Q4 2021
Investor presentation
3 February 2022
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Welcome

4. Financial highlights
5. Business Group performance
10. Reset complete, now onto accelerate
12. Long-term targets

14. Financial performance bridges
16. Cash flow performance
19. 2022 outlook
2021 was a transformational year for Nokia

Q4 21 net sales (EUR) 6.4bn
-5% (year-over-year at constant currency)

FY 21 net sales (EUR) 22.2bn
+3% (year-over-year at constant currency)

FY 21 net cash (EUR) 4.6bn

Q4 21 operating margin 14.2%
(comparable) -190bps year-over-year

FY 21 operating margin 12.5%
(comparable) +300bps year-over-year

FY 21 FCF (EUR) 2.4bn
Mobile Networks delivered on its reset in 2021
Market share loss as expected but compensated across regions, competitive gap closed

FY21 net sales

9.7bn EUR

% y-o-y

-5%
costant currency

MN 2021 Reset

- Competitiveness ✓
- Cost base ✓
- Stabilise share ✓
- ReefShark ramp up ✓

Moving to industry leadership

Shipped new AirScale baseband to >150 customers

Up to 75% improvement in baseband energy efficiency

Setting new benchmark of almost 3 Gbps in 5G standalone downlink throughput using carrier aggregation with AirScale on a live CSP network
Outperforming the market in Network Infrastructure
Continuing to gain share across businesses

FY21 IP Networks
+5%
% y-o-y constant currency

FY21 Optical Networks
+2%
% y-o-y constant currency

FY21 Fixed Networks
+35%
% y-o-y constant currency

FY21 Submarine Networks
+33%
% y-o-y constant currency

All data 4 quarter rolling global ex. China market share
* Dell’Oro ** OMDIA WDM (excl SLTE) + Aggregation
Cloud and Network Services portfolio re-balancing is taking shape

Net sales % split by investment area

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>Existing</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>YoY growth</td>
<td>-8%</td>
<td>+13%</td>
</tr>
</tbody>
</table>

Rebalance to Target Growth

- **5G Core**
- **Analytics & AI**
- **Private Wireless**
- **Digital Operations**
- **Monetization**
- **Security**

Disrupting and Differentiating

Technology Leadership - Cloud, Automation, AI/ML, Security, XaaS
Nokia Technologies delivered another strong year

FY21 net sales
1.5bn
EUR

FY21 net sales
+8%
% y-o-y constant currency

FY21 operating profit
1.2bn
EUR

Strong execution in 2021 including new engagements in automotive and consumer electronics as we grow into new areas.

Continued industry leadership with
+4,000
patent families declared essential for 5G
Enterprise: Boosting investment in campus wireless

- Private wireless engagements continue to be strong
- Increasing investment in campus wireless to extend our market leadership
- Strong Q4 order book lays foundation for growth in 2022
- Increasing engagement with webscalers
- Broadest portfolio to best serve market
- 2021 weakness from NI product areas while private wireless grew double-digit

Private Wireless customers

<table>
<thead>
<tr>
<th>Q2 2020</th>
<th>Q4 2020</th>
<th>Q2 2021</th>
<th>Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>180</td>
<td>260</td>
<td>340</td>
<td>420</td>
</tr>
</tbody>
</table>

Q4 21 net sales: -4%  
FY 21 net sales: +1%

Enterprise sales growth (year-over-year at constant currency)
We have completed our Reset phase in 2021

2021 focus

- **Strategy**  ✔️ Reinvested in R&D to deliver product leadership in all areas
- **Product**  ✔️ Mobile Networks secured full portfolio competitiveness
- **Profitability**  ✔️ Improved product cost and streamlined SG&A to fund R&D
- **Leadership**  ✔️ New operating model and Group Leadership Team in place
- **People**  ✔️ Renewed our purpose and ways of working
Now we move onto Accelerate and Scale

