Interim Report for Q3 2024

Strong gross margin improvement amidst ongoing market weakness

- Q3 net sales declined 7% y-o-y in constant currency (-8% reported) as growth in Network Infrastructure and Nokia Technologies was offset by decline in Mobile Networks primarily in India and a divestment in Cloud and Network Services.
- Order intake remained strong in Network Infrastructure, while the sales recovery continues to be slower than expected.
- Comparable gross margin in Q3 increased by 490bps y-o-y to 45.7% (reported increased 500bps to 45.2%), with improvements across business groups, particularly in Mobile Networks.
- Q3 comparable operating margin increased 160bps y-o-y to 10.5% (reported up 70bps to 5.7%), mainly due to higher gross margin, continued cost control and a benefit from the reversal of loss allowances for certain trade receivables.
- Q3 comparable diluted EPS for the period of EUR 0.06; reported diluted EPS for the period of EUR 0.03.
- Q3 free cash flow of EUR 0.6 billion, net cash balance EUR 5.5 billion.
- Continued to make significant progress with cost savings program, EUR 500 million run-rate of gross savings actioned.
- Nokia's full year 2024 outlook is unchanged. Nokia currently expects comparable operating profit of between EUR 2.3 billion and 2.9 billion and free cash flow conversion from comparable operating profit of between 30% and 60%.

EUR million (except for EPS in EUR)	Q3'24	Q3'23	YoY change	Constant currency YoY change	Q1-Q3'24	Q1-Q3'23	YoY change	Constant currency YoY change
Reported results								
Net sales	**4 326**	4 709	(8)%	(7)%	**13 236**	15 722	(16)%	(15)%
Gross margin %	**45.2%**	40.2%	500bps		**46.1%**	39.4%	670bps	
Research and development expenses	**(1 116)**	(1 067)	5%		**(3 376)**	(3 197)	6%	
Selling, general and administrative expenses	**(692)**	(697)	(1)%		**(2 101)**	(2 104)	0%	
Operating profit	**246**	237	4%		**1 082**	1 127	(4)%	
Operating margin %	**5.7%**	5.0%	70bps		**8.2%**	7.2%	100bps	
Profit from continuing operations	**145**	130	12%		**965**	700	38%	
Profit/(loss) from discontinued operations	**31**	3	933%		**(494)**	11		
Profit for the period	**175**	133	32%		**471**	711	(34)%	
EPS for the period, diluted	**0.03**	0.02	50%		**0.08**	0.13	(38)%	
Net cash and interest-bearing financial investments	**5 460**	2 960	84%		**5 460**	2 960	84%	
Comparable results								
Net sales	**4 326**	4 709	(8)%	(7)%	**13 236**	15 722	(16)%	(15)%
Gross margin %	**45.7%**	40.8%	490bps		**47.0%**	39.9%	710bps	
Research and development expenses	**(1 029)**	(1 024)	0%		**(3 169)**	(3 119)	2%	
Selling, general and administrative expenses	**(591)**	(594)	(1)%		**(1 785)**	(1 833)	(3)%	
Operating profit	**454**	418	9%		**1 477**	1 507	(2)%	
Operating margin %	**10.5%**	8.9%	160bps		**11.2%**	9.6%	160bps	
Profit for the period	**358**	293	22%		**1 198**	1 035	16%	
EPS for the period, diluted	**0.06**	0.05	20%		**0.21**	0.18	17%	
ROIC(1)	**10.4%**	11.9%	(150)bps		**10.4%**	11.9%	(150)bps	

(1) Comparable ROIC = Comparable operating profit after tax, last four quarters / invested capital, average of last five quarters' ending balances. Refer to the Alternative performance measures section in this report for details.

	Network Infrastructure		Mobile Networks		Cloud and Network Services		Nokia Technologies		Group Common and Other	
EUR million	Q3'24	Q3'23	Q3'24	Q3'23	Q3'24	Q3'23	Q3'24	Q3'23	Q3'24	Q3'23
Net sales	**1 525**	1 534	**1 747**	2 157	**702**	742	**352**	258	**3**	22
YoY change	**(1)%**		**(19)%**		**(5)%**		**36%**		**(86)%**	
Constant currency YoY change	**1%**		**(17)%**		**(4)%**		**35%**		**(86)%**	
Gross margin %	**42.1%**	40.5%	**39.8%**	34.8%	**40.9%**	39.1%	**100.0%**	100.0%		
Operating profit/(loss)	**180**	165	**92**	99	**65**	36	**242**	181	**(126)**	(62)
Operating margin %	**11.8%**	10.8%	**5.3%**	4.6%	**9.3%**	4.9%	**68.8%**	70.2%		

As I reflect on our performance in the third quarter, I am optimistic we are now turning the corner in many parts of our business, even if some continue to experience market weakness. Among the key highlights was a return to net sales growth in Network Infrastructure with Fixed Networks growing 9% in constant currency and IP Networks growing 6%. Order intake in Network Infrastructure continued to be robust with strong year-on-year growth and a growing order backlog. Additionally, we delivered a significant improvement in our gross margin at the group level and cash generation remained strong with EUR 621 million free cash flow in the quarter.

There are reasons for optimism across our portfolio. We expect a significant acceleration in growth in Q4 in Network Infrastructure and see a number of structural demand trends supporting our future growth. In Mobile Networks, although market dynamics are more challenging, we have secured several important deals in the quarter, remain confident in our competitive position and are improving our gross margin. In Cloud and Network Services we are seeing excellent momentum in 5G Core along with strong progress in network automation, cloudification and enabling network APIs. Nokia Technologies continues to benefit from greater stability following the conclusion of its smart-phone renewal cycle and is making good progress expanding into the new growth areas.

Across Nokia we are investing to create new growth opportunities outside of our traditional communications service provider market. We see a significant opportunity to expand our presence in the data center market and are investing to broaden our product portfolio in IP Networks to better address this. Our pending acquisition of Infinera will also bolster our Optical Networks exposure to this market and accelerate our growth opportunities. Additionally, we see a compelling new long-term opportunity in bringing 5G technology to the defense market and we continue to invest in private wireless networks where we are the clear market leader.

Regarding our financial performance in Q3, our net sales declined by 7% in the quarter in constant currency. Three quarters of the decline was driven by India due to a strong year-ago quarter. Importantly we delivered a significant improvement in comparable gross margin which expanded 490 basis points from the year-ago period to reach 45.7%. This was driven by a combination of improved product mix, regional mix and actions to reduce product cost. Despite continued intense competition, we remain disciplined on price while still winning deals as we remain focused on improving the profitability of our business. We also progressed our cost reduction efforts contributing to a solid improvement of 160 basis points in our comparable operating margin on a year-on-year basis.

Regarding full year 2024, our comparable operating profit outlook remains EUR 2.3 to 2.9 billion and we are currently tracking within the bottom-half of the range. The net sales recovery is happening slower than we expected previously, however, this is being partially offset by an improving gross margin and quick action on cost. We expect to be at the high end of our free cash flow target of 30% to 60% conversion from comparable operating profit.

Shareholder distribution

Dividend

Under the authorization by the Annual General Meeting held on 3 April 2024, the Board of Directors may resolve on the distribution of an aggregate maximum of EUR 0.13 per share to be paid in respect of financial year 2023. The authorization will be used to distribute dividend and/or assets from the reserve for invested unrestricted equity in four installments during the authorization period, in connection with the quarterly results, unless the Board decides otherwise for a justified reason.

On 17 October 2024, the Board resolved to distribute a dividend of EUR 0.03 per share. The dividend record date is 22 October 2024 and the dividend will be paid on 31 October 2024. The actual dividend payment date outside Finland will be determined by the practices of the intermediary banks transferring the dividend payments.

Following this announced distribution, the Board's remaining distribution authorization is a maximum of EUR 0.03 per share.

