



Q2 2024 Financial results

18 July 2024

NOKIA

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Nokia presents financial information on reported, comparable and constant currency basis. Comparable measures presented in this document exclude intangible asset amortization and other purchase price fair value adjustments, goodwill impairments, restructuring related charges and certain other items affecting comparability. In order to allow full visibility on determining comparable results, information on items affecting comparability is presented separately for each of the components of profit or loss. Constant currency reporting provides additional information on change in financial measures on a constant currency basis in order to better reflect the underlying business performance. Therefore, change in financial measures at constant currency excludes the impact of changes in exchange rates in comparison to euro, our reporting currency. As comparable or constant currency financial measures are not defined in IFRS they may not be directly

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Key messages – Q2 2024

- Announced planned **divestment of ASN** and **intent to purchase Infinera** aligned with strategic pillar to actively manage portfolio and that will significantly strengthen our Network Infrastructure business.
- **Ongoing market weakness in Q2** – net sales declined 18% in constant currency. India sales drove nearly three-quarters of decline while North America net sales increased, benefitting from resolution of outstanding contract negotiation and growth in Network Infrastructure.
- **Order intake trends continued to improve in Q2** - notably in Network Infrastructure which supports expectation for significant improvement in net sales in second half of 2024.
- **Deal traction across business groups** – important design wins in Network Infrastructure; Mobile Networks building customer momentum; Cloud and Network Services continues to make progress in Network as Code.
- **Cost savings program** – actioned EUR 400 million of run-rate savings out of the targeted EUR 800 to 1 200 million gross savings by 2026.
- Working capital normalization drives **strong free cash flow of EUR 0.4 billion** in Q2.
- **Full year 2024 outlook unchanged.**

Q2 Financial Performance

Marco Wirén

Chief Financial Officer

The Nokia logo is centered within a large white circle. This circle is set against a dark blue background that features a stylized cityscape with vertical light streaks in shades of blue and white. A thick blue arc is visible at the top of the white circle.

NOKIA

Full year outlook reiterated in a challenging environment

Q2 24 net sales (EUR)

4.5bn

-18% y-o-y

Q2 24 gross margin

44.7%

+450bps y-o-y

Q2 24 operating margin

9.5%

-190 bps y-o-y

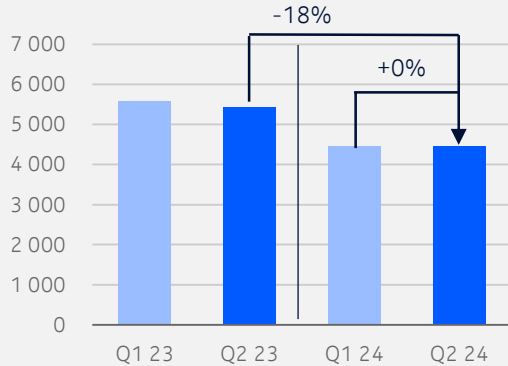
Q2 24 FCF (EUR)

0.4bn

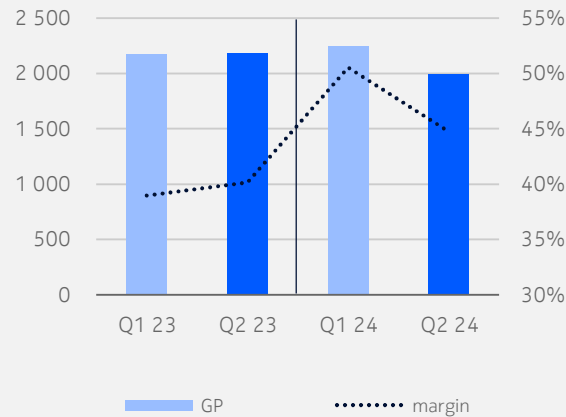
Q2 24 net cash (EUR)

5.5bn

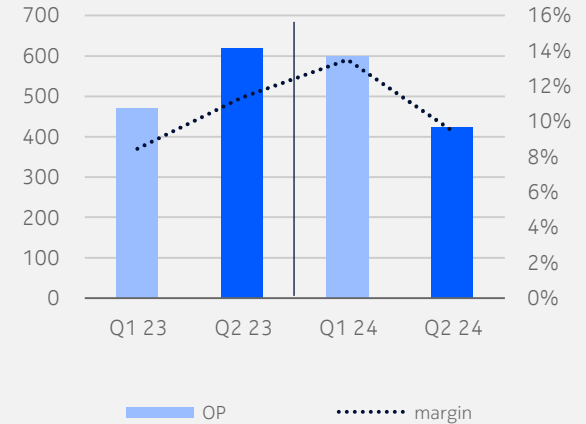
Net sales (EUR million)



