Nokian Tyres plc Interim Report January–March 2025, May 6, 2025 at 1:00 p.m. EEST

Nokian Tyres plc Interim Report January–March 2025:
Strong sales growth in all regions. Actions accelerated to improve financial performance

January–March 2025

- Net sales were EUR 269.5 million (January–March 2024: 236.6). With comparable currencies, net sales increased by 14.2%. Sales growth outperformed the market in all regions.
- Segments operating profit was EUR -18.5 million (-15.1). The decline was due to higher raw material and SG&A costs. Heavy Tyres improved profitability in a weak market. Operating profit was EUR -35.9 million (-26.2). EUR -17.4 million (-11.1) was booked as non-IFRS exclusions.
- Earnings per share were EUR -0.27 (-0.18).
- Cash flow from operating activities was EUR -121.8 million (-87.3).
- Paolo Pompei started as President and CEO of Nokian Tyres on January 1, 2025.

Guidance for 2025 (unchanged)

In 2025, Nokian Tyres' net sales are expected to grow and segments operating profit as a percentage of net sales to improve compared to the previous year.

Assumptions for 2025

Tire demand in Nokian Tyres' markets is expected to remain at the previous year's level in 2025. Development of global economy as well as geopolitical, trade and tariff uncertainties may cause volatility to the company's business environment.

Nokian Tyres' sales growth is based on increasing capacity in the Romanian and US factories as well as good availability of finished goods inventories.

Paolo Pompei, President and CEO:

"Nokian Tyres' first quarter net sales increased strongly with positive sales development across all the business units. Thanks to improved product availability, Passenger Car Tyres outperformed the market, and our market position improved in all regions. This is a great achievement from our team and shows that consumers see Nokian Tyres as a brand they value. Heavy Tyres' net sales increased and profitability improved despite the weak market environment.

While we want to continue industry leading growth, we need to increase our focus on profitability, which was not at a satisfactory level in the first quarter. Price increases implemented in the first quarter, which are intended to offset increased raw material cost, will be reflected in our results from the second quarter onwards. Further performance improvement will be achieved through commercial and manufacturing excellence and procurement efficiencies. We started a careful review of our cost base in terms of raw materials, indirect purchasing and manufacturing. Changes that we made earlier this year to our management and leadership, will strengthen our central functions to create a more consumer-centric organization that enables us to better leverage synergies, best practices, and data-driven decisions across the Group.

In Romania, we reached a significant milestone as we started tire deliveries from our new factory. Our focus is now on gradually ramping up production and ensuring the delivery of high-quality tires from the factory to our Central and South European customers. At the US factory, we continued our efforts to increase production of all-season and light truck tires, improving our product availability in North America. Currently, there is uncertainty in the market due to evolving tariff situation, but in the long-term, we see great potential for Nokian Tyres in North America.

While the geopolitical tensions cause short-term volatility to business, we focus on actions that are in our own hands. This year marks the end of a three-year-long investment phase, during which we have invested approximately EUR 800 million in capacity expansion. Although these investments create short-term pressure on our profitability and cash flow, they are necessary to ensure our long-term success. In 2025, we aim to increase net sales and improve segments operating profit as a percentage of net sales compared to the previous year. Due to seasonality, we expect profit to be generated in the second half of the year. I am confident that with our talented team, decades of expertise and decisive actions we are taking to improve our performance, we will drive the Nokian Tyres business forward and deliver long-term success."

Key figures

EUR million	1–3/2025	1–3/2024	2024
Net sales	**269.5**	236.6	1,289.8
Net sales change, %	**13.9%**	0.1%	9.9%
Net sales change in comparable currencies, %	**14.2%**	1.4%	10.6%
Operating profit	**-35.9**	-26.2	1.8
Operating profit, %	**-13.3%**	-11.1%	0.1%
Result before tax	**-47.3**	-31.6	-31.5
Result for the period	**-37.8**	-25.5	-22.8
EPS, EUR	**-0.27**	-0.18	-0.17
Segments EBITDA	**12.5**	12.5	185.2
Segments EBITDA, %	**4.6%**	5.3%	14.4%
Segments operating profit	**-18.5**	-15.1	71.4
Segments operating profit, %	**-6.9%**	-6.4%	5.5%
Segments ROCE, %*	**3.6%**	4.0%	3.9%
Equity ratio, %	**50.7%**	57.6%	52.5%
Gearing, %	**65.9%**	29.7%	48.2%
Interest-bearing net debt	**802.1**	395.1	613.1
Capital expenditure	**52.0**	69.7	350.1
Cash flow from operating activities	**-121.8**	-87.3	77.4

* Rolling 12 months

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

FINANCIAL RESULTS IN JANUARY–MARCH 2025

Net sales in January−March 2025 totaled EUR 269.5 million (January−March 2024: 236.6) and increased by 13.9%. With comparable currencies, net sales increased by 14.2%. Net sales grew in all regions. Currency exchange rates affected net sales negatively by EUR 0.8 million.