Share buyback program

In January 2024, Nokia's Board of Directors initiated a share buyback program to repurchase shares to return up to EUR 600 million of cash to shareholders in tranches over a period of two years. The share buyback execution started on 20 March 2024. On 19 July 2024, Nokia's Board of Directors decided to accelerate the timeframe for the share buyback program with the aim of completing the full EUR 600 million program by the end of this year instead of the initial two year timeframe.

On 27 June 2024, Nokia announced its intention to acquire Infinera in a transaction that valued Infinera at US$1.7 billion equity value with up to 30% of the consideration to be paid in Nokia American depositary shares ("ADSs"), depending on the elections of Infinera shareholders. Nokia's Board of Directors is committed to repurchase additional shares on top of the on-going EUR 600 million program to offset the dilution from the transaction to Nokia shareholders.

Under the share buyback program, by 30 September 2024, Nokia had repurchased 84 295 899 of its own shares at an average price per share of approximately EUR 3.48.

Outlook

	Full Year 2024
Comparable operating profit[1]	EUR 2.3 billion to EUR 2.9 billion
Free cash flow[1]	30% to 60% conversion from comparable operating profit

(1) Please refer to Alternative performance measures section in this report for a full explanation of how these terms are defined.

The outlook, long-term targets and all of the underlying outlook assumptions described below are forward-looking statements subject to a number of risks and uncertainties as described or referred to in the Risk Factors section later in this report. Along with Nokia's official outlook targets provided above, below are outlook assumptions by business group that support the group level outlook.

	Nokia business group assumptions (full year 2024)	
	Net sales growth (constant currency)	**Operating margin**
Network Infrastructure	-6% to -3% (update)	10.0% to 12.0% (update)
Mobile Networks	-22% to -19% (update)	5.0% to 7.0% (update)
Cloud and Network Services	-7% to -4% (update)	6.0% to 8.0% (update)

Nokia provides the following approximate outlook assumptions for additional items concerning 2024:

	Full year 2024	**Comment**
Nokia Technologies operating profit	at least EUR 1.4 billion	Nokia expects cash generation in Nokia Technologies to be EUR 700 million below operating profit in 2024 due to prepayments received in 2023. From 2025 onwards Nokia expects greater alignment between cash generation and operating profit in Nokia Technologies.
Group Common and Other operating expenses	EUR 350 million	This includes central function costs which are expected to be largely stable at approximately EUR 200 million and an increase in investment in long-term research to approximately EUR 150 million.
Comparable financial income and expenses	Positive EUR 75 to EUR 125 million	
Comparable income tax rate	~25%	
Cash outflows related to income taxes	EUR 450 million	
Capital Expenditures	EUR 450 million (update)	

2026 targets

Nokia's current targets for its existing perimeter of the business for 2026 are outlined below. This does not consider pending acquisitions. The Network Infrastructure operating margin assumption below considers Submarine Networks being treated as a discontinued operation. Nokia sees further opportunities to increase margins beyond 2026 and believes an operating margin of 14% remains achievable over the longer term.

Net sales	Grow faster than the market
Comparable operating margin[1]	≥ 13%
Free cash flow[1]	55% to 85% conversion from comparable operating profit

(1) Please refer to Alternative performance measures section in this report for a full explanation of how these terms are defined.

The comparable operating margin target for Nokia group is built on the following assumptions by business group for 2026:

Network Infrastructure	13 - 16% operating margin
Mobile Networks	6 - 9% operating margin
Cloud and Network Services	7 - 10% operating margin
Nokia Technologies	Operating profit more than EUR 1.1 billion
Group common and other	Approximately EUR 300 million of operating expenses

Financial Results

Q3 2024 compared to Q3 2023

Net sales

In Q3 2024, reported net sales decreased 8% and were negatively impacted by foreign exchange rate fluctuations along with the following drivers set out below.

On a constant currency basis, Nokia's net sales declined 7%. Mobile Networks declined 17% and Cloud and Networks Services 4% while Nokia Technologies and Network Infrastructure increased by 35% and 1% respectively. The decline in Mobile Networks was mainly driven by India which was still benefiting from the heavy 5G deployments in the year-ago quarter. Cloud and Network services declined due to the divestment of the Device Management and Service Management Platform businesses. Network Infrastructure returned to growth with increases in both Fixed Networks and IP Networks. Nokia Technologies increase was driven by agreements signed earlier in the year.

Gross margin

Reported gross margin increased 500 basis points to 45.2% in Q3 2024 and comparable gross margin increased 490 basis points to 45.7% with all business groups showing favorable movements versus the year-ago quarter. Mobile Networks increased by 500 basis points, driven by improved product cost and more supportive product mix and regional mix. Both Network Infrastructure and Cloud and Network Services also delivered improved gross margins.

Operating profit and margin

Reported operating profit in Q3 2024 increased 4% and was EUR 246 million, or 5.7% of net sales, up from 5.0% in the year-ago quarter. Comparable operating profit increased 9% to EUR 454 million, while comparable operating margin was 10.5%, up from 8.9% in the year-ago quarter. The increase was mainly driven by higher gross profit, as well as relatively stable operating expenses, somewhat offset by lower other operating income. Operating expenses were stable year-on-year as underlying cost reductions were offset by higher variable pay accruals. Other operating income in Q3 2024 mainly reflected the reversal of loss allowances for certain trade receivables and the sale of digital assets, which were somewhat offset by a loss related to Nokia's venture fund investments.

Nokia's venture fund investments generated a loss of approximately EUR 30 million in Q3 2024 compared to a benefit of approximately EUR 20 million in Q3 2023. The impact of hedging in Q3 2024 was negative EUR 5 million, compared to a positive impact of EUR 25 million in Q3 2023.

In Q3 2024, the difference between reported and comparable operating profit was primarily related to the amortization of acquired intangible assets, restructuring and associated charges and the impairment and write-off of assets. In Q3 2023, the difference between reported and comparable operating profit was related to restructuring and associated charges, the amortization of acquired intangible assets and the divestment of businesses.

Profit from continuing operations

Reported profit from continuing operations in Q3 2024 was EUR 145 million, compared to a profit of EUR 130 million in Q3 2023. Comparable profit from continuing operations in Q3 2024 was EUR 358 million, compared to EUR 293 million in Q3 2023. The increase in comparable profit from continuing operations was driven by the increase in comparable operating profit along with a net positive movement in financial income and expense, reflecting increases in interest income caused by higher cash balances. These were somewhat offset by higher income tax expenses.

Apart from the items affecting comparability included in operating profit (and their associated tax effects), the difference between reported and comparable profit from continuing operations in Q3 2024 was mainly due to the fair value reduction of current equity investments related to Vodafone Idea. In Q3 2023, the difference between reported and comparable profit from continuing operations was mainly related to the impairment and write-off of assets and the change in financial liability to acquire Nokia Shanghai Bell non-controlling interest.

Profit/loss from discontinued operations

The accounting for Submarine Networks was moved into discontinued operations in Q2 2024. Reported profit from discontinued operations in Q3 2024 was EUR 31 million, compared to a profit of EUR 3 million in Q3 2023.

Earnings per share

Reported diluted EPS from continuing operations was EUR 0.03 in Q3 2024, compared to EUR 0.02 in Q3 2023. Comparable diluted EPS from continuing operations was EUR 0.06 in Q3 2024, compared to EUR 0.05 in Q3 2023. Reported diluted EPS from discontinued operations was EUR 0.01 in Q3 2024, compared to 0.00 in Q3 2023. Reported diluted EPS was EUR 0.03 in Q3 2024, compared to EUR 0.02 in Q3 2023. Comparable diluted EPS was EUR 0.06 in Q3 2024 compared to EUR 0.05 in Q3 2023.