Gross profit (EUR million) and margin



Operating profit (EUR million) and margin



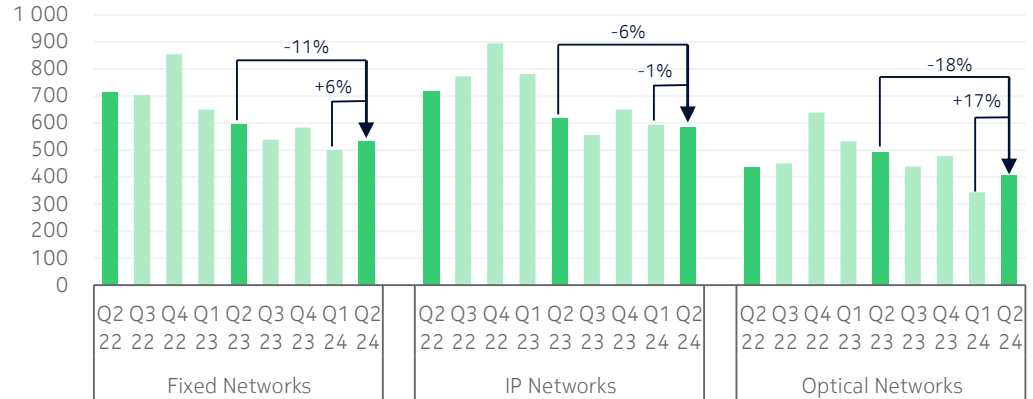
All net sales changes presented are year-on-year in constant currency and margin is on a comparable basis; ASN is now accounted for under discontinued operations

Network Infrastructure

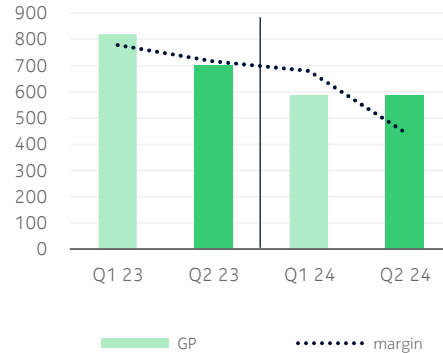
- ASN now recorded in discontinued operations
- Sales increased sequentially
- Order intake improvement for the third consecutive quarter
- Profitability impacted by scale

2024 planning assumption	
Net sales growth (constant currency)	Operating margin
-2% to +3%	11.5% to 14.5%

Network Infrastructure net sales by quarter



Gross profit (EUR m) and margin



Operating profit (EUR m) and margin



All net sales changes presented are in constant currency

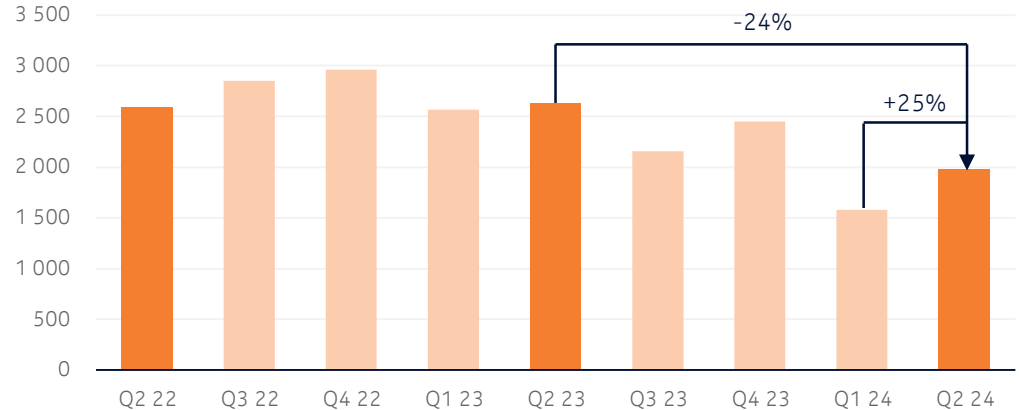


Mobile Networks

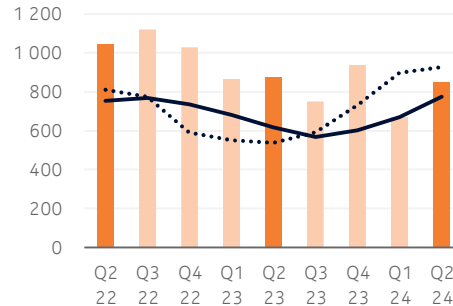
- Challenging spending environment continued
- India net sales down sharply
- Customer settlement benefited results, making up for nearly half of gross margin improvement
- Deal momentum continuing