Net sales by geographical area

EUR million	1–3/2025	1–3/2024	Change	CC* Change	2024
Nordics	**133.7**	126.9	5.3%	5.9%	696.2
Other Europe	**66.3**	49.2	34.7%	34.4%	319.6
Americas	**68.8**	60.0	14.7%	15.0%	270.3
Other countries	**0.8**	0.5	46.8%	46.8%	3.7
Total	**269.5**	236.6	13.9%	14.2%	1,289.8

* Comparable currencies

Net sales by business unit

EUR million	1–3/2025	1–3/2024	Change	CC* Change	2024
Passenger Car Tyres	**174.1**	143.1	21.7%	22.2%	779.9
Heavy Tyres	**55.8**	55.1	1.4%	1.3%	235.1
Vianor	**58.8**	55.9	5.2%	5.7%	354.9
Other operations and eliminations	**-19.3**	-17.4	-10.4%		-80.1
Total	**269.5**	236.6	13.9%	14.2%	1,289.8

* Comparable currencies

Operating profit was EUR -35.9 million (-26.2). Non-IFRS exclusions were EUR -17.4 million (-11.1), of which EUR -5.9 million (-9.0) were related to the US factory ramp-up and EUR -11.0 million (-2.1) to the Romanian factory ramp-up.

Segments operating profit was EUR -18.5 million (-15.1). The decline was due to higher raw material and SG&A costs. Price increases implemented in the first quarter, which are intended to offset increased raw material cost, will be reflected in the results from the second quarter onwards.

Segments operating profit by business unit

EUR million	1–3/2025	1–3/2024	2024
Passenger Car Tyres	**-6.2**	-2.8	52.2
Heavy Tyres	**7.3**	6.3	30.0
Vianor	**-15.4**	-15.9	-3.8
Other operations and eliminations	**-4.2**	2.7	-7.0
Segments operating profit total	**-18.5**	-15.1	71.4
Non-IFRS exclusions	**-17.4**	-11.1	-69.6

Financial items and taxes

Net financial expenses were EUR 11.4 million (5.4), including net interest expenses of EUR 8.5 million (4.6). Net financial expenses include an expense of EUR 2.9 million (0.9) due to exchange rate differences. Result before tax was EUR -47.3 million (-31.6) and taxes were EUR 9.5 million (6.2). Segments result before tax was EUR -29.9 million (-20.6). Result for the period was EUR -37.8 million

(-25.5). Segments result for the period was EUR -24.2 million (-16.7). Earnings per share were EUR -0.27 (-0.18).

Cash flow

In January−March 2025, cash flow from operating activities was EUR -121.8 million (-87.3). Working capital increased by EUR 116.1 million (increased by 89.3). Inventories increased by EUR 32.4 million (increased by 23.5) and receivables increased by EUR 10.9 million (increased by 26.2). Payables decreased by EUR 72.8 million (decreased by 39.6).

Investments

Investments in January−March 2025 totaled EUR 52.0 million (69.7). Depreciations and amortizations totaled EUR 34.8 million (30.4).

Nokian Tyres has built a new passenger car tire factory in Romania to expand its manufacturing footprint and rebuild capacity. The production facility is the world's first full-scale zero CO2 emission tire factory. The first tires were delivered from the factory in March 2025 and a total of approximately one million tires are expected to be delivered in 2025. The gradual production ramp-up will continue until the full capacity of 6 million tires is reached, which is expected by the end of 2027. There is potential for future expansion at the site. 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. The European Commission approved in 2024 a EUR 99.5 million Romanian state aid measure, which will be paid as of 2025 onwards to support the establishment of the factory.

In the review period, Nokian Tyres announced that it will expand its logistics center, which is serving the Finnish factory in Nokia, by building a modern and cost-effective warehouse for passenger car tires. The expansion will be completed by the end of 2027 on a plot owned by Nokian Tyres adjacent to the current logistics center in Nokia, Finland.

Financial position

EUR million	March 31, 2025	March 31, 2024	Dec 31, 2024
Cash and cash equivalents	**84.8**	283.2	176.1
Interest-bearing liabilities	**886.9**	678.4	789.2
of which current interest-bearing liabilities	**146.0**	182.5	47.3
Interest-bearing net debt	**802.1**	395.1	613.1
Unused credit limits	**705.3**	793.0	803.3
of which committed	**304.5**	330.2	304.4
Gearing, %	**65.9%**	29.7%	48.2%
Equity ratio, %	**50.7%**	57.6%	52.5%

In March 2025, the remaining one-year extension options were exercised for a total of EUR 300 million in long-term bilateral sustainability-linked term loans. Consequently, the maturity dates for these facilities were extended from April 2026 to April 2027. Additionally, the first extension option was exercised for the EUR 100 million bilateral sustainability-linked term loan, extending its maturity date from May 2027 to May 2028.

The average interest rate of interest-bearing financial liabilities was 4.1%.

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.

Personnel

	1–3/2025	1–3/2024	2024
Group employees			
on average	**4,036**	3,647	3,850
at the end of the review period	**4,463**	4,025	3,810
in Finland, at the end of the review period	**2,158**	2,145	1,770
in North America, at the end of the review period	**637**	576	618
in Romania, at the end of the review period	**385**	80	274
Vianor (own) employees, at the end of the review period	**1,957**	1,891	1,428

Employee figures are based on the total headcount, including both full-time and part-time employees. Vianor employees are included in Group figures.

BUSINESS UNIT REVIEWS

Passenger Car Tyres

EUR million	1–3/2025	1–3/2024	2024
Net sales	**174.1**	143.1	779.9
Net sales change, %	**21.7%**	7.3%	19.4%
Net sales change in comparable currencies, %	**22.2%**	8.7%	20.2%
Operating profit	**-23.3**	-13.5	-15.6
Operating profit, %	**-13.4%**	-9.4%	-2.0%
Segment operating profit	**-6.2**	-2.8	52.2
Segment operating profit, %	**-3.6%**	-2.0%	6.7%

In January−March 2025, net sales of Passenger Car Tyres totaled EUR 174.1 million (143.1). With comparable currencies, net sales increased by 22.2% due to higher sales volumes driven by increased product availability. Average Sales Price with comparable currencies was at previous year's level.