Comparable return on Invested Capital (ROIC)

Q3 2024 comparable ROIC was 10.4%, compared to 11.9% in Q3 2023. The decrease reflected lower operating profit after tax for the rolling four quarters, combined with lower average invested capital for the rolling four quarters. The lower average invested capital reflected lower average total equity, a decrease in average total interest-bearing liabilities, and an increase in average total cash and interest-bearing financial investments.

Cash performance

During Q3 2024, net cash decreased EUR 15 million, resulting in an end-of-quarter net cash balance of EUR 5 460 million. Total cash increased EUR 44 million sequentially to EUR 9 198 million. Free cash flow was positive EUR 621 million in Q3 2024.

Additional topics

Progress on Infinera acquisition

On 27 June 2024, Nokia announced a definitive agreement under which Nokia will acquire Infinera, a global supplier of innovative open optical networking solutions and advanced optical semiconductors. The acquisition process continues to proceed as expected. On 13 September 2024, the applicable waiting period under the US pre-merger review expired and the Department of Justice decided not to investigate the planned transaction. On 1 October 2024, Infinera shareholders approved of the planned acquisition. On 7 October 2024, Nokia and Infinera received approval from the Committee on Foreign Investment in the United States (CFIUS). Nokia and Infinera continue to expect the deal to close in the first half of 2025.

Historical adjusted free cash flow

As Nokia continues to execute on its group strategy, with its move towards more autonomous business groups, it also aims to provide investors with greater transparency in assessing each business group's cash flow performance. Nokia has now provided historical quarterly adjusted free cash flow which can be found in the Alternative performance measures section of this report. The definition for adjusted free cash flow is cash flows from operations less purchases of property, plant and equipment and intangible assets (capital expenditures).

Segment Details

Network Infrastructure

EUR million	Q3'24	Q3'23	YoY change	Constant currency YoY change	Q1-Q3'24	Q1-Q3'23	YoY change	Constant currency YoY change
Net sales	**1 525**	1 534	(1)%	1%	**4 486**	5 204	(14)%	(13)%
IP Networks	**581**	557	4%	6%	**1 760**	1 956	(10)%	(9)%
Optical Networks	**366**	439	(17)%	(15)%	**1 115**	1 463	(24)%	(23)%
Fixed Networks	**578**	539	7%	9%	**1 611**	1 785	(10)%	(9)%
Gross profit	**642**	622	3%		**1 815**	2 145	(15)%	
Gross margin %	**42.1%**	40.5%	160bps		**40.5%**	41.2%	(70)bps	
Operating profit	**180**	165	9%		**363**	752	(52)%	
Operating margin %	**11.8%**	10.8%	100bps		**8.1%**	14.5%	(640)bps	
Adjusted free cash flow	**290**	57	409%		**181**	292	(38%)	
Continuing operations	**311**	13	2 292%		**215**	472	(54%)	
Discontinued operations[1]	**(21)**	44			**(34)**	(180)		
Net sales by region								
Americas	**658**	559	18%	21%	**1 865**	2 076	(10)%	(9)%
APAC	**336**	380	(12)%	(10)%	**937**	1 270	(26)%	(25)%
EMEA	**531**	595	(11)%	(10)%	**1 685**	1 858	(9)%	(9)%

(1) Comprises Submarine Networks business which has been presented as discontinued operation beginning from the second quarter of 2024. The comparative amounts have been revised accordingly.

Network Infrastructure **net sales** decreased 1% on a reported basis and increased 1% on a constant currency basis in the third quarter. Positively growth was strong in North America within the Americas region, which first saw the impact of slowing market demand. The demand environment continues to improve, albeit at a slower pace than anticipated earlier in the year. Order intake grew at a double-digit rate in Q3, with a book-to-bill above 1, although the net sales recovery continues to take longer than expected.

IP Networks net sales returned to growth, increasing 6% on a constant currency basis. Performance was mixed across regions, with strong growth in North America within the Americas region, somewhat offset by decreases in APAC and EMEA. Pleasingly, IP Networks saw strong double-digit growth with non-CSP customers, driven by both enterprise and webscale customers.

Optical Networks net sales declined 15% on a constant currency basis. The pace of the optical market recovery continues to be slower than the rest of the Network Infrastructure markets. The net sales performance reflected declines in APAC, particularly India, and EMEA while the Americas grew.

Fixed Networks also returned to growth in Q3, with net sales increasing 9% on a constant currency basis. This was largely driven by double-digit growth in North America within the Americas region, as customers increased investments in broadband access, particularly consumer premises devices. Elsewhere, India grew strongly as fixed wireless access deployments ramped in the region while Europe declined.

Both **gross profit** and **gross margin** improved year-on-year primarily driven by favorable mix between businesses and also by an improvement in the gross margin within IP Networks.

Operating profit and **operating margin** both increased year-on-year, reflecting higher gross profit and lower operating expenses, somewhat offset by lower other operating income and expenses.

Adjusted free cash flow in the third quarter (excluding Submarine Networks) was EUR 311 million reflecting solid operating profit and inflows from net working capital, mainly related to receivables. Adjusted free cash flow from discontinued operations was negative EUR 21 million.

Mobile Networks

EUR million	Q3'24	Q3'23	YoY change	Constant currency YoY change	Q1-Q3'24	Q1-Q3'23	YoY change	Constant currency YoY change
Net sales	**1 747**	2 157	(19)%	(17)%	**5 294**	7 347	(28)%	(27)%
Gross profit	**695**	751	(8)%		**2 215**	2 495	(11)%	
Gross margin %	**39.8%**	34.8%	500bps		**41.8%**	34.0%	780bps	
Operating profit	**92**	99	(7)%		**221**	441	(50)%	
Operating margin %	**5.3%**	4.6%	70bps		**4.2%**	6.0%	(180)bps	
Adjusted free cash flow	**362**	(353)			**1 748**	(1 074)		
Net sales by region								
Americas	**514**	658	(22)%	(19)%	**1 627**	1 944	(16)%	(15)%
APAC	**574**	825	(30)%	(29)%	**1 686**	3 290	(49)%	(47)%
EMEA	**660**	673	(2)%	(1)%	**1 981**	2 113	(6)%	(6)%

Mobile Networks **net sales** declined 19% on a reported basis and 17% on a constant currency basis.

The net sales decline was primarily driven by a decrease in APAC, with strong declines in India, as 5G deployments remained elevated in the year-ago quarter. The Americas also declined as North America net sales reflected the impact of the previously announced customer decision to largely single-source their network to a different vendor. Elsewhere, performance in other regions was relatively stable. In the third quarter the business won a number of important deals that secure stable or increased market share going forward in regions including Japan, India, Brazil, New Zealand and Vietnam.

The third quarter saw a significant improvement in **gross margin** compared to the prior year. The improvement primarily related to improved product cost and more supportive product mix and regional mix compared to the year-ago quarter. Nokia continues to focus on a number of initiatives to continue to improve its gross margin in Mobile Networks despite operating in what remains a highly competitive market.

Operating profit was slightly lower year-on-year in Q3 2024. Lower gross profit was offset by higher other operating income related to the reversal of loss allowances for certain trade receivables. Operating expenses were largely stable year-on-year as underlying cost reductions were offset by higher variable pay accruals compared to the year-ago quarter. The **operating margin** improvement reflected the improved gross margin, and higher other operating income which offset the lower net sales coverage of operating expenses.

Adjusted free cash flow in the third quarter was EUR 362 million mainly reflecting the operating profit and the impact from a decrease in receivables.