2024 planning assumption	
Net sales growth (constant currency)	Operating margin
-19% to -14%	4% to 7%

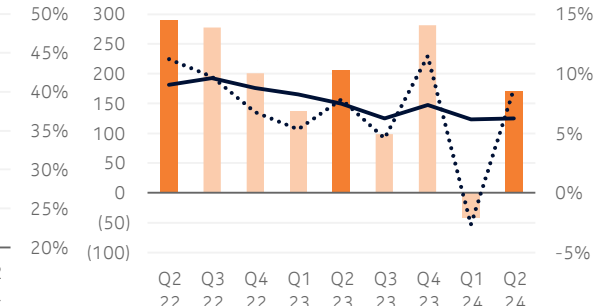
Mobile Networks net sales by quarter



Gross profit (EUR m) and margin



Operating profit (EUR m) and margin



GP margin — 4Q rolling margin

OP margin — 4Q rolling margin

All net sales changes presented are in constant currency

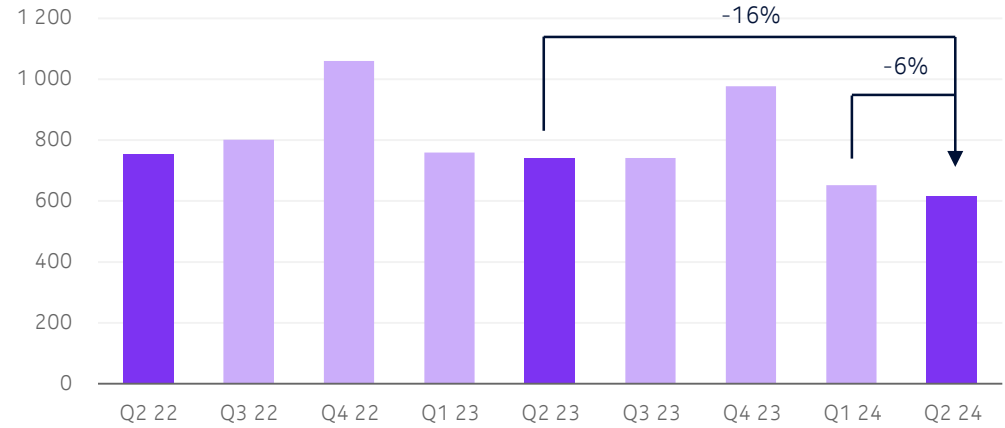


Cloud and Network Services

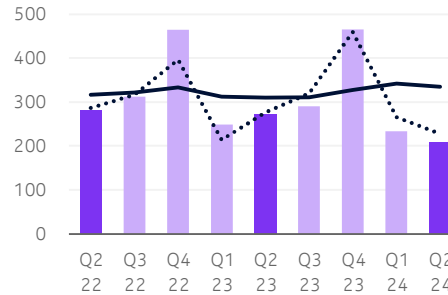
- Market remained challenging
- Disposal had 300bps impact on net sales decline
- Profitability impacted by scale
- Strong engagement with Network as Code platform

2024 planning assumption	
Net sales growth (constant currency)	Operating margin
-5% to +0%	6% to 9%

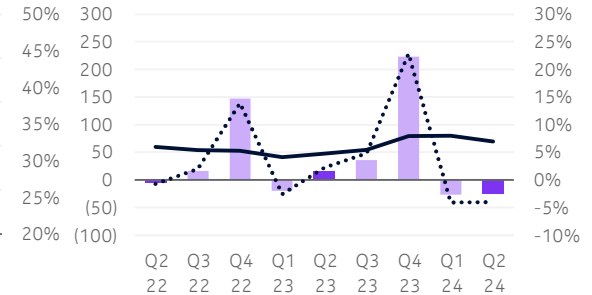
Cloud and Network Services net sales by quarter



