tyres has a sales company and Vianor tire chain company in Norway, and the accounts required by the Transparency Act can be accessed on the company's websites at [www.nokiantyres.no/bedriften/baerekraftighet/apenhetsloven](http://www.nokiantyres.no/bedriften/baerekraftighet/apenhetsloven) and [www.vianor.no/bedriftskunder/om-oss/apenhetsloven](http://www.vianor.no/bedriftskunder/om-oss/apenhetsloven), respectively.

# Signatures for the Non-Financial Information Statement

Helsinki, February 6, 2024

Jukka Hienonen

Pekka Vauramo

Susanne Hahn

Markus Korsten

Veronica Lindholm

Christopher Ostrander

Jouko Pölönen

George Rietbergen

Reima Rytsölä

Jukka Moisio  
President and CEO



# REMUNERATION REPORT

MADE FOR DEMANDING CONDITIONS

” BEING CLOSE TO OUR CUSTOMERS IS NOT JUST ABOUT INCREASED CAPACITY AND PRESENCE, BUT OPERATING IN A CUSTOMER-FIRST MANNER.

Tracy Fenner-Smycz,  
Mold Maintenance Team Leader



# 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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/](http://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 <sup>1</sup>	100%	112%	106%	123%	119%
President and CEO salaries and financial benefits	100%	140%	85%	110%	104%
Average salary cost per employee <sup>2</sup>	100%	98%	116%	143%	131%

<sup>1</sup> **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”.

<sup>2</sup> **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.**

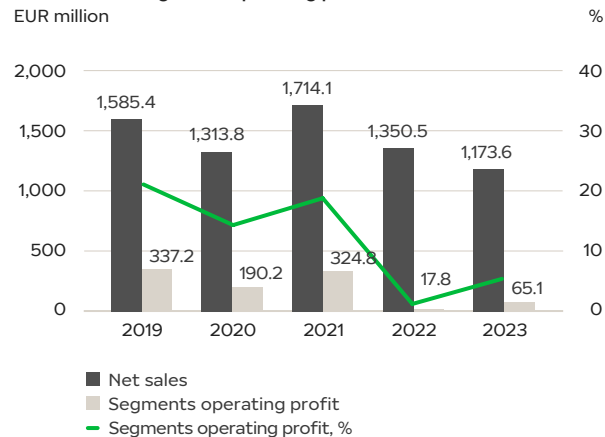
The Performance Share Plan is the company’s most important long-term incentive scheme, the objectives of which are measured by EBITDA, increase in passenger car tire production volume and reduction in direct CO<sub>2</sub> emissions. The performance period is 2023–2024, and the possible payout will be 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**

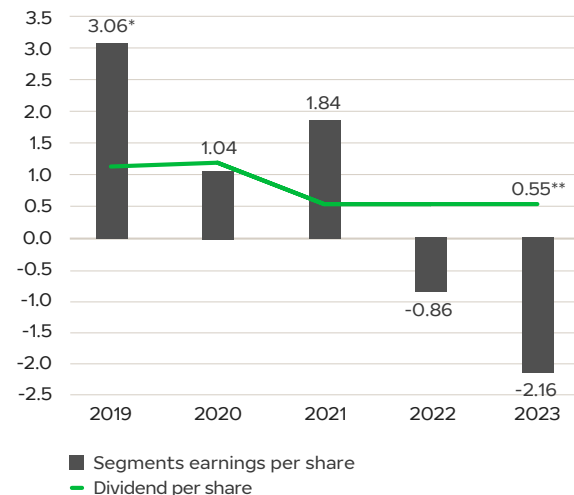


Figures for 2021 and earlier years have not been restated and include Russia.

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

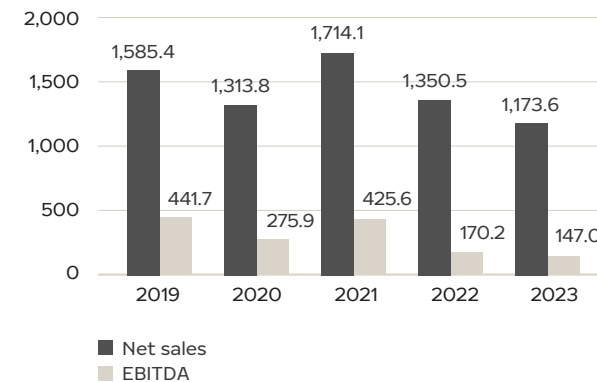
\*\* The Board's proposal to the Annual General Meeting on the payment of a maximum amount of dividend

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) <sup>1</sup>	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 Rytsölä	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

<sup>1</sup> 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 Moision 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 Moision'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.

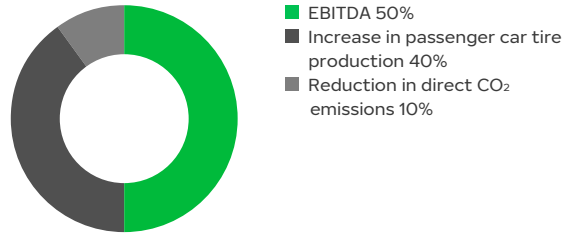
Both targets did not meet the minimum level and thereby, no payments will be conducted.

## 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 Moision 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, %



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 Moision 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 Moision 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 <sup>1</sup>	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 <sub>2</sub> emissions (10% weight).	H1/2026
Achievement of set targets	100%	200%		

<sup>1</sup> 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) <sup>1</sup>	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.