Operating profit was EUR -23.3 million (-13.5). Segment operating profit was EUR -6.2 million (-2.8). The decline was due to higher raw material and SG&A costs. Price increases implemented in the first quarter, which are intended to offset increased raw material cost, will be reflected in the results from the second quarter onwards.

The share of sales volume of winter tires was 30% (27%), the share of summer tires was 28% (33%), and the share of all-season tires was 42% (40%).

To expand its manufacturing footprint and rebuild capacity, Nokian Tyres has built a new passenger car tire factory in Romania. The production facility is the world's first full-scale zero CO2 emission tire factory. The first tires were delivered from the factory in March 2025 and a total of approximately one million tires are expected to be delivered in 2025. The gradual production ramp-up will continue until the full capacity of 6 million tires is reached, which is expected by the end of 2027. There is potential for future expansion at the site.

During the review period, Nokian Tyres expanded its product portfolio in the company's growth regions in by launching the new Nokian Tyres Surpass AS01 UHP all-season tire to the North American market and the Nokian Tyres Seasonproof 2 all-season tire to the Central European market.

Heavy Tyres

EUR million	1–3/2025	1–3/2024	2024
Net sales	**55.8**	55.1	235.1
Net sales change, %	**1.4%**	-19.3%	-8.6%
Net sales change in comparable currencies, %	**1.3%**	-18.5%	-8.0%
Operating profit	**7.3**	6.3	30.0
Operating profit, %	**13.0%**	11.5%	12.8%
Segment operating profit	**7.3**	6.3	30.0
Segment operating profit, %	**13.0%**	11.5%	12.8%

In January−March 2025, net sales of Heavy Tyres totaled EUR 55.8 million (55.1). With comparable currencies, net sales increased by 1.3% driven by aftermarket sales.

Operating profit was EUR 7.3 million (6.3). Segment operating profit was EUR 7.3 million (6.3). The increase was mainly driven by improved channel mix.

Vianor, own operations

EUR million	1–3/2025	1–3/2024	2024
Net sales	**58.8**	55.9	354.9
Net sales change, %	**5.2%**	0.7%	3.2%
Net sales change in comparable currencies, %	**5.7%**	2.3%	3.6%
Operating profit	**-15.4**	-15.9	-3.8
Operating profit, %	**-26.2%**	-28.5%	-1.1%
Segment operating profit	**-15.4**	-15.9	-3.8
Segment operating profit, %	**-26.2%**	-28.5%	-1.1%
Number of own service centers at period end	**173**	175	174

In January−March 2025, net sales of Vianor totaled EUR 58.8 million (55.9). With comparable currencies, net sales increased by 5.7%.

Operating profit was EUR -15.4 million (-15.9). Segment operating profit was EUR -15.4 million (-15.9). The first quarter is seasonally low in Vianor, therefore negative in profitability. The summer tire season starts in the second quarter.

At the end of the review period, Vianor had 173 (175) own service centers in Finland, Sweden and Norway.

Segments Total to Nokian Tyres Total reconciliation in 1−3/2025

In addition to IFRS figures, Nokian Tyres publishes alternative non-IFRS segments figures, which exclude the ramp-up of the US and Romanian factories 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 for the period
Segments Total	**269.5**	**-230.2**	**-58.1**	**0.3**	**-18.5**	**-11.4**	**5.7**	**-24.2**
US factory ramp-up		-5.6	-0.3		-5.9		1.4	-4.5
Romania factory ramp-up		-10.0	-0.6	-0.4	-11.0		2.2	-8.8
Other exclusions			-0.5		-0.5		0.1	-0.4
Total non-IFRS exclusion		-15.6	-1.4	-0.4	-17.4	0.0	3.7	-13.7
Nokian Tyres Total	**269.5**	**-245.7**	**-59.5**	**-0.1**	**-35.9**	**-11.4**	**9.5**	**-37.8**

SHARES AND SHAREHOLDERS

At the end of March 2025, the number of shares was 138,921,750.

Number of shares (million units)*	March 31, 2025	March 31, 2024
at the end of period	**137.87**	137,87
in average	**137.87**	137,87
in average, diluted	**137.87**	137,87

* Excluding treasury shares

Authorizations

In April 2024, 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 per cent of all shares in the company. The authorization will be effective until the next Annual General Meeting, however, at most until June 30, 2025, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on April 26, 2023. The Board did not utilize these authorizations during the review period.

In April 2024, 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 per cent of all shares in the company. The authorization will be effective until the next Annual General Meeting, however at most until June 30, 2025, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on April 26, 2023. The Board did not utilize these authorizations during the review period.

In April 2024, 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. The donations can be made in one or more instalments. The Board of Directors may decide on the donation recipients, purposes of use and other terms of the donations. The authorization will be effective until the next Annual General Meeting, however at most until June 30, 2025, and it canceled the authorization given to the Board of Directors by the Annual General Meeting on April 26, 2023.

In April 2024, the Board of Directors decided to donate EUR 200,000 to Aalto University School of Business in Finland to be used as Nokian Tyres and Jukka Moisio scholarships for masters students going on exchange programs abroad. The funds will be donated in two equal installments, with the first installment paid in 2024 and the second installment to be paid in 2025, based on the authorization given by Nokian Tyres Annual General Meeting.

Own shares

No share repurchases were made during the review period, and the company did not possess any own shares on March 31, 2025.