Gross profit (EUR m) and margin



Operating profit (EUR m) and margin



GP margin 4Q rolling margin OP margin 4Q rolling margin

All net sales changes presented are in constant currency



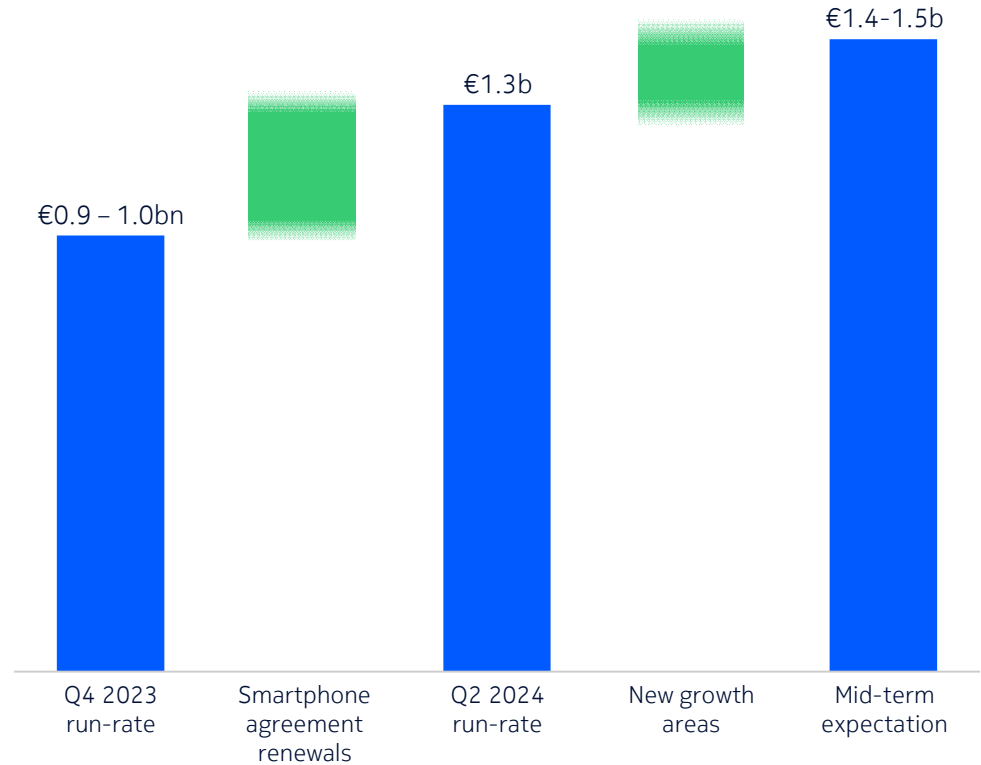
Nokia Technologies

- Growth driven by earlier-signed agreements and higher automotive and consumer electronic net sales
- Run-rate remained at approximately EUR 1.3bn
- Important multimedia agreement signed with video streaming platform