Cloud and Network Services

EUR million	Q3'24	Q3'23	YoY change	Constant currency YoY change	Q1-Q3'24	Q1-Q3'23	YoY change	Constant currency YoY change
Net sales	**702**	742	(5)%	(4)%	**1 968**	2 243	(12)%	(11)%
Gross profit	**287**	290	(1)%		**728**	811	(10)%	
Gross margin %	**40.9%**	39.1%	180bps		**37.0%**	36.2%	80bps	
Operating profit	**65**	36	81%		**13**	32	(59)%	
Operating margin %	**9.3%**	4.9%	440bps		**0.7%**	1.4%	(70)bps	
Adjusted free cash flow	**93**	(106)			89	(42)		
Net sales by region								
Americas	**267**	300	(11)%	(10)%	**706**	880	(20)%	(19)%
APAC	**145**	146	(1)%	0%	**440**	462	(5)%	(2)%
EMEA	**290**	295	(2)%	(1)%	**821**	901	(9)%	(9)%

Cloud and Network Services **net sales** declined 5% on a reported basis, and 4% on a constant currency basis. The quarter was impacted by the divestment of the Device Management and Service Management Platform businesses, which closed at the start of April. This divestment drove the decline in net sales, assuming a consistent perimeter in both years, net sales would have been stable on a constant currency basis.

Gross margin increased year-on-year mainly reflecting improvements in the cost of delivery.

Both **operating profit** and **operating margin** increased year-on-year. Lower net sales was offset by a higher gross margin and lower operating expenses.

Adjusted free cash flow in the third quarter was EUR 93 million reflecting strong operating profit, good collections and reduced overdues.

Nokia Technologies

EUR million	Q3'24	Q3'23	YoY change	Constant currency YoY change	Q1-Q3'24	Q1-Q3'23	YoY change	Constant currency YoY change
Net sales	**352**	258	36%	35%	**1 464**	834	76%	76%
Gross profit	**352**	258	36%		**1 464**	834	76%	
Gross margin %	**100.0%**	100.0%	0bps		**100.0%**	100.0%	0bps	
Operating profit	**242**	181	34%		**1 158**	565	105%	
Operating margin %	**68.8%**	70.2%	(140)bps		**79.1%**	67.7%	1 140bps	
Adjusted free cash flow	**84**	154	(45%)		**695**	610	14%	

Nokia Technologies **net sales** increased 36% on a reported basis and 35% on a constant currency basis in the third quarter. The growth was mainly a result of a series of previously signed smartphone license agreement renewals. The quarter also benefited from higher net sales in automotive versus the year-ago quarter. IoT sales also increased, including some benefit from catch-up net sales.

Nokia Technologies annual net sales run-rate remained approximately EUR 1.3 billion in the third quarter.

The **operating profit** increase was related to net sales growth somewhat offset by higher operating expenses in the quarter. Q3 2023 also benefited from a positive impact of the reversal of loss allowances of certain trade receivables which was not repeated this quarter.

Adjusted free cash flow in the third quarter was EUR 84 million as Nokia received some prepayments in 2023 in Nokia Technologies which is impacting cash conversion in 2024. It is expected to align more closely with operating profit from 2025 onwards.

Group Common and Other

EUR million	Q3'24	Q3'23	YoY change	Constant currency YoY change	Q1-Q3'24	Q1-Q3'23	YoY change	Constant currency YoY change
Net sales	**3**	22	(86)%	(86)%	**29**	106	(73)%	(73)%
Gross loss	**(1)**	—			**(2)**	(8)		
Operating loss	**(126)**	(62)			**(279)**	(284)		
Adjusted free cash flow	**(123)**	(16)			**(395)**	(302)		

Group Common and Other **net sales** declined 86% on both a reported and constant currency basis. This was due to reduced net sales from Radio Frequency Systems (RFS), mainly driven by the divested business carved out in earlier periods.

The decline in **operating result** was primarily driven by Nokia's venture fund investments, which reflected a loss of approximately EUR 30 million in Q3 2024 compared to a gain of approximately EUR 20 million in Q3 2023.

Adjusted free cash flow in the third quarter was negative EUR 123 million largely reflecting the operating result.

Net sales by region

EUR million	Q3'24	Q3'23	YoY change	Constant currency YoY change	Q1-Q3'24	Q1-Q3'23	YoY change	Constant currency YoY change
Americas	**1 438**	**1 518**	**(5)%**	**(3)%**	**4 199**	**4 939**	**(15)%**	**(14)%**
Latin America	222	262	(15)%	(8)%	608	724	(16)%	(12)%
North America	1 216	1 256	(3)%	(2)%	3 590	4 215	(15)%	(14)%
APAC	**1 057**	**1 356**	**(22)%**	**(21)%**	**3 073**	**5 037**	**(39)%**	**(37)%**
Greater China	258	286	(10)%	(8)%	796	966	(18)%	(15)%
India	316	567	(44)%	(43)%	911	2 463	(63)%	(63)%
Rest of APAC	482	503	(4)%	(3)%	1 367	1 608	(15)%	(12)%
EMEA	**1 832**	**1 835**	**0%**	**0%**	**5 965**	**5 746**	**4%**	**4%**
Europe	1 363	1 345	1%	1%	4 565	4 341	5%	5%
Middle East & Africa	469	489	(4)%	(2)%	1 400	1 404	0%	2%
Total	**4 326**	**4 709**	**(8)%**	**(7)%**	**13 236**	**15 722**	**(16)%**	**(15)%**

The table above provides net sales information for the group based on three geographical areas and their sub-regions. Reported changes are disclosed in the table above. The regional commentary below focuses on constant currency results, to exclude the impact of foreign exchange rate fluctuations.

The net sales performance in the **Americas** reflected declines in both Mobile Networks and Cloud and Network Services, while Network Infrastructure grew at a double-digit rate. Within the Americas, North America saw strong growth in Fixed Networks and IP Networks within Network Infrastructure, offset by both Mobile Networks and Cloud and Network Services. The decline in Latin America was mainly driven by Mobile Networks.

Net sales in **APAC** declined strongly in the third quarter, mainly due to Mobile Networks and Network Infrastructure. Within APAC, India net sales saw a strong decline, as 5G deployments remained elevated in the year-ago quarter. Elsewhere in APAC, Greater China and Rest of APAC also declined.

EMEA net sales were flat in the third quarter, reflecting weakness in Network Infrastructure while sales were relatively stable in both Mobile Networks and Cloud and Network Services along with growth in Nokia Technologies (which is entirely reported in Europe). Within EMEA, net sales decreased slightly in Middle East & Africa, as growth in Network Infrastructure was more than offset by weakness in Cloud and Network Services. Europe net sales declined across Network Infrastructure, while Mobile Networks was flat and Cloud and Network Services grew.

Net sales by customer type

EUR million	Q3'24	Q3'23	YoY change	Constant currency YoY change	Q1-Q3'24	Q1-Q3'23	YoY change	Constant currency YoY change
Communications service providers (CSP)	**3 442**	3 945	(13)%	(11)%	**10 257**	13 231	(22)%	(21)%
Enterprise	**532**	487	9%	11%	**1 491**	1 563	(5)%	(4)%
Licensees	**352**	258	36%	35%	**1 464**	834	76%	76%
Other[(1)]	**—**	19	(100)%	(100)%	**23**	94	(76)%	(76)%
Total	**4 326**	4 709	(8)%	(7)%	**13 236**	15 722	(16)%	(15)%

(1) Includes net sales of Radio Frequency Systems (RFS), which is being managed as a separate entity, and certain other items, such as eliminations of inter-segment revenues. RFS net sales also include revenue from enterprise customers and communications service providers.

CSP spending remained weak in Q3 2024, which drove a net sales decline of 11% in constant currency when compared to Q3 2023.

Enterprise net sales increased 11% in constant currency in Q3 2024, driven by strong double-digit growth with webscale customers, as well as growth with other enterprise customers. Nokia continues to expand its presence in private wireless, now with 795 customers.

For a discussion on net sales to Licensees, please refer to the Nokia Technologies section of this report.

The decline in 'Other' net sales relates to a decrease in net sales in RFS, driven by the divested business carved out in earlier periods.