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 March 31, 2025, the number of these shares was 1,049,463, reported as treasury shares (March 31, 2024: 1,052,242). This number of shares corresponded to 0.76% (0.76%) of the total shares and voting rights in the company.

Trading in shares

A total of 49,300,333 (43,111,824) Nokian Tyres' shares were traded in Nasdaq Helsinki in January−March 2025, representing 35% (31%) of the company's overall share capital. The average daily volume in January−March 2025 was 795,167 shares (684,315). Nokian Tyres' shares are also traded on alternative exchanges.

Nokian Tyres' share price was EUR 6.46 (8.73) at the end of March 2025. The volume weighted average share price in January−March 2025 was EUR 6.77 (8.46), the highest was EUR 8.24 (9.05) and the lowest was EUR 6.14 (8.04). The company's market capitalization at the end of March 2025 was EUR 898 million (1.2 billion).

At the end of March 2025, the company had 106,167 (97,054) registered shareholders. The percentage of Finnish shareholders was 78.8% (63.2%), and 21.2% (36.8%) were non-Finnish holders and foreign shareholders registered in the nominee register. Public sector entities owned 19.2% (17.4%), financial and insurance corporations 5.3% (5.5%), households 44.2% (32.4%), non-profit institutions 2.2% (2.2%), and private companies 7.8% (5.8%).

Changes in ownership

In January−March 2025, Nokian Tyres plc received three notifications of change in shareholding pursuant to Chapter 9, Section 5 of the Securities Markets Act. The details of the notifications are available at company.nokiantyres.com/news-and-media/press-releases.

Managers' transactions

In January−March 2025, Nokian Tyres announced managers' transactions on February 10 and 17. The details of the transactions are available at company.nokiantyres.com/news-and-media/press-releases.

THE ANNUAL GENERAL MEETING 2025

The Annual General Meeting of Nokian Tyres plc will be held on May 7, 2025 at 2:00 p.m. (EEST) at Finlandia Hall, Helsinki Hall at the address Mannerheimintie 13e, 00100 Helsinki, Finland. Further information is available at company.nokiantyres.com/investors/agm-2025.

CHANGES IN MANAGEMENT

Paolo Pompei started as Nokian Tyres' President and CEO on January 1, 2025.

On February 4, 2025, Nokian Tyres announced changes to its Management Team to increase consumer focus, global synergies and operational excellence. New members joining the Management Team are Tommi Alhola (Passenger Car Tyres, Central Europe) and Lauri Halme (Passenger Car Tyres, North America). The new Management Team structure will enable a dedicated focus on Nokian Tyres' growth regions to achieve the company's long-term objectives. As part of the organizational changes, the company will reorganize all manufacturing facilities under one leadership and combine Marketing and Communications in one strategic global function.

Nokian Tyres' Management Team as of March 1, 2025:
Paolo Pompei, President and CEO
Niko Haavisto, CFO
Tommi Alhola, SVP, Passenger Car Tyres, Central Europe
Elisa Erkkilä, SVP, Legal and Compliance, General Counsel
Lauri Halme, SVP, Passenger Car Tyres, North America
Adrian Kaczmarczyk, SVP, Operations
Jukka Kasi, SVP, Products and Innovations
Päivi Leskinen, SVP, Human Resources
Manu Salmi, EVP, Heavy Tyres; SVP, Manufacturing (interim)

CORPORATE SUSTAINABILITY

In February 2025, Nokian Tyres scored an A- from CDP for its actions aimed at reducing greenhouse gas emissions and mitigating climate change-related risks. Scores A and A- represent leadership level. This is the fifth consecutive year that Nokian Tyres has received an A- for its climate work.

In February 2025, Nokian Tyres' factory in Oradea, Romania obtained the International Sustainability and Carbon Certification (ISCC) PLUS. With the certification, Nokian Tyres is able to utilize sustainable, ISCC PLUS certified raw materials in its tires. Using the certified materials supports the company in reaching one of its key sustainability goals, which is to increase the share of recycled or renewable raw materials in its tires to 50 percent by 2030. Nokian Tyres' passenger car tire factory in Nokia, Finland obtained the ISCC PLUS certification in 2024.

In February 2025, Nokian Tyres announced that it is to lead the five-year-long FUTUREPROOF research, development and innovation program to confront the key challenges of future mobility. The FUTUREPROOF ecosystem is aiming to involve over 100 partners. In the program, Nokian Tyres and the ecosystem partners will tackle issues such as improving the safety and sustainability of Finnish and European mobility, reducing emissions throughout the entire supply chain, developing advanced driving solutions and accelerating the implementation of Industry 5.0.

In March 2025, Nokian Tyres launched the new Nokian Tyres Seasonproof 2 all-season tire range that contains up to 38% of renewable, recycled and ISCC PLUS certified materials. It is the company's first tire in commercial production with such a high share of renewable and recycled materials. For example, the resin and silica used in the tire are from renewable resources. Recycled materials include carbon black and steel.

In March 2025, Nokian Tyres published the Sustainability Statement as part of the 2024 Report by the Board of Directors. The Sustainability Statement was prepared in accordance with the Corporate Sustainability Reporting Directive, and it is available at company.nokiantyres.com/investors/reports-and-presentations.

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

In February 2025, the Board of Directors approved the commencement of a new plan period in the company's long-term share-based incentive scheme, Restricted Share Plan ("RSP"). RSP scheme serves as a complementary long-term incentive tool, used selectively for retention of Nokian Tyres key employees.

Nokian Tyres originally announced the establishment of the RSP scheme on February 5, 2019.