2024 planning assumption

Operating profit

at least EUR 1.4 billion



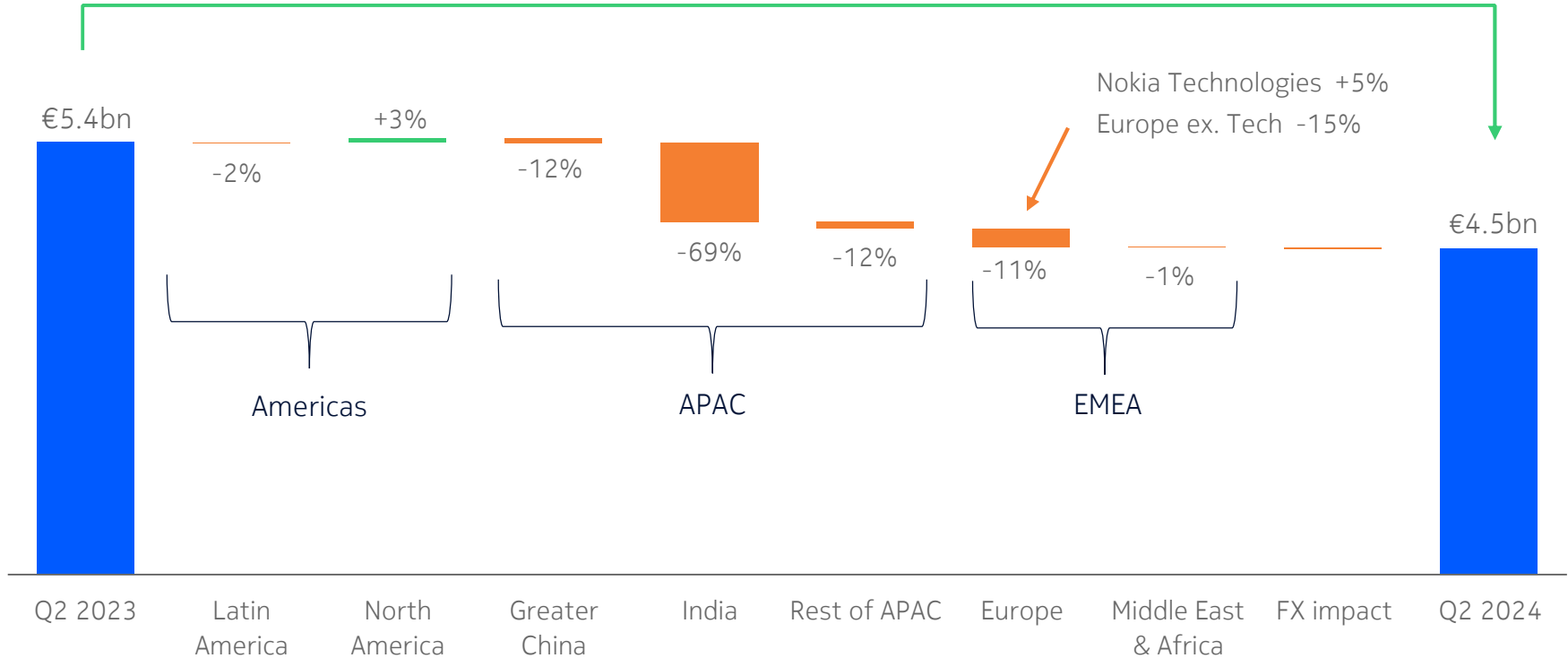
This chart is to illustrate our current financial planning assumptions. This chart is not illustrative of our view on deal valuations. Actual outcomes of negotiations may be different.

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Regional sales: India weighed heavily on top-line in Q2