2022 and mid term

<table>
<thead>
<tr>
<th>Grow</th>
<th>Invest</th>
<th>Optimize</th>
<th>Innovate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalize on renewed MN portfolio to gain share</td>
<td>Prioritise R&amp;D towards technology leadership</td>
<td>Improve R&amp;D efficiency and digitize processes</td>
<td>New business models, strategic partnerships, enterprise expansion</td>
</tr>
<tr>
<td>Benefit from technology leadership in NI. Growth in CNS emerging areas.</td>
<td>Drive standard setting</td>
<td>Continuous review of business returns to optimise portfolio</td>
<td>Transition to SaaS</td>
</tr>
<tr>
<td>Grow beyond CSP</td>
<td>Capitalise on private wireless leadership</td>
<td>Refocusing R&amp;D in CNS towards growth areas</td>
<td>Utilise long-term innovation capacity incl. Bell Labs / NGP Capital</td>
</tr>
</tbody>
</table>
Introducing new long-term targets
We aim to deliver continuous improvement each year

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target Description</th>
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</thead>
<tbody>
<tr>
<td>Revenue growth</td>
<td>Grow faster than the market</td>
</tr>
<tr>
<td>Comparable operating margin</td>
<td>≥14%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>55-85% conversion from comparable operating profit</td>
</tr>
</tbody>
</table>
CFO remarks

Marco Wirén
CFO

14. Financial performance bridges
16. Cash flow performance
19. 2022 outlook
Strength in Europe while headwinds impacted North America

Year-over-year at constant currency for regional growth rate

-5% constant currency growth
-2% reported growth

€6.6bn
+7%
Q4 2020
Europe

€6.6bn
+3%
+3%
Middle East & Africa
Latin America

€6.4bn
-19%
-18%
India
Greater China

€6.4bn
-13%
-12%
Asia Pacific
North America

FX impact
Q4 2021
Operating profit bridge shows underlying improvements

Both MN and NI performed much better than expected

Expected market share loss and price erosion played out as expected...

...offset by strong underlying market demand, product cost improvements and clear accountability
Strong full year net cash performance capped by robust Q4

€ billion

<table>
<thead>
<tr>
<th>Q3 2021</th>
<th>Adjusted profit</th>
<th>Restructuring and associated</th>
<th>NWC (excluding restructuring)</th>
<th>Income taxes and net interest</th>
<th>Capital Expenditures</th>
<th>Other investing activities, net</th>
<th>Lease payments</th>
<th>Other</th>
<th>Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3</td>
<td>+1.0</td>
<td>-0.1</td>
<td>-0.3</td>
<td>-0.2</td>
<td>-0.2</td>
<td>+0.1</td>
<td>-0.1</td>
<td></td>
<td>4.6</td>
</tr>
</tbody>
</table>
Strong cash position provides flexibility for investments

Uses of cash

• Continued R&D investments
• Investments in business model incubation (e.g. NGP Capital Fund V)
• Build smarter inventory buffers as components become available

Net working capital

Data shown is 4Q rolling average
Strong liquidity position allows shareholder distributions

2021 Dividend proposal

EUR 0.08

per share

Share buyback

EUR 600 mn

Over two years
### 2022 outlook

<table>
<thead>
<tr>
<th></th>
<th>Full year 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales(^1)</td>
<td>€22.6 billion to €23.8 billion</td>
</tr>
<tr>
<td>Comparable operating margin</td>
<td>11 to 13.5%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>25–55% conversion from comparable operating profit</td>
</tr>
</tbody>
</table>

\(^1\)Assuming the rate 1 EUR = 1.13 USD as of 31 Dec 2021 continues throughout 2022.

