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Agenda

4  Strategy announcement
6  Financial highlights
7  Business Group performance
13 Financial performance bridges
15 Cash flow performance
16 2023 TAM and outlook
17 2023 Outlook

Pekka Lundmark
President and CEO

Marco Wirén
CFO
Accelerate strategy execution through operational autonomy
Streamlining operating model to create dedicated sales teams

Complex matrix organization
- Customers
- Business Groups
- Customer Operations

Limited accountability
Slow decision making

Clearly accountable business group organization
- Customers
- Nokia Customer Experience
- Business Groups

Financial accountability
Some challenges in decision making as sales distinct from BG

Empowering BGs with dedicated sales and bringing customers closer to BG
- Customers
- Sales
- Business Groups

Co-ordination for customer relationship management and cross-BG matters
Nokia will reduce its cost base to secure long-term profitable growth in the face of a more challenging market environment.

**EUR 800–1,200m**
- Gross cost savings by 2026
- Approx. 70% in Operating Expenses

**EUR 400m**
- In-year savings in 2024
- Executing quickly on the cost reduction program

**72–77k**
- Headcount by end of 2026
- Compared to current workforce of ~86k
Outlook maintained despite weak operator spending weighing on Q3

Q3 23 net sales (EUR)
5.0bn
-15% year-on-year in constant currency

Q3 23 gross margin
39.2%
-120 bps year-on-year (comparable)

Q3 23 operating margin
8.5%
-200 bps year-on-year (comparable)
Network Infrastructure

- Net sales impacted by macroeconomic pressures and inventory digestion
- IP Networks and Fixed Networks particularly impacted
- Optical Networks grew by 4%
- Gross margin improved 70bps
- Operating margin somewhat resilient at 9.5%

All net sales changes presented are year-on-year in constant currency
Mobile Networks

- Net sales impacted by North America continued inventory digestion
- Strong India growth y-o-y but volumes moderated q-o-q
- Gross margin negatively impacted by regional mix while showing sequential improvement

Total RAN excluding China (rolling 4Q)

- Competitor 1: 23% → 27%
- Nokia: 30% → 32% → 34% → 36% → 38%
- Competitor 2: 40% → 42%

Source: Dell'Oro

All net sales changes presented are year-on-year in constant currency
Cloud and Network Services

- Overall stable performance
- Enterprise Solutions continues to grow
- Operating margin expanded 290bps y-o-y
- Launched organically developed Network-as-a-Code platform
Opportunity for value capture beyond connectivity
Nokia Technologies

- Q3 run rate EUR 1.0bn, stable compared to prior quarter
- Continued progress in IoT and multimedia in Q3
- Confident in ability to return to EUR 1.4-1.5bn run rate
- Now have 6,000 patents declared essential to 5G

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

- Net sales increased 5% in Q3
- Reached ~10% of group net sales on a 4Q rolling basis
- Added 85 Enterprise customers in Q3
- Private wireless grew double-digit; now 675 customers

All net sales changes presented are year-on-year in constant currency
Growth in India not enough to offset declines elsewhere

Year-on-year at constant currency

-20% reported
-15% constant currency

Q3 2022

- $6.2bn (India: +121%, Middle East & Africa: +8%, Latin America: -17%, Asia Pacific: -13%, Greater China: -24%)

Q3 2023

- $5.0bn (Europe: -40%, North America: -5%, Submarine Networks: -24%, FX impact: -40%)

Europe ex. Tech: -11%
Nokia Technologies: -14%
Operating profit by Business Group

- Mobile Networks continued to be impacted by regional shift
- Network Infrastructure somewhat resilient despite top-line decline
- Cloud and Network Services progress continues
- Venture fund impact flat compared to last year
Free cash flow impacted by working capital

- Free cash flow negative EUR 0.4bn
- Net working capital continued to negatively impact cash
- Returned EUR 0.3bn to shareholders through dividend and share buyback
Macro uncertainty continues to weigh on 2023 TAM

<table>
<thead>
<tr>
<th>Estimated, in EUR(^1)</th>
<th>2023</th>
<th>YoY (at const. ccy)</th>
<th>YoY prior est. (at const. ccy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network Infrastructure(^2)</td>
<td>43bn</td>
<td>-1%</td>
<td>+1%</td>
</tr>
<tr>
<td>Mobile Networks(^3)</td>
<td>44bn</td>
<td>-9%</td>
<td>-2%</td>
</tr>
<tr>
<td>Cloud and Network Services</td>
<td>27bn</td>
<td>+2%</td>
<td>+3%</td>
</tr>
</tbody>
</table>

\(^1\)Total addressable market forecasts assume the currency rate of 1 EUR = 1.06 USD as of 30 September 2023 continues through the remainder of 2023 along with actual year-to-date FX rates. The addressable market is excluding Russia and Belarus. \(^2\)Excluding Submarine Networks \(^3\)Excluding China
## 2023 outlook maintained

Assuming closure of outstanding deals in Nokia Technologies

<table>
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<tr>
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<th>Full year 2023</th>
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| **Net sales**¹                | EUR 23.2 billion to EUR 24.6 billion  
(-4 to +2% growth in constant currency) |
| **Comparable operating margin**² | 11.5 to 13.0% |
| **Free cash flow**²           | 20 to 50% conversion from comparable operating profit |

¹Assuming the rate 1 EUR = 1.06 USD as of 30 September 2023 continues for the remainder of 2023 along with actual year-to-date foreign exchange rates (adjusted from prior 1.09 USD rate as of 30 June 2023).

²Please refer to the Performance measure section of our Interim Report for Q3 2023 for a full explanation of how these terms are defined.
Q&A