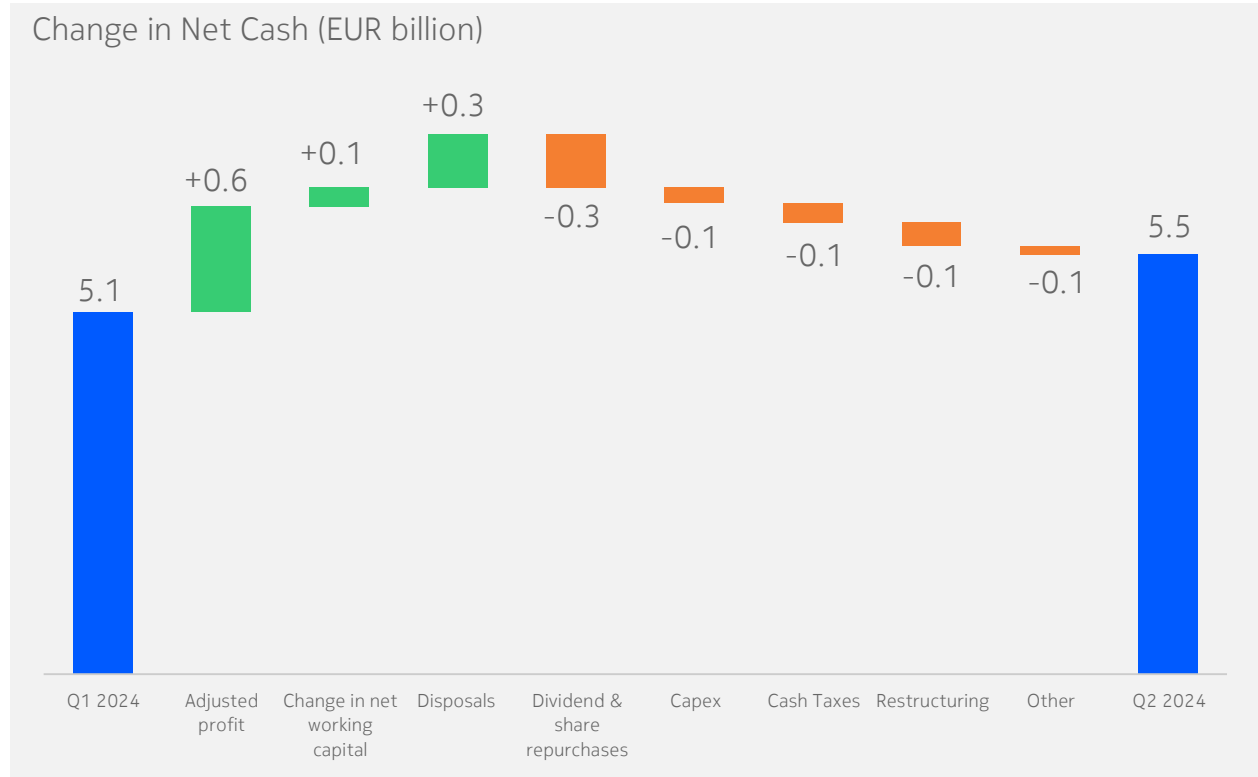
Year-on-year at constant currency

-18% reported and constant currency



Working capital drives solid cash flow

- Receivables driving working capital inflows
- EUR 0.3bn of disposals benefited cash
- Returned EUR 0.3bn to shareholders through dividend and share buybacks
- Free cash flow of EUR 394 million



Business Highlights

Pekka Lundmark


President and Chief Executive Officer

A large blue circle on the right side of the slide. Inside the circle, the word "NOKIA" is written in blue, uppercase letters. The background of the circle is a blurred cityscape at night with lights from buildings.

NOKIA

Network Infrastructure strengthened with 3 market leading pillars

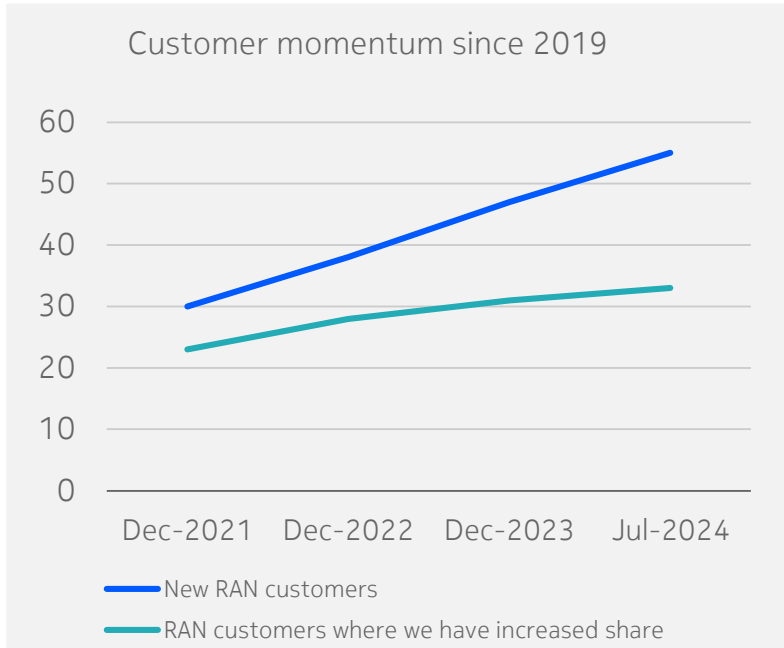
Attractive market leading provider of fixed network infrastructure

	Nokia Growth Opportunity	Net Sales 2023	Operating margin - 2023	Operating margin - aspiration	Key Competitors
Fixed Networks	 <ul style="list-style-type: none"> Demand for fiber build remains strong Mature markets starting to upgrade to XGS/25G-PON Government funding programs starting to impact Target mid-single digit growth 	EUR 2.4 bn	High teens	Mid to high teens	Adtran, Calix, Ciena, Fiberhome, Huawei, ZTE
IP Networks	 <ul style="list-style-type: none"> Continued ramp of FP5 and FPcx products Momentum in Enterprise/webscale market Target mid-single digit growth 	EUR 2.6 bn	Mid teens	High teens	Arista, Ciena, Cisco, Juniper, Huawei
Optical Networks*	 <ul style="list-style-type: none"> Increased scale to accelerate product roadmaps Well-positioned for webscale / AI opportunities Target mid-single digit growth 	EUR 3.4 bn	Mid single digit	Mid teens	Adtran, Ciena, Cisco, Fujitsu, Huawei, Ribbon, ZTE
Network Infrastructure	<ul style="list-style-type: none"> Target mid-single digit growth 	EUR 8.4 bn	~ 12%**	Mid to high teens	

