

Nokian Tyres' Annual General Meeting April 2, 2020

Summary of the questions posed by shareholders regarding the matters covered in the General Meeting, divided by theme

Nokian Tyres arranged a General Meeting on April 2, 2020 under exceptional conditions, following the authority regulations and restrictions put in place in order to counter the COVID-19 pandemic. Accordingly, the meeting and all of its related presentations, including the CEO review, were kept short and in line with the minimum requirements. Due to COVID-19, shareholders also had the exceptional opportunity to submit their questions before the General Meeting. In order to keep the meeting as short as possible, we replied to the questions submitted by the shareholders via email. The following presents a summary of the themes of the questions and the responses provided; due to the exceptional conditions, the responses were, in part, more extensive than usual and, in part, discussed matters outside of the General Meeting's agenda.

- 1) Level of management rewards, suitability of the incentive systems to the current situation (COVID-19), and the management of the share-based rewards system

Summary of responses: A substantial share of the overall management rewards originates from the short-term and long-term incentive systems, and the rewards pursuant to these systems are cut in part or entirely if the company fails to reach the targets set for the results. Furthermore, Nokian Tyres' Management Team has agreed to work for one month without pay.

The share-based long-term reward systems were substantially developed during 2018, and the rewards levels for 2019 and 2020 remain unchanged as regards the management rewards. If the three-year targets are not met, the share rewards will also not be paid out. The short-term incentives for 2020 are also at the 2019 levels.

The purpose of the share-based incentive plan 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, and to commit key personnel to the company and its strategic goals.

Share-based rewards systems are commonly outsourced, and the system has been outsourced to a professional operator.

- 2) Proposals from the Board of Directors related to the payment of a dividend and their recurrence in the coming years (payment of a dividend in installments and board authorization)

Summary of responses: In addition to the payment of dividends decided by the General Meeting on April 2, 2020 (EUR 0.79 per share), the General Meeting decided to authorize the Board of Directors to decide on the distribution of dividends of up to EUR 0.79 per share in one or more installments at a later date. The Board's authorization to decide on the payment of dividends will remain valid until the General Meeting of 2021. The company will separately announce any possible decisions by the Board regarding the payment of dividends and will, at the same time, also confirm the appropriate record dates and payment dates. The company's Board of Directors will assess the matters pertaining to the payment of dividends each year and determine the approach to be taken in the future.

- 3) Purchase of own shares and the exercising of authorizations granted earlier for this purpose

Summary of responses: The General Meeting's authorization to the Board of Directors for the purchase of own shares from 2019 has not been exercised.

4) Composition of the Board and the Shareholders' Nomination Board

Summary of responses: The key comments and opinions regarding the selection of board members will be communicated to the Shareholders' Nomination Board. On April 2, 2020, the General Meeting decided on establishing a Shareholders' Nomination Board and confirmed its rules of procedure. The composition of the Shareholders' Nomination Board will be determined in accordance with the Board's approved rules of procedure, and its task will be to prepare the selection and compensation of board members going forward.

Nokian Tyres' Shareholders' Nomination Board consists of five members, of which four shall represent the company's four largest shareholders that, on the first banking day of June each year, are the largest shareholders according to the company's list of shareholders maintained by Euroclear Finland Oy and that wish to nominate a member for the Nomination Board; and one member shall be Nokian Tyres' Chairman of the Board. The size of the Nomination Board at Nokian Tyres follows normal market practice, or may even be slightly more extensive than standard market practice. According to the ownership information on March 31, 2020, the company's largest shareholder was the Finnish Solidium Oy.

5) Informing the shareholders in addition to the exceptional General Meeting

Summary of responses: The company's management will keep the investors updated on the company's development across different channels, such as by means of earnings calls following the release of quarterly results. The date of the following capital markets day has not been set.

6) Achieving the set financial targets, maintaining market shares, and operating on different markets

Summary of responses: The changes in the market situation will naturally affect reaching the financial targets set. The financial targets set in 2018 were intended for a different market environment.

No significant changes in market shares have occurred. We are the market leader in selected segments in our home markets in the Nordics and Russia, in North America our market share is approximately 1%, in Central Europe the market share varies between regions.

We want to be present in all winter tire markets. The specific characteristics in different countries affect our success in each market. In China, for example, our growth is slowed down by the lack of winter tire legislation, and Japan's tire market features intense competition.

The market situation in Russia changed in 2019 against the expectations. Low consumer demand and new car sales as well as increased competition increased tire inventories in the Russian distribution channel toward the end of the year. However, Nokian Tyres' market share has grown in Russia and we are the market leader in selected segments.

Approximately 1/3 of the production at the Group's Russian factory has been related to Russian sales. The capacity utilization at the Russian factory will be aligned with global demand. Daily capacity in Russia can also be adjusted according to demand. The

replacement tire market is affected by new car sales and consumers' purchasing power that has not returned to the earlier level following the slump in 2015.

Online sales create visibility in pricing between markets.

7) Status of the company's investments in the United States and Spain

Summary of responses: The investment in Spain has been put on hold due to health and safety reasons (situation on April 2, 2020). In the US, we have postponed the recruitment for the second shift, and equipment purchases have also been postponed.

8) Quality of products, quality differences between products from different suppliers, and new products

Summary of responses: Nokian Tyres develops safe and reliable tires for all conditions. In comparison tests, the differences between the top products are very small, and they are affected by each tire manufacturer's focus areas in terms of tire characteristics. Nokian Tyres' strength lies in producing safe tires for all conditions, while taking into account the special characteristics of each market (e.g. high speeds in Central Europe, wear resistance and road condition in North America).

We develop high-quality, safe and sustainably manufactured tires for all types of passenger cars, including electric vehicles, while taking into account their specific requirements. For electric vehicle tires, the important features include durability, low rolling resistance, and low rolling noise.

9) Credit loss risks

Summary of responses: Our sales receivable impairments (i.e. credit loss provisions) grew in 2019, in part due to the strengthening of the Russian ruble.

In the income statement for 2019, we recorded an additional credit loss provision of EUR 5.3 million, equal to 0.3% of our net sales. This entry of EUR 5.3 million, together with the recovering rate of the ruble, brought our credit loss provision from EUR 51 million at the beginning of 2019 to EUR 59.4 million, or 3.7% of our net sales. We recorded no credit losses during the two previous years.

Our business model includes extending credit to selected partner clients in Russia and elsewhere. We are actively monitoring our clients' open credit lines and credit ratings. We are also using bank guarantees for credit risk management in Russia. Nokian Tyres' Board of Directors actively monitors the open credit lines for our largest clients.

10) Impacts and opportunities brought about by COVID-19

Summary of responses: Like most other companies, we are negatively affected by the coronavirus crisis; however, as a small and agile company, we can act and react faster than the competition. More detailed information on the impact of the coronavirus on our operations is available in the news article on our website, which will be updated when necessary: <https://www.nokiantyres.com/company/news-article/nokian-tyres-has-initiated-precautions-concerning-the-covid-19-outbreak-2/>