RSP 2025–2027

RSP 2025–2027 includes a three-year restriction period, with potential rewards delivered in 2028 in shares of Nokian Tyres.

The aggregate number of shares to be paid based on RSP 2025–2027 is a maximum of 120,000 shares. The number of shares represents gross earnings, from which the applicable payroll tax is withheld, and the remaining net value is paid to the participants in shares.

The payment of the share reward is contingent upon the participant remaining employed by Nokian Tyres until the reward payment date. In addition, a financial threshold has been set for the remuneration of the members of Nokian Tyres' Group Management Team, which must be exceeded to receive potential reward from RSP 2025–2027. The financial indicator is the Segments Return on Capital Employed (ROCE).

PAYMENTS FOR SHARE-BASED PLANS THAT ENDED IN 2024

In February 2025, the Board of Directors decided the following regarding the share-based rewards payable under the long-term incentive schemes:

Performance Share Plan 2022–2024 (PSP 2022–2024)

No share-based rewards were paid under the PSP 2022–2024 as the targets were not reached.

Restricted Share Plan 2022–2024 (RSP 2022–2024)

Under the RSP 2022–2024, a maximum total of 5,500 shares of the company were granted without consideration to five key employees with the terms and conditions of the RSP 2022–2024. The shares were acquired from the market on behalf of the recipients, and their transfer took place on March 6, 2025.

SIGNIFICANT RISKS, UNCERTAINTIES, AND ONGOING DISPUTES

Several uncertainties can impact Nokian Tyres' business and financial performance. 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 risk management process aims to identify and evaluate threats and opportunities and to plan and implement practical measures for each risk. Nokian Tyres describes the overview of its risk management systems in the Corporate Governance Statement.

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

Economic and geopolitical uncertainty

Nokian Tyres is exposed to risks related to consumer confidence and macroeconomic and geopolitical conditions. Political and trade tensions, tariffs and increasing global uncertainty may lead to economic recession, create trade barriers, and cause global or regional crises that may significantly affect product demand or cause widespread disruptions in production and supply chain. These factors may adversely affect Nokian Tyres' financial performance and the collection of trade receivables.

Risk mitigation measures: continuous monitoring of the operating environment and markets. The company's ability to respond quickly and adapt its operations to a changing environment. Acting in accordance with the contingency plan.

Changes in consumer behavior

The tire wholesale and retail landscape is evolving with digitalization to meet changing consumer needs. Nokian Tyres aims to adapt to changes in the sales channel and to innovate and develop new products and services that appeal to customers and consumers. Despite extensive testing of products, issues related to product quality and inability to meet customer needs or demands of performance and safety can harm Nokian Tyres' reputation and brand, thereby negatively affecting the company's financial profitability and growth opportunities.

Risk mitigation measures: ensuring high-quality research and development activities. Continuous monitoring of the markets and customer needs. Sufficient resources for product testing. Developing distribution channels and network.

Implementation of the investment project in Romania

To ensure tire availability, Nokian Tyres is investing in new zero CO2 emission production capacity in Romania. Delay in the planned start of commercial production and the ramp-up of production processes may negatively affect Nokian Tyres' financial performance and growth opportunities, especially in Central Europe.

Risk mitigation measures: close monitoring and management of the investment project. Preparation and continuous follow-up of a risk management plan. Ability to quickly react to significant changes. Retention and recruitment of skilled personnel.

Currency market

Nokian Tyres' operations are exposed to currency risks arising from currency transactions and the translation of subsidiary financial statements, which may affect Nokian Tyres' results and profitability. The most significant currency risks are caused by the Swedish and Norwegian krona and the US and Canadian dollar. Approximately 60 percent of the Group's sales are generated outside the euro-zone.

Risk mitigation measures: hedging against the effects of exchange rate fluctuations.

Information technology and cybersecurity

The availability of information systems and network services is crucial to Nokian Tyres. Unplanned interruption in critical information systems and network services may cause disruption to the continuity of operations. These systems and services may also be exposed to cyberattacks, which may lead to a leakage of confidential information, violation of data privacy regulations or intellectual property rights, production and delivery interruptions, or reputational damage. Risk analyses and projects related to cybersecurity, data protection, and customer information are continuously a special focus area for the company.

Risk mitigation measures: sufficient investments and resources in IT infrastructure and capabilities, as well as cybersecurity. Appropriate plans to respond to disruptions in information systems and network services, including backup systems and recovery plans. Continuous monitoring of cybersecurity and data protection and vulnerability management. Employee training.

Diversified customer base

Building a diversified customer base and fostering strong customer relationships help reduce sales risk and create long-term business stability. Excessive concentration of the customer base can make the company dependent on a limited number of large customers, exposing the business to risks and potentially leading to a decline in sales and profitability.

Risk mitigation measures: continuous monitoring of the markets and proactive response to changes in the customer base. Deepening cooperation with existing key customers, for example, in the development of new products. Expanding the customer base geographically and in selected segments within current markets. Developing the distribution network and services, especially in key growth areas.

Environment, social responsibility and governance

Various aspects of corporate sustainability, including product quality, safety, the environment, and human rights, are increasingly important. Legislation and regulation, particularly around environmental, social responsibility and governance (ESG) issues, are increasing and affecting all actors in the value chain. Non-compliance with laws, regulations, or standards by Nokian Tyres or its suppliers, customers, or partners, neglecting new and tightening requirements, or incorrectly interpreting them may result in additional costs for Nokian Tyres or lead to fines and damage the company's reputation and brand. Over-reliance on individual suppliers increases the risk related to the availability of sustainable raw materials.