Q3 2024 to Q3 2023 bridge for net sales and operating profit

EUR million	Q3'24	Volume, price, mix and other	Venture fund valuation	Foreign exchange impact	Items affecting comparability	Q3'23
Net sales	**4 326**	(317)	—	(66)	—	4 709
Operating profit	**246**	120	(47)	(36)	(28)	237
Operating margin %	**5.7%**					5.0%

The table above shows the change in net sales and operating profit compared to the year-ago quarter. Net sales declined from an operational standpoint as described in the prior pages and were also negatively impacted by foreign exchange rate fluctuations. Operating profit saw a positive impact from an operational standpoint, somewhat offset by negative impacts from foreign exchange rate fluctuations, venture fund valuations and from items affecting comparability as further described below. The negative impact to operating profit seen from foreign exchange rate fluctuations is mainly related to our hedging program.

Reconciliation of reported operating profit to comparable operating profit

EUR million	Q3'24	Q3'23	YoY change	Q1-Q3'24	Q1-Q3'23	YoY change
Reported operating profit	**246**	237	4%	**1 082**	1 127	(4)%
Amortization of acquired intangible assets	**79**	84		**235**	255	
Restructuring and associated charges	**70**	95		**323**	175	
Impairment and write-off of assets, net of reversals	**58**	—		**83**	(1)	
Divestment of businesses and associated companies	**—**	1		**(253)**	(21)	
Costs associated with country exit	**—**	—		**—**	(48)	
Change in provisions related to past acquisitions	**—**	—		**—**	20	
Other, net	**1**	—		**7**	—	
Comparable operating profit	**454**	418	9%	**1 477**	1 507	(2)%

The comparable operating profit that Nokia discloses is intended to provide meaningful supplemental information to both management and investors regarding Nokia's underlying business performance by excluding certain items of income and expenses that may not be indicative of Nokia's business operating results. Comparable operating profit is used also in determining management remuneration.

In Q3 2024, the main adjustments related to the amortization of acquired intangible assets which is primarily related to purchase price allocation of the Alcatel-Lucent acquisition, restructuring charges which are part of the on-going restructuring program (discussed later in this interim report) and the impairment and write-off of assets.

Cash and cash flow in Q3 2024

EUR million, at end of period	Q3'24	Q2'24	QoQ change	Q4'23	YTD change
Total cash and interest-bearing financial investments	**9 198**	9 154	0%	8 514	8%
Net cash and interest-bearing financial investments[(1)]	**5 460**	5 475	0%	4 323	26%

(1) Net cash and interest-bearing financial investments does not include lease liabilities. For details, please refer to the Alternative performance measures section in this report.

The cash flow descriptions below include cash flows from both continuing and discontinued operations.

Free cash flow

During Q3 2024, Nokia's free cash flow was positive EUR 621 million, mainly driven by operating profit and cash inflows related to net working capital. These were somewhat offset by capital expenditures, restructuring and income taxes.

Net cash from operating activities

Net cash from operating activities was driven by:

- Nokia's adjusted profit of EUR 719 million.
- The cash inflow related to net working capital in the quarter was approximately EUR 90 million. This included approximately EUR 130 million cash outflow related to restructuring and associated items from the current and previous cost savings programs. The balance of EUR 220 million cash inflow can be broken down as follows:
  - The decrease in receivables was approximately EUR 360 million primarily driven by a reduction in accounts receivable. Receivables declined despite a decrease in the balance sheet impact related to the sale of receivables in the quarter.
  - The increase in inventories was approximately EUR 80 million.
  - The decrease in liabilities was approximately EUR 60 million mainly related to a decrease in contract liabilities and accounts payable.
- An outflow related to cash taxes of approximately EUR 70 million.
- An outflow related to net interest of approximately EUR 20 million.

Net cash from investing activities

- Net cash used in investing activities was due primarily to other financial investments of EUR 170 million related to Nokia's equity stake in Vodafone Idea, capital expenditures of approximately EUR 110 million and EUR 20 million related to the acquisition of businesses, somewhat offset by net cash inflows related to the sale of assets of EUR 30 million and the disposal of shares in associated companies of EUR 20 million.

Net cash from financing activities

- Net cash used in financing activities was related primarily to the acquisition of treasury shares of approximately EUR 200 million, dividend payments of approximately EUR 170 million, and lease payments of approximately EUR 60 million.

Change in total cash and net cash

In Q3 2024, the approximately EUR 60 million difference between the change in total cash and net cash was primarily due to changes in the carrying amounts of certain issued bonds, as a result of interest rate and foreign exchange rate fluctuations.

Foreign exchange rates had an approximately EUR 10 million negative impact on net cash.

January-September 2024 compared to January-September 2023

Net sales

In the first nine months of 2024, net sales decreased 16% on a reported basis and were negatively impacted by foreign exchange rate fluctuations along with the following drivers.

On a constant currency basis, net sales decreased 15% year-on-year reflecting declines across Mobile Networks, Network Infrastructure and Cloud and Network Services, somewhat offset by growth in Nokia Technologies.

Gross margin

Both reported and comparable gross margin improved year-on-year in the first nine months of 2024. Reported gross margin increased 670 basis points to 46.1% and comparable gross margin increased 710 basis points to 47.0%. The gross margin increase was primarily driven by increased contribution from Mobile Networks which benefited from supportive regional mix and the accelerated recognition of net sales in Q2 2024, as well as increased net sales from Nokia Technologies.

Operating profit and margin

Reported operating profit in the first nine months of 2024 was EUR 1 082 million, or 8.2% of net sales, a decrease from EUR 1 127 million or 7.2% in the first nine months of 2023. Comparable operating profit decreased to EUR 1 477 million from EUR 1 507 million year-on-year, while comparable operating margin increased 160 basis points year-on-year to 11.2%. The decrease in comparable operating profit was mainly driven by lower net sales which drove a lower gross profit. Operating expenses were flat year-on-year, as underlying cost reductions were offset by higher variable pay accruals. The impact from lower net sales and gross profit was somewhat offset by higher other operating income, mainly related to the positive fluctuation in loss allowances on certain trade receivables.

The impact of hedging in the first nine months of 2024 was positive EUR 20 million, compared to a positive impact of EUR 73 million in the first nine months of 2023. Nokia's venture fund investments generated a loss of approximately EUR 20 million in the first nine months of 2024 compared to a loss of EUR 30 million in the first nine months of 2023.

In the first nine months of 2024, the difference between reported and comparable operating profit was primarily related to restructuring and associated charges, the divestment of businesses and associated companies, the amortization of acquired intangible assets and the impairment and write off of assets. In the first nine months of 2023, the difference between reported and comparable operating profit was primarily related to the amortization of acquired intangible assets, restructuring and associated charges, the partial reversal of a provision associated with a country exit, the divestment of businesses and a change in provision related to past acquisitions.

Profit from continuing operations

Reported profit from continuing operations in the first nine months of 2024 was EUR 965 million, compared to a profit of EUR 700 million in the first nine months of 2023. Comparable profit from continuing operations in the first nine months of 2024 was EUR 1 198 million, compared to EUR 1 035 million in the first nine months of 2023. The increase in comparable profit from continuing operations when compared to the first nine months of 2023 was mainly driven by a net positive fluctuation in financial income and expenses, reflecting favorable foreign exchange rates and higher interest income, which more than offset the decrease in comparable operating profit and higher income tax expenses.

Apart from the items affecting comparability included in operating profit (and their associated tax effects), the difference between reported and comparable profit from continuing operations in the first nine months of 2024 was mainly due to the divestment of businesses, the changes in the recognition of deferred tax assets and the fair value reduction of current equity investments related to Vodafone Idea. In the first nine months of 2023, the difference between reported and comparable profit from continuing operations was related to the impairment and write-off of assets, the divestment of businesses and the change in financial liability to acquire Nokia Shanghai Bell non-controlling interest.