* Combined proforma with Infinera; Operating margin including impact of share-based compensation

** Proforma operating margin for Network Infrastructure in 2023 reflecting the Infinera acquisition and recently announced sale of Submarine Networks

Momentum building in Mobile Networks



Successful Nokia Open/Cloud RAN projects

Vodafone and Nokia partner to introduce Open RAN in Italy



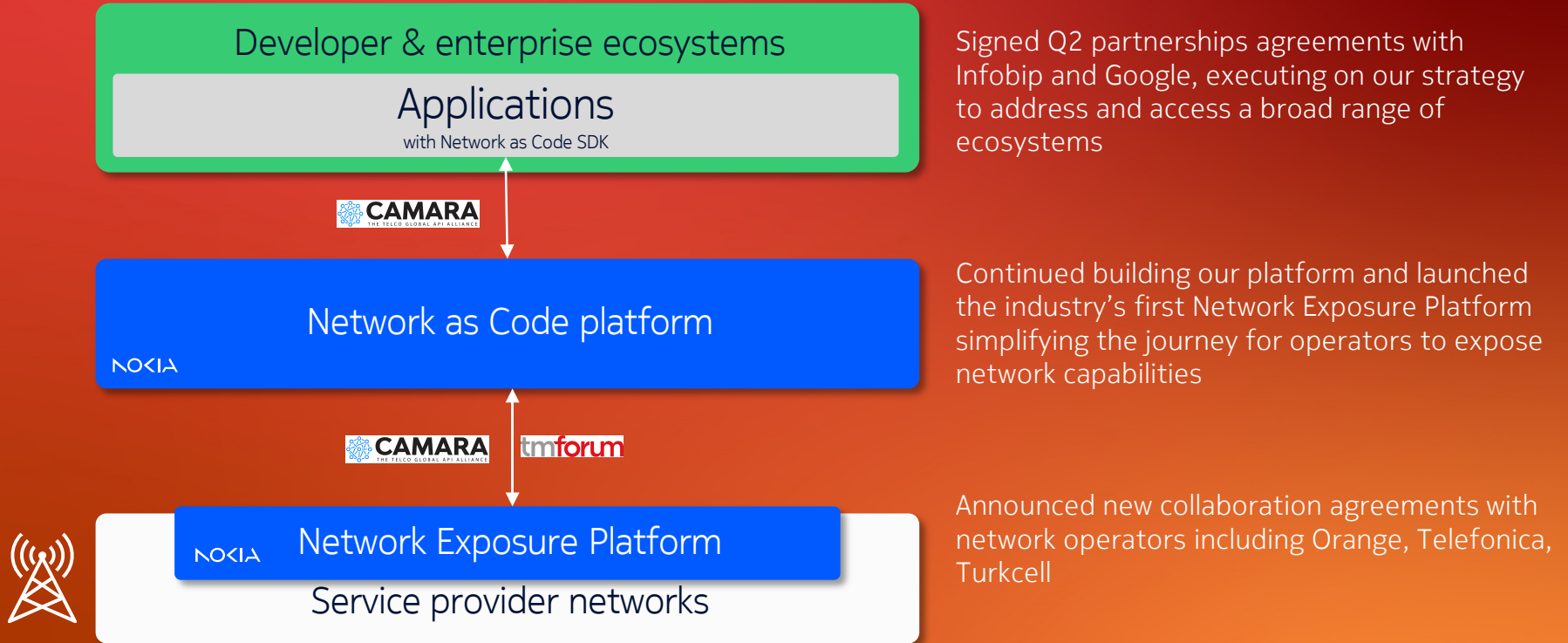
Nokia and stc successfully complete world's first CSP trial of O-RAN-based 5G Private Wireless Network with Microsoft Azure Operator Nexus