Risk mitigation measures: active monitoring of upcoming laws and regulations. Development and implementation of internal guidance, processes and training to ensure compliance. Strong commitment to achieving ESG targets. Expanding the supplier network. Regular environmental, human rights, and quality audits.

Climate change

Tire industry may be subject to risks caused by climate change, such as changes in consumer tire preferences and regulatory changes. Extreme weather events may also affect natural rubber production, and fluctuations in raw material prices as well as new environmental fees may increase, potentially impacting profitability. Nokian Tyres is committed to reducing GHG emissions from its operations to combat climate change. The company calculates the GHG emissions from its operations annually and reduces them systematically.

Risk mitigation measures: increasing use of recyclable and renewable raw materials. Membership in industry associations helps identify new sustainable product development and business opportunities.

Employee retention and competence

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

Risk mitigation measures: creating an attractive and safe workplace, including modern work tools and competitive salaries and other benefits. Developing employer brand to attract the best talent. Ensuring critical competencies and targeted recruitment.

Legal proceedings

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.

Lawsuits in the United States and Canada followed the news of the European Commission inspection. Nokian Tyres was named as a defendant in these lawsuits, along with other tire manufacturers. The lawsuits allege violations by the defendants of antitrust laws with respect to new replacement tires for passenger cars, vans, trucks and busses sold in the relevant jurisdictions. The U.S. lawsuits have been consolidated to a multidistrict litigation in the U.S. District Court for the Northern District of Ohio. Nokian Tyres considers the lawsuits to be without merit, however, the ultimate outcome of which cannot be predicted at this time.

In May 2017, the Finnish Financial Supervisory Authority filed a request for investigation into possible securities market offences relating to alleged malpractices in magazine tests by Nokian Tyres. In October 2020 charges were filed against Nokian Tyres, its President and CEO and six Directors who served on the Board of Directors in 2015–2016, for securities market information offence. In addition, four employees of the company were charged with misuse of inside information. The District Court of Helsinki dismissed all charges in 2022. After an appeal, the Court of Appeal dismissed the charges against the company's former Directors. The former President and CEO was sentenced to a fine for a securities market information offence and the employees were sentenced to a fine or suspended imprisonment for misuse of inside information. The company was fined EUR 50 000 but was not found to have engaged in malpractices in magazine tests as alleged in the charges. The company has yet to decide whether it will apply for leave to appeal to the Supreme Court.

Tax disputes

There are no ongoing tax disputes in Nokian Tyres entities. Routine tax audits in Nokian Tyres Group entities may possibly lead to a reassessment of taxes.

GUIDANCE FOR 2025 (unchanged)

In 2025, Nokian Tyres’ net sales are expected to grow and segments operating profit as a percentage of net sales to improve compared to the previous year.

ASSUMPTIONS FOR 2025

Tire demand in Nokian Tyres’ markets is expected to remain at the previous year’s level in 2025. Development of global economy as well as geopolitical, trade and tariff uncertainties may cause volatility to the company’s business environment.

Nokian Tyres’ sales growth is based on increasing capacity in the Romanian and US factories as well as good availability of finished goods inventories.

Helsinki, May 6, 2025

Nokian Tyres plc
Board of Directors

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The information hereinabove contains forward-looking statements relating to future events or future financial performance of the company. In some cases, such forward-looking statements can be identified by terminology such as “may”, “will”, “could”, “expect”, “anticipate”, “believe”, “estimate”, “predict” or other comparable terminology. Such statements are based on the current expectations, known factors, decisions, and plans of the management of Nokian Tyres. Forward-looking statements always involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Therefore, future results may even differ significantly from the results expressed in, or implied by, the forward-looking statements.

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Interim condensed consolidated financial statements

This Interim Report has been prepared in accordance with IFRS compliant recognition and measurement principles and the same accounting policies as in the most recent annual financial statements, but it has not been prepared in compliance with all requirements set out in IAS 34 'Interim Financial Reporting'. The interim report figures are unaudited.

NOKIAN TYRES CONDENSED CONSOLIDATED INCOME STATEMENT	1-3/25	1-3/24	1-12/24	Change %
EUR million				
Net sales	**269.5**	236.6	1,289.8	13.9
Cost of sales	**-245.7**	-207.4	-1,056.0	-18.5
Gross profit	**23.8**	29.2	233.8	-18.7
Other operating income	**0.5**	0.7	2.4	-18.2
Sales, marketing and R&D expenses	**-39.8**	-37.4	-157.6	-6.4
Administration	**-19.7**	-18.4	-75.9	-7.3
Other operating expenses	**-0.7**	-0.4	-1.0	-86.1
Operating profit	**-35.9**	-26.2	1.8	-36.8
Net financial items	**-11.4**	-5.4	-33.3	-111.0
Result before tax	**-47.3**	-31.6	-31.5	-49.5
Tax expense	**9.5**	6.2	8.7	53.7
Result for the period	**-37.8**	-25.5	-22.8	-48.5
Attributable to:				
Equity holders of the parent	**-37.8**	-25.5	-22.8	
Earnings per share from the result attributable to the equity holders of the parent:				
basic, euros	**-0.27**	-0.18	-0.17	-48.5
diluted, euros	**-0.27**	-0.18	-0.17	-48.5