Profit/loss from discontinued operations

Reported loss from discontinued operations in the first nine months of 2024 was EUR 494 million, compared to a profit of EUR 11 million in the first nine months of 2023. The loss from discontinued operations in the first nine months of 2024 reflects the accounting for Submarine Networks being moved into discontinued operations. The loss is mainly related to an impairment charge of EUR 514 million in connection with Submarine Networks.

Earnings per share

Reported diluted EPS from continuing operations was EUR 0.17 in the first nine months of 2024, compared to EUR 0.12 in the first nine months of 2023. Comparable diluted EPS from continuing operations was EUR 0.21 in the first nine months of 2024, compared to EUR 0.18 in the first nine months of 2023. Reported diluted EPS from discontinued operations was negative EUR 0.09 in the first nine months of 2024, compared to zero in the first nine months of 2023. Reported diluted EPS was EUR 0.08 in the first nine months of 2024, compared to EUR 0.13 in the first nine months of 2023. Comparable diluted EPS was EUR 0.21 in the first nine months of 2024 compared to EUR 0.18 in the first nine months of 2023.

Cash performance

During the first nine months of 2024, Nokia's net cash increased EUR 1 137 million, resulting in an end-of-period net cash balance of EUR 5 460 million. Total cash increased EUR 684 million, resulting in total cash balance of EUR 9 198 million. Free cash flow was positive EUR 1 971 million in the first nine months of 2024.

Sustainability

Our strategy and priorities

Nokia's sustainability strategy is comprised of five strategic focus areas: environment, industrial digitalization, security & privacy, bridging the digital divide, and responsible business. Below is a recap of key progress during the quarter across these focus areas.

Environment

Nokia accelerated its work on logistics emission reductions. Together with Navia, a renowned freight-forwarding company, we are implementing a more sustainable transportation solution: the rail pocket wagon service. This solution will replace traditional truckload services between Hungary and the Netherlands, reducing GHG emissions on this route by 87% annually. This announcement will contribute to Nokia's goal of reducing GHG emissions in logistics by 73% by 2030.

Nokia published a white paper entitled 'A transparent and standards-based way to assess the environmental impact of AI systems' which introduced a new and comprehensive framework for assessing AI's environmental impact across its lifecycle. Nokia's framework relies on the standards of the International Organization for Standardization (ISO) and the International Telecommunication Union (ITU), offering a transparent, globally recognized method for evaluating AI's environmental impact. This enables companies and governments to make informed decisions on optimizing AI systems.

CoreWeave selected Nokia to deploy IP routing and optical transport portfolios in its datacenters across U.S. and Europe. This Nokia solution provides fast, reliable performance at scale, while driving 30% more traffic within the same energy consumption. This partnership will help CoreWeave meet the increasing demands of high-performance AI infrastructure while managing the energy requirements and environmental demand.

Industrial digitalization

During Climate Week NYC 2024, Nokia launched its Private Wireless Sustainability Calculator. This tool, developed in collaboration with PwC UK, is an industry first and aimed at helping enterprises- including ports, mines and process-manufacturing industries- reduce their environmental footprint and enhance worker safety. It quantifies the environmental and social handprint of industrial use cases enabled by private wireless networks, allowing businesses to identify opportunities for achieving sustainability gains through digitalization enabled by private wireless.

Nokia's Autonomous Inventory Monitoring Service (AIMS), an innovative industrial solution, has been supplemented by an industry-first inventory-counting feature. It enables warehouses to utilize autonomous drones to count items with higher accuracy and increased efficiency while boosting worker safety, productivity and reassignment to higher-value tasks.

Nokia Bell Labs and e&, a Middle East -based global technology group, announced an R&D collaboration to develop responsible AI solutions for sustainable enterprise and industrial automation applications. This partnership is a continuation of a long-term agreement between e& and Nokia aimed at exploring collaboration across multiple areas, including ESG initiatives.

Security and privacy

Nokia and NL-ix, a European internet exchange provider, deployed Nokia Deepfield Defender across NL-ix's network, making it the biggest anti-DDoS solution for an IXP (internet exchange point) -environment rolled out in Europe. This solution provides enhanced protection against modern threats and enables NL-ix to offer more secure services to critical industries.

Nokia's Threat Intelligence Report published in October found that cybercriminal attacks on telco infrastructure are accelerating, driven by generative AI and automation.

Bridging the digital divide

At Nokia we aim to reduce the digital divide by providing reliable, affordable network access to underserved rural communities. Nokia announced a multi-year agreement with AT&T to deploy next-generation fiber access technology. The future-ready network will meet the rising demand for high-capacity connectivity, crucial for underserved communities.

Nokia also announced a partnership with iSAT Africa to enhance rural connectivity in Liberia by deploying network infrastructure across 200 sites over three years. By extending network coverage beyond major cities, this expansion will help rural communities access critical services, thus driving social and economic progress in Liberia's remote areas.

At the UN General Assembly in NYC in September, the UN adopted the Global Digital Compact, a declaration outlining shared principles for an open, free and secure digital future for all. As the principles of the Global Digital Compact align well with Nokia's vision and purpose, we stand ready to partner with governments on its delivery.

Responsible business

Nokia has joined the AI Pact, a voluntary framework to prepare for compliance with the EU's AI Act. Nokia's AI Pact pledge demonstrate commitment to the responsible, innovative and business-oriented implementation of AI. Nokia has built up strong expertise in trustworthy AI and governance, and actively contributes to the creation of European standards that enable compliance with the AI Act.

Additional information

Cost Savings Program

On 19 October 2023, Nokia announced actions being taken across business groups to address the challenging market environment that the company faced. The company will reduce its cost base and increase operational efficiency while protecting its R&D capacity and commitment to technology leadership.

Nokia targets to lower its cost base on a gross basis (i.e. before inflation) by between EUR 800 million and EUR 1 200 million by the end of 2026 compared to 2023, assuming on-target variable pay in both periods. This represents a 10-15% reduction in personnel expenses. The program is expected to lead to a 72 000 – 77 000* employee organization compared to the 86 000 employees Nokia had when the program was announced.

The program is expected to deliver savings on a net basis but the magnitude will depend on inflation. The cost savings are expected to primarily be achieved in Mobile Networks, Cloud and Network Services and Nokia's corporate functions. One-time restructuring charges and cash outflows of the program are expected to be similar to the annual cost savings achieved.

The table below provides further detail on the current plans Nokia has in place in relation to the 2024-2026 restructuring program. The current plan envisages achieving gross cost savings of EUR 1 000 million within the 2024-2026 program although this remains subject to change depending on the evolution of end market demand. This includes the expected gross cost savings along with the associated restructuring charges and cash outflows for the program. Nokia expects approximately 70% of the savings to be achieved within operating expenses and 30% within cost of sales. By business group, approximately 60% of the savings are expected to be achieved within Mobile Networks, 30% within Cloud and Network Services and the remaining 10% between Network Infrastructure and corporate center.

The table also outlines expected savings and cash outflows related to the previous 2021-2023 program that is now essentially completed.

	Actual	Expected amounts for				Cumulative expected amounts for 2024 and beyond		
In EUR million, rounded to the nearest EUR 50 million	**2023**	**2024**	**2025**	**2026**	**Beyond 2026**	**2021-2023 Program**	**2024-2026 Program**	**Total**
Recurring gross cost savings	150	500	350	150	100	100	1 000	1 100
Restructuring and associated charges related to cost savings programs	350	350	250	200	—	—	800	800
Restructuring and associated cash outflows	300	500	300	150	150	150	950	1 100

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

Significant events

January – September 2024

On 25 January 2024, Nokia announced that its Board of Directors is initiating a share buyback program to return up to EUR 600 million of cash to shareholders in tranches over a period of two years. The repurchases under the first phase of the program commenced on 20 March 2024.