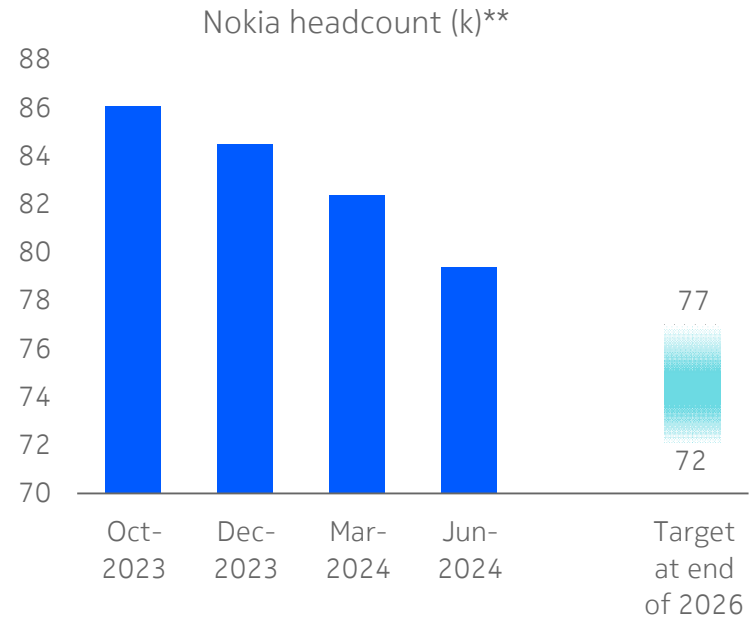
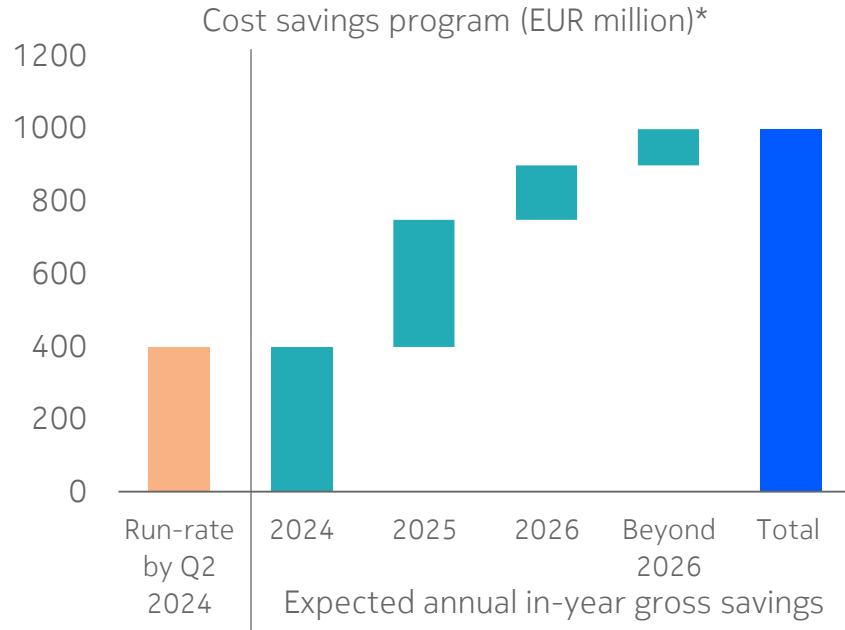
Nokia's solutions are validated with ecosystem of leading industry partners across hardware and software

WINDRVR

Cloud and Network Services: progress with Network Monetization



Taking fast action to reduce cost



*Totals shown represent current cost savings program and do not include EUR 100m from prior programs

** These figures represent the originally planned headcount targets and do not take into consideration currently planned divestments or acquisitions.

2024 Outlook

Solidly on track to achieve the outlook given quick actions to reduce cost

Full year 2024

Comparable operating profit

EUR 2.3 billion to EUR 2.9 billion

Free cash flow

30 to 60% conversion from comparable operating profit

Please refer to the Performance measure section of our Report for Q2 and Half Year 2024 for a full explanation of how these terms are defined.

Key Takeaways

Order intake momentum
continued in weak market

Positive deal traction across business groups

Cost savings program on track and **outlook reiterated**

Strong **cash performance** with net cash of **EUR 5.5bn**

Share buyback to be accelerated

Q&A

A large blue circular graphic on the right side of the slide. The outer ring is solid blue. The inner circle is white and contains the Nokia logo in blue. The background of the inner circle is a blurred city skyline at night with lights in shades of blue and white.

NOKIA

The image features the Nokia logo in a large, white, sans-serif font centered over a background of a city skyline at night. The skyline is composed of numerous vertical light trails in shades of blue, cyan, and orange, creating a sense of motion and digital connectivity. The background is a deep, dark blue.

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