CONSOLIDATED OTHER COMPREHENSIVE INCOME	**1-3/25**	1-3/24	1-12/24
EUR million			
Profit for the period	**-37.8**	-25.5	-22.8
Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax:			
Cash flow hedges	**0.0**	-2.3	-0.8
Translation differences on foreign operations	**-18.0**	7.5	27.0
Total other comprehensive income for the period, net of tax	**-18.0**	5.3	26.2
Total comprehensive income for the period	**-55.8**	-20.2	3.3
Total comprehensive income attributable to:			
Equity holders of the parent	**-55.8**	-20.2	3.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.3.25	31.3.24	31.12.24
EUR million			
Non-current assets			
Property, plant and equipment	**1,192.3**	941.4	1,176.8
Right of use assets	**125.4**	128.3	124.5
Goodwill	**62.8**	61.2	61.5
Other intangible assets	**15.7**	15.2	16.7
Investments in associates	**0.1**	0.1	0.1
Non-current financial investments	**3.0**	3.0	3.1
Other receivables	**18.1**	13.2	21.0
Deferred tax assets	**67.1**	62.9	54.8
Total non-current assets	**1,484.3**	1,225.3	1,458.4
Current assets			
Inventories	**484.6**	494.7	452.1
Trade receivables	**275.4**	233.4	274.0
Other receivables	**71.8**	70.4	63.2
Cash and cash equivalents	**84.8**	283.2	176.1
Total current assets	**916.6**	1,081.6	965.3
Total assets	**2,400.9**	2,306.9	2,423.7
Equity			
Share capital	**25.4**	25.4	25.4
Share premium	**181.4**	181.4	181.4
Treasury shares	**-16.5**	-16.6	-16.6
Translation reserve	**-7.7**	-9.2	10.3
Fair value and hedging reserves	**0.8**	-0.7	0.8
Paid-up unrestricted equity reserve	**238.2**	238.2	238.2
Retained earnings	**795.6**	909.9	832.9
Total equity	**1,217.2**	1,328.5	1,272.4
Non-current liabilities			
Deferred tax liabilities	**3.8**	22.5	3.7
Interest-bearing liabilities	**740.9**	495.9	741.9
Other liabilities	**1.3**	0.9	1.2
Total non-current liabilities	**746.0**	519.2	746.8
Current liabilities			
Trade payables	**139.5**	153.0	160.6
Other current payables	**150.6**	121.9	194.9
Provisions	**1.6**	1.8	1.6
Interest-bearing liabilities	**146.0**	182.5	47.3
Total current liabilities	**437.7**	459.2	404.5
Total equity and liabilities	**2,400.9**	2,306.9	2,423.7

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

Interest-bearing liabilities include EUR 84.7 million of non-current and EUR 46.3 million of current lease liabilities.

CONDENCED CONSOLIDATED STATEMENT OF CASH FLOWS	1-3/25	1-3/24	1-12/24
EUR million			
Result for the period	**-37.8**	-25.5	-22.8
Adjustments for			
Depreciation, amortization and impairment	**34.8**	30.4	124.2
Financial income and expenses	**11.4**	5.4	33.3
Gains and losses on sale of intangible assets, other changes	**0.9**	-0.6	-1.1
Income Taxes	**-9.5**	-6.2	-8.7
Cash flow before changes in working capital	**-0.1**	3.6	124.9
Changes in working capital			
Current receivables, non-interest-bearing, increase (-) / decrease (+)	**-10.9**	-26.2	-63.8
Inventories, increase (-) / decrease (+)	**-32.4**	-23.5	16.2
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	**-72.8**	-39.6	33.9
Changes in working capital	**-116.1**	-89.3	-13.6
Financial items and taxes			
Interest and other financial items, received	**0.9**	3.0	7.6
Interest and other financial items, paid	**-5.4**	-2.4	-36.3
Income taxes paid	**-0.9**	-2.1	-5.2
Financial items and taxes	**-5.5**	-1.6	-33.9
Cash flow from operating activities (A)	**-121.8**	-87.3	77.4
Cash flow from investing activities			
Acquisitions of property, plant and equipment and intangible assets	**-52.0**	-69.7	-350.1
Proceeds from sale of property, plant and equipment and intangible assets	**0.6**	0.0	0.8
Other cash flow from investing activities	**0.0**	0.0	0.0
Cash flow from investing activities (B)	**-51.4**	-69.7	-349.3
Cash flow from financing activities:			
Change in current financial receivables, increase (-) / decrease (+)	**2.3**	0.1	0.0
Change in current financial borrowings, increase (+) / decrease (-)	**96.0**	36.8	-102.1
Change in non-current financial borrowings, increase (+) / decrease (-)	**0.0**	-0.2	253.5
Payment of lease liabilities	**-12.7**	-11.3	-46.0
Dividends received	**-**	-	0.0
Dividends paid	**-3.8**	0.0	-72.0
Cash flow from financing activities (C)	**81.8**	25.3	33.5
Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)	**-91.3**	-131.6	-238.5
Cash and cash equivalents at the beginning of the period	**176.1**	414.9	414.9
Effect of exchange rate fluctuations on cash held	**0.0**	0.0	-0.3
Cash and cash equivalents at the end of the period	**84.8**	283.2	176.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