On 8 February 2024, Nokia announced it had signed its last remaining major smartphone patent license agreement that remained under negotiation and concluded its smartphone patent license renewal cycle which began in 2021. In addition to license agreements signed with Apple and Samsung in 2023, and Huawei in December 2022, Nokia Technologies announced agreements with Honor, OPPO and vivo, among others at the beginning of 2024. Nokia Technologies has now entered a period of stability with no major smartphone license agreements expiring for a number of years. Refer to the Segment details section in this report for more information on the financial impact of completion of the patent license renewal cycle.

On 28 March 2024, Nokia announced that its Chief People Officer, Amy Hanlon-Rodemich will leave and step down from its Group Leadership Team.

On 3 April 2024, Nokia held its Annual General Meeting (AGM) in Helsinki. Shareholders were also able to follow the AGM through a webcast. Approximately 78 000 shareholders representing approximately 3 305 million shares and votes were represented at the meeting. The AGM approved all the proposals of the Board of Directors to the AGM. Among others, the following resolutions were made:

- The financial statements were adopted, and the Board of Directors and President and CEO were discharged from liability for the financial year 2023.
- The AGM decided that no dividend is distributed by a resolution of the AGM and authorized the Board to decide on the distribution of an aggregate maximum of EUR 0.13 per share as dividend from the retained earnings and/or as assets from the reserve for invested unrestricted equity.
- Timo Ahopelto, Sari Baldauf, Elizabeth Crain, Thomas Dannenfeldt, Lisa Hook, Thomas Saueressig, Søren Skou, Carla Smits-Nusteling and Kai Öistämö were re-elected as members of the Board for a term ending at the close of the next AGM. In addition, the AGM resolved to elect Michael McNamara as a new member of the Board for the same term. In its assembly meeting that took place after the AGM, the Board re-elected Sari Baldauf as Chair of the Board and Søren Skou as Vice Chair of the Board.
- The Remuneration Report of the company's governing bodies was adopted and the Remuneration Policy of the company's governing bodies was supported, both in advisory resolutions.
- Deloitte Oy was re-elected as the auditor for Nokia for the financial year 2025 with Authorized Public Accountant Jukka Vattulainen as the auditor in charge.
- Deloitte Oy was elected as the sustainability reporting assurer for the financial years 2024–2025.
- The Board was authorized to resolve to repurchase a maximum of 530 million Nokia shares and to issue a maximum of 530 million shares through issuance of shares or special rights entitling to shares in one or more issues. The authorizations are effective until 2 October 2025 and they terminated the corresponding authorizations granted by the AGM on 4 April 2023.
- The AGM resolved to amend the Articles of Association of the Company by updating the object of the company (Article 2), updating the government authority that approves auditors and adding the obligation to elect a sustainability reporting assurer (Article 7), updating the general meeting formats to include also the virtual general meeting (Article 9) and updating the matters that the Annual General Meeting decides on (Article 12).

On 13 June 2024, Nokia announced the appointment of Lorna Gibb as Chief People Officer and member of the Group Leadership Team. Gibb joined Nokia in 2020 and has been Nokia's Interim Chief People Officer since March 2024. In addition, it was announced that Ricky Corker, who served as Nokia's Chief Customer Experience Officer since 2021 would leave and step down from Nokia's Group Leadership Team.

On 27 June 2024, Nokia announced it has entered into a put option agreement to sell Alcatel Submarine Networks (ASN), a leading submarine networks business, to the French State for an enterprise value of EUR 350 million, subject to informing and consulting with the relevant employee representatives at ASN and Nokia. Nokia will retain a 20% shareholding with board representation to ensure a smooth transition until targeted exit, at which point the French State would acquire Nokia's remaining interest. The sale is expected to close at the end of 2024 or beginning of 2025, subject to customary closing conditions and regulatory approvals.

Also on 27 June 2024, Nokia and Infinera, a global supplier of innovative open optical networking solutions and advanced optical semiconductors, announced a definitive agreement under which Nokia will acquire Infinera, in a transaction valuing the company at US$6.65 per share or an enterprise value of US$ 2.3 billion. At least 70% of the consideration will be paid in cash and Infinera's shareholders can elect to receive up to 30% of the aggregate consideration in the form of Nokia ADSs. In conjunction with this transaction, Nokia's Board of Directors has committed to increasing and accelerating Nokia's on-going share buyback program to mitigate any dilution from the equity component of the acquisition. Nokia and Infinera see a significant opportunity in merging to improve scale and profitability, enabling the combined business to accelerate the development of new products and solutions to benefit customers. Refer to the Additional topics section in this report for an update on the progress of the acquisition.

Shares

The total number of Nokia shares on 30 September 2024, equaled 5 613 496 565. On 30 September 2024, Nokia and its subsidiary companies held 160 945 598 Nokia shares, representing approximately 2.9% of the total number of Nokia shares and voting rights.

Risk Factors

Nokia and its businesses are exposed to a number of risks and uncertainties which include but are not limited to:

- Competitive intensity, which is expected to continue at a high level as some competitors seek to take share;
- Changes in customer network investments related to their ability to monetize the network;
- Our ability to ensure competitiveness of our product roadmaps and costs through additional R&D investments;
- Our ability to procure certain standard components and the costs thereof, such as semiconductors;
- Disturbance in the global supply chain;
- Impact of inflation, increased global macro-uncertainty, major currency fluctuations and higher interest rates;
- Potential economic impact and disruption of global pandemics;
- War or other geopolitical conflicts, disruptions and potential costs thereof;
- Other macroeconomic, industry and competitive developments;
- Timing and value of new, renewed and existing patent licensing agreements with licensees;
- Results in brand and technology licensing; costs to protect and enforce our intellectual property rights; on-going litigation with respect to licensing and regulatory landscape for patent licensing;
- The outcomes of on-going and potential disputes and litigation;
- Our ability to execute, complete and realize the expected benefits from our ongoing transactions;
- Timing of completions and acceptances of certain projects;
- Our product and regional mix;
- Uncertainty in forecasting income tax expenses and cash outflows, over the long-term, as they are also subject to possible changes due to business mix, the timing of patent licensing cash flow and changes in tax legislation, including potential tax reforms in various countries and OECD initiatives;
- Our ability to utilize our Finnish deferred tax assets and their recognition on our balance sheet;
- Our ability to meet our sustainability and other ESG targets, including our targets relating to greenhouse gas emissions;

as well the risk factors specified under Forward-looking statements of this report, and our 2023 annual report on Form 20-F published on 29 February 2024 under Operating and financial review and prospects-Risk factors.

Forward-looking statements

Certain statements herein that are not historical facts are forward-looking statements. These forward-looking statements reflect Nokia's current expectations and views of future developments and include statements regarding: A) expectations, plans, benefits or outlook related to our strategies, projects, programs, product launches, growth management, licenses, sustainability and other ESG targets, operational key performance indicators and decisions on market exits; B) expectations, plans or benefits related to future performance of our businesses (including the expected impact, timing and duration of potential global pandemics, geopolitical conflicts and the general or regional macroeconomic conditions on our businesses, our supply chain, the timing of market changes or turning points in demand and our customers' businesses) and any future dividends and other distributions of profit; C) expectations and targets regarding financial performance and results of operations, including market share, prices, net sales, income, margins, cash flows, cost savings, the timing of receivables, operating expenses, provisions, impairments, taxes, currency exchange rates, hedging, investment funds, inflation, product cost reductions, competitiveness, revenue generation in any specific region, and licensing income and payments; D) ability to execute, expectations, plans or benefits related to our ongoing transactions and changes in organizational structure and operating model; E) impact on revenue with respect to litigation/renewal discussions; and F) any statements preceded by or including “continue”, “believe”, “envisage”, “expect”, “aim”, “will”, “target”, “may”, “would”, "see", “plan” or similar expressions. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause our actual results to differ materially from such statements. These statements are based on management’s best assumptions and beliefs in light of the information currently available to them. These forward-looking statements are only predictions based upon our current expectations and views of future events and developments and are subject to risks and uncertainties that are difficult to predict because they relate to events and depend on circumstances that will occur in the future. Factors, including risks and uncertainties that could cause these differences, include those risks and uncertainties identified in the Risk Factors above.