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

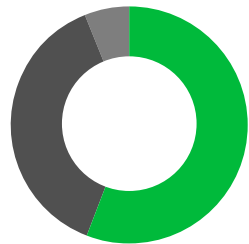
Short-term incentive opportunities as of annual base salary		Performance share plan long-term incentives <sup>1</sup>	
Target	Max	Target	Max
50%	100%	125%	250%

<sup>1</sup> 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, %**



- Base salary\* 56%
- Short-term incentive 38%
- Long-term incentive\*\* 6%

Pension and benefits excluded

\* Holiday compensation included

\*\* Restricted Share Plan

## 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
<b>Board remuneration, total pay EUR</b>					
Jukka Hienonen	–	105,800	112,700	126,100	<b>121,900</b>
Veronica Lindholm	56,400	65,500	60,200	91,100	<b>86,900</b>
Pekka Vauramo	53,400	63,100	82,000	90,400	<b>86,900</b>
Jouko Pölönen	–	–	59,100	90,400	<b>86,900</b>
Christopher Ostrander	–	–	57,700	68,600	<b>72,800</b>
Inka Mero (until Apr 26, 2023)	54,600	63,100	60,900	67,900	<b>4,200</b>
Heikki Allonen (until Apr 26, 2023)	54,600	63,100	60,900	67,200	<b>4,200</b>
George Rietbergen	54,600	60,100	57,500	67,200	<b>64,400</b>
Susanne Hahn	–	–	–	61,600	<b>67,200</b>
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	–	–	–	–	<b>60,900</b>
Markus Korsten	–	–	–	–	<b>62,300</b>
Total (excl. fees paid to leaving members) <sup>1</sup>	529,800	593,700	634,400	730,500*	<b>710,200</b>
Board size, number of members	8	8	9	9	<b>9</b>
Average total pay per member <sup>1</sup>	66,225	74,213	70,489	81,167	<b>78,911</b>
<b>Index</b>	<b>100.0%</b>	<b>112.0%</b>	<b>106.5%</b>	<b>122.5%</b>	<b>119.2%</b>
<b>President and CEO, total pay EUR</b>					
Jukka Moisio May 27, 2020–	–	429,611	1,157,960	1,502,304	<b>1,421,075</b>
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	<b>1,421,075</b>
<b>Index</b>	<b>100.0%</b>	<b>139.5%</b>	<b>85.0%</b>	<b>110.2%</b>	<b>104.3%</b>

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

<sup>1</sup> 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)<sup>1</sup>

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

<sup>3</sup> 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.

<sup>4</sup> 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.

# Investor Information and Investor Relations

## Annual General Meeting 2024

The Annual General Meeting of Nokian Tyres plc is tentatively scheduled at Messukeskus Siipi conference center, in Helsinki, Finland, at the address Rautatieläisenkatu 3, on April 30, 2024, at 10:00 a.m. EEST. Registration of attendants, the distribution of voting tickets and a coffee service will commence at 8:30 a.m.

More information: [www.nokiantyres.com/company/investors/corporate-governance/annual-general-meeting/2024/](http://www.nokiantyres.com/company/investors/corporate-governance/annual-general-meeting/2024/)

## Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.35 per share for the financial year 2023 would be paid in May and that the AGM would authorize the Board to decide on the second dividend instalment of a maximum of EUR 0.20 per share to be distributed in December. If a maximum amount of dividends is paid, a dividend payout ratio is –23%.

## Change of address

Shareholders are advised to inform any changes in their contact information to the book entry register in which they have a book entry securities account.

## Financial information

Nokian Tyres publishes financial information in Finnish and English. Financial reports, statements, and stock exchange releases are available at [nokiantyres.com/investors](http://nokiantyres.com/investors). Comprehensive investor

relations pages contain information on Nokian Tyres' share, largest shareholders registered in Finland and upcoming IR events, among others.

Nokian Tyres' stock exchange releases can be subscribed at [nokiantyres.com/company/publications/order-releases/](http://nokiantyres.com/company/publications/order-releases/)

## Financial reports in 2024

- Interim Report January–March: April 29, 2024
- Half-year Financial Report January–June: July 19, 2024
- Interim Report January–September: October 29, 2024

## Silent period

Nokian Tyres observes a silent period before issuing financial statements, interim and half-year reports.

- Start of the silent period: January 1, April 1, July 1, and October 1.
- End of the silent period: The results of the respective quarter are made public.

During the silent period, the company's top management and Investor Relations do not meet representatives of capital markets or financial media, nor comment on issues related to the company's financial situation or general outlook. If an event occurring during the silent period requires immediate disclosure, Nokian Tyres will disclose the information without delay in compliance with disclosure rules and may also comment on the event concerned.

## Flagging notifications

Under the provisions of the Securities Markets Act, changes in holdings must be disclosed when the holding reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 30%, 50%, 2/3 and 90% of the voting rights or the numbers of shares of the company.

Notifications of changes in holdings or voting rights must be made without undue delay.

Shareholders are advised to send the flagging notifications to [flaggings@nokiantyres.com](mailto:flaggings@nokiantyres.com)

## IR contact information

Regarding inquiries and meeting requests, you can send an email to [ir@nokiantyres.com](mailto:ir@nokiantyres.com)

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