Please see our Report for Q4 and full year 2021 for a full explanation of the terms used and the assumptions embedded in our financial outlook.
Market growth in 2022 despite supply constrained environment

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>YoY (at const. ccy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Networks¹</td>
<td>46bn</td>
<td>49bn</td>
<td>+3%</td>
</tr>
<tr>
<td>Network Infrastructure²</td>
<td>42bn</td>
<td>45bn</td>
<td>+3%</td>
</tr>
<tr>
<td>Cloud and Network Services</td>
<td>26bn</td>
<td>28bn</td>
<td>+5%</td>
</tr>
<tr>
<td>Total addressable market¹,²</td>
<td>114bn</td>
<td>121bn</td>
<td>+3%</td>
</tr>
</tbody>
</table>

¹Excluding China
²Excluding Submarine Networks and reflecting reassessment of the Fiber-To-The-Home (FTTH) technology mix

Market size calculated assuming the rate 1 EUR = 1.13 USD as of 31 Dec 2021 continues throughout 2022.
Strong underlying improvements somewhat offset by inflation

Comparable operating margin drivers in 2022

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2021 ex. one-offs</th>
<th>Cost inflation / investments</th>
<th>Sales growth</th>
<th>Operational improvements</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>12.5%</td>
<td>11.0%</td>
<td></td>
<td></td>
<td></td>
<td>13.5%</td>
</tr>
</tbody>
</table>
Expecting working capital increase in 2022
But long-term we expect high FCF conversion
Q&A
Appendix
## Strategic priorities by business group in 2022
Driving the business towards technology leadership

<table>
<thead>
<tr>
<th>Business Group</th>
<th>Strategic Priorities for 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mobile Networks</strong></td>
<td><strong>Defend and build scale</strong> – Capitalise on renewed product competitiveness to gain share&lt;br&gt;<strong>Increase product development capacity and competitiveness</strong> – Continue to invest to build technology leadership while also improving efficiency (more output per unit of input)</td>
</tr>
<tr>
<td><strong>Network Infrastructure</strong></td>
<td><strong>Extend product leadership</strong> with focused R&amp;D investment in strategic growth areas through next generation network processor, DSPs, software and network automation&lt;br&gt;<strong>Continue growth into the non-CSP market</strong> by expanding in key select Enterprise verticals and webscale</td>
</tr>
<tr>
<td><strong>Cloud and Network Services</strong></td>
<td><strong>Grow in emerging</strong> – Accelerate and scale the emerging portfolios and transition to SaaS&lt;br&gt;<strong>Private wireless investment</strong> – Investments in private wireless and the industrial edge ecosystem</td>
</tr>
<tr>
<td><strong>Nokia Technologies</strong></td>
<td><strong>Renewals/new areas</strong> – Deliver on contract renewals and continue traction in new areas (auto / IoT / CE)&lt;br&gt;<strong>Technology investment</strong> – Continue investing in technology leadership, standards leadership and patent fillings to ensure continued longevity of our portfolio</td>
</tr>
</tbody>
</table>
Introducing new long-term targets for the business
We aim to deliver continuous improvement each year

<table>
<thead>
<tr>
<th></th>
<th>Target model</th>
<th>Factors to deliver the model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue growth</td>
<td>Grow faster than the market</td>
<td>MN – Renewed competitiveness and market dynamics provide share gain opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NI – Strengthening technology leadership to enable continued outperformance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CNS – Rebalancing portfolio towards faster growing portions of the market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enterprise – Capitalise on early leadership to benefit from faster enterprise growth than CSP</td>
</tr>
<tr>
<td>Comparable</td>
<td>≥14%</td>
<td>Market growth – Market has been strong in 2021 – key factor on time taken to deliver model</td>
</tr>
<tr>
<td>operating margin</td>
<td></td>
<td>Relative scale – As we gain market share, improved scale is key to delivering margins</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Product competitiveness – Continue to invest for technology leadership</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Efficient cost base – Investment in R&amp;D critical to long-term but efficiency/productivity key</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>55-85% conversion from comparable operating profit</td>
<td>TECH – Assuming largely stable operating profit in Tech longer-term</td>
</tr>
</tbody>
</table>

Working capital efficiency – Remain focused on cash conversion in BGs there will be yearly volatility but we expect to be more limited over the longer-term.
Lower restructuring – Smaller normal adjustment to secure we have the right skills
TECH cash conversion – Cash conversion to normalise over time