Financial statement information

Consolidated income statement (condensed)

		Reported				Comparable			
EUR million	**Note**	**Q3'24**	**Q3'23**	**Q1-Q3'24**	**Q1-Q3'23**	**Q3'24**	**Q3'23**	**Q1-Q3'24**	**Q1-Q3'23**
Net sales	2, 4	**4 326**	**4 709**	**13 236**	**15 722**	**4 326**	**4 709**	**13 236**	**15 722**
Cost of sales		(2 369)	(2 817)	(7 133)	(9 521)	(2 352)	(2 788)	(7 017)	(9 445)
Gross profit	2	**1 957**	**1 892**	**6 103**	**6 201**	**1 975**	**1 921**	**6 219**	**6 277**
Research and development expenses		(1 116)	(1 067)	(3 376)	(3 197)	(1 029)	(1 024)	(3 169)	(3 119)
Selling, general and administrative expenses		(692)	(697)	(2 101)	(2 104)	(591)	(594)	(1 785)	(1 833)
Other operating income and expenses		98	109	456	227	99	114	212	182
Operating profit	2	**246**	**237**	**1 082**	**1 127**	**454**	**418**	**1 477**	**1 507**
Share of results of associates and joint ventures		2	(25)	5	(43)	2	4	5	(15)
Financial income and expenses		(29)	(38)	56	(114)	25	(44)	92	(108)
Profit before tax		**219**	**175**	**1 143**	**969**	**480**	**377**	**1 573**	**1 384**
Income tax expense	6	(74)	(45)	(178)	(269)	(122)	(83)	(375)	(349)
Profit from continuing operations		**145**	**130**	**965**	**700**	**358**	**293**	**1 198**	**1 035**
Profit/(loss) from discontinued operations	3	31	3	(494)	11	—	—	—	—
Profit for the period		**175**	**133**	**471**	**711**	**358**	**293**	**1 198**	**1 035**
Attributable to									
Equity holders of the parent		169	139	457	708	352	299	1 184	1 031
Non-controlling interests		6	(6)	14	4	6	(6)	14	4
Earnings per share attributable to equity holders of the parent									
Basic earnings per share, EUR									
Continuing operations		0.03	0.02	0.17	0.13	0.06	0.05	0.22	0.19
Discontinued operations		0.01	0.00	(0.09)	0.00	—	—	—	—
Profit for the period		0.03	0.03	0.08	0.13	0.06	0.05	0.22	0.19
Average number of shares ('000 shares)		5 463 942	5 537 926	5 499 718	5 558 123	5 463 942	5 537 926	5 499 718	5 558 123
Diluted earnings per share, EUR									
Continuing operations		0.03	0.02	0.17	0.12	0.06	0.05	0.21	0.18
Discontinued operations		0.01	0.00	(0.09)	0.00	—	—	—	—
Profit for the period		0.03	0.02	0.08	0.13	0.06	0.05	0.21	0.18
Average number of shares ('000 shares)		5 532 241	5 597 220	5 548 754	5 610 578	5 532 241	5 597 220	5 548 754	5 610 578

Beginning from the second quarter of 2024 Nokia has presented its Submarine Networks business as discontinued operation. The comparative information has been recast accordingly.

The above condensed consolidated income statement should be read in conjunction with accompanying notes.

Consolidated statement of comprehensive income (condensed)

	Reported			
EUR million	**Q3'24**	**Q3'23**	**Q1-Q3'24**	**Q1-Q3'23**
Profit for the period	**175**	**133**	**471**	**711**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans	2	(189)	266	(335)
Income tax related to items that will not be reclassified to profit or loss	2	43	(71)	80
Total of items that will not be reclassified to profit or loss	**4**	**(146)**	**195**	**(255)**
Items that may be reclassified to profit or loss				
Translation differences	(455)	358	(189)	45
Net investment hedges	11	(92)	(5)	19
Cash flow and other hedges	(24)	(20)	1	(35)
Financial assets at fair value through other comprehensive income	18	17	31	(20)
Other changes, net	(1)	—	—	—
Income tax related to items that may be reclassified subsequently to profit or loss	(4)	24	1	14
Total of items that may be reclassified to profit or loss	**(455)**	**287**	**(161)**	**23**
Other comprehensive (loss)/income, net of tax	**(451)**	**141**	**33**	**(232)**
Total comprehensive (loss)/income for the period	**(276)**	**274**	**504**	**479**
Attributable to:				
Equity holders of the parent	(282)	279	490	479
Non-controlling interests	6	(5)	14	—
Total comprehensive income/loss attributable to equity holders of the parent arises from:				
Continuing operations	(296)	259	981	460
Discontinued operations	14	20	(491)	19

The above condensed consolidated statement of comprehensive income should be read in conjunction with accompanying notes.

Consolidated statement of financial position (condensed)

EUR million	Note	30 September 2024	30 September 2023	31 December 2023
ASSETS				
Goodwill		5 425	5 693	5 504
Other intangible assets		870	1 070	1 086
Property, plant and equipment		1 269	1 972	1 951
Right-of-use assets		762	933	906
Investments in associated companies and joint ventures		87	148	88
Non-current interest-bearing financial investments	7	441	794	715
Other non-current financial assets	7	1 071	1 072	1 100
Defined benefit pension assets	5	6 477	6 434	6 258
Deferred tax assets	6	3 675	3 865	3 873
Other non-current receivables		207	260	213
Total non-current assets		**20 284**	**22 240**	**21 694**
Inventories		2 532	3 291	2 719
Trade receivables	7	3 202	5 729	4 921
Contract assets		673	1 126	1 136
Current income tax assets		342	462	307
Other current receivables		822	873	764
Current interest-bearing financial investments	7	1 714	1 698	1 565
Other current financial and firm commitment assets	7	439	520	441
Cash and cash equivalents	7	7 043	4 605	6 234
Total current assets		**16 767**	**18 304**	**18 087**
Assets held for sale	3	834	—	79
Total assets		**37 885**	**40 544**	**39 860**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital		246	246	246
Share premium		758	621	628
Treasury shares		(645)	(606)	(352)
Translation differences		(432)	238	(249)
Fair value and other reserves		3 822	3 600	3 605
Reserve for invested unrestricted equity		15 296	15 521	15 255
Retained earnings		1 309	1 644	1 404
Total shareholders' equity		**20 354**	**21 265**	**20 537**
Non-controlling interests		100	86	91
Total equity		**20 454**	**21 351**	**20 628**
Long-term interest-bearing liabilities	7, 8	2 785	3 562	3 637
Long-term lease liabilities		661	841	799
Defined benefit pension and post-employment liabilities	5	2 153	2 339	2 299
Deferred tax liabilities		638	355	725
Contract liabilities		147	306	210
Other non-current liabilities		102	79	111
Provisions	9	447	565	518
Total non-current liabilities		**6 933**	**8 047**	**8 299**
Short-term interest-bearing liabilities	7, 8	953	575	554
Short-term lease liabilities		211	194	198
Other financial and firm commitment liabilities	7	698	959	830
Contract liabilities		1 680	2 113	2 157
Current income tax liabilities		158	190	203
Trade payables	7	2 783	3 576	3 423
Other current liabilities	7	2 541	2 848	2 824
Provisions	9	704	690	744
Total current liabilities		**9 727**	**11 146**	**10 933**
Liabilities associated with assets held for sale	3	772	—	—
Total liabilities		**17 432**	**19 193**	**19 232**
Total shareholders' equity and liabilities