				Equity attributable to equity holders of the parent				
EUR million	A	B	C	D	E	F	G	H
Equity, Jan 1, 2024	**25.4**	**181.4**	**-16.7**	**-16.7**	**1.6**	**238.2**	**934.3**	**1,347.6**
Result for the period							-25.5	-25.5
Other comprehensive income, net of tax:								
Cash flow hedges					-2.3			-2.3
Translation differences				7.5				7.5
Total comprehensive income for the period				**7.5**	**-2.3**		**-25.5**	**-20.2**
Share-based payments			0.1				-0.4	-0.3
Other changes							1.4	1.4
Total transactions with owners for the period			**0.1**				**1.0**	**1.1**
Equity, Mar 31, 2024	**25.4**	**181.4**	**-16.6**	**-9.2**	**-0.7**	**238.2**	**909.9**	**1,328.5**
Equity, Jan 1, 2025	**25.4**	**181.4**	**-16.6**	**10.3**	**0.8**	**238.2**	**832.9**	**1,272.4**
Result for the period							-37.8	-37.8
Other comprehensive income, net of tax:								
Cash flow hedges					0.0			0.0
Translation differences				-18.0				-18.0
Total comprehensive income for the period				**-18.0**	**0.0**		**-37.8**	**-55.8**
Share-based payments			0.1				0.6	0.7
Other changes							-0.1	-0.1
Total transactions with owners for the period			**0.1**				**0.5**	**0.6**
Equity, Mar 31, 2025	**25.4**	**181.4**	**-16.5**	**-7.7**	**0.8**	**238.2**	**795.6**	**1,217.2**

SEGMENT INFORMATION	1-3/25	1-3/24	1-12/24	Change%
EUR million				
Net sales				
Passenger car tyres	**174.1**	143.1	779.9	21.7
Heavy Tyres	**55.8**	55.1	235.1	1.4
Vianor	**58.8**	55.9	354.9	5.2
Other operations and eliminations	**-19.3**	-17.4	-80.1	-10.4
Total	**269.5**	236.6	1,289.8	13.9
Operating result				
Passenger car tyres	**-23.3**	-13.5	-15.6	-73.1
Heavy Tyres	**7.3**	6.3	30.0	15.1
Vianor	**-15.4**	-15.9	-3.8	3.3
Other operations and eliminations	**-4.5**	-3.2	-8.8	-40.7
Total	**-35.9**	-26.2	1.8	-36.8
Operating result, % of net sales				
Passenger car tyres	**-13.4**	-9.4	-2.0	-42.2
Heavy Tyres	**13.0**	11.5	12.8	13.5
Vianor	**-26.2**	-28.5	-1.1	8.1
Total	**-13.3**	-11.1	0.1	-20.1

NET SALES BY GEOGRAPHICAL AREA	1-3/25	1-3/24	1-12/24	Change%
EUR million				
Nordics	**133.7**	126.9	696.2	5.3%
Other Europe	**66.3**	49.2	319.6	34.7%
Americas	**68.8**	60.0	270.3	14.7%
Other countries	**0.8**	0.5	3.7	46.8%
Total	**269.5**	236.6	1,289.8	13.9%

ADDITIONAL IMPAIRMENT TESTING OF CASH GENERATING UNIT PASSENGER CAR TYRES

The war in Ukraine severely impacted Nokian Tyres’ operational environment and production capacity. The company also considers the relationship between its market capitalization and its book value when reviewing for indicators of impairment. The company's market capitalization at the end of March 2025 was EUR 0.9 billion and it was below the amount of equity EUR 1.2 billion indicating a need for impairment testing.

The recoverable amount of the CGU was based on five-year cash flow projections. Cash flows beyond the five-year period were calculated using a terminal value method. The weighted average cost of capital (WACC) has been calculated in the same manner as described in the Financial Statements 2024. Future cash flows after the forecast period approved by the management have been capitalized as a terminal value using a steady 2% growth rate. The goodwill allocated to the CGU Passenger Car Tyres was EUR 61.8 million. The calculations have included the investment in the new passenger car tire factory in Romania. The factory is technically ready to start commercial tire deliveries. Due to the nature of the investment, a significant amount of the recoverable amount of the cash flow is generated in the terminal value. The recoverable amount in Passenger Car Tyres significantly exceeds the carrying amount of the cash generating unit. As a result of the additional impairment testing, no goodwill impairments were recorded in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS	**31.3.25**	31.3.24	31.12.24
EUR million			
INTEREST RATE DERIVATIVES			
Interest rate swaps			
Notional amount	**300.0**	200.0	300.0
Fair value	**-3.1**	0.9	-4.0
FOREIGN CURRENCY DERIVATIVES			
Currency forwards			
Notional amount	**472.2**	159.7	318.6
Fair value	**-2.7**	1.8	0.8
Currency options, purchased			
Notional amount	**10.8**	6.4	10.9
Fair value	**0.3**	0.1	0.1
Currency options, written			
Notional amount	**29.2**	15.0	29.4
Fair value	**-0.2**	-0.1	-0.1
ELECTRICITY DERIVATIVES			
Electricity forwards			
Notional amount	**8.2**	10.5	9.0
Fair value	**-1.7**	-1.4	-1.2
VPPA*, Romania			
Notional amount	**36.4**	-	36.4
Fair value	**5.3**	-	6.1

* Virtual Power Purchase Agreement

IFRS 16 LEASES

EUR million

Balance sheet effects	**31.3.25**	31.3.24	31.12.24
Fixed assets			
Right to use	**125.4**	128.3	124.5
Total	**125.4**	128.3	124.5
Equity & Liability			
Non-current liability	**84.7**	92.1	85.2
Current liability	**46.3**	41.4	44.4
Total	**131.0**	133.6	129.6

P&L effects	**1-3/25**	1-3/24	1-12/24	Change %
Reversed rents	**13.9**	12.4	50.4	12.1
Depreciations	**-12.7**	-11.1	-45.6	-14.4
Finance costs	**-1.2**	-1.1	-4.5	-9.7
Total	**0.0**	0.2	0.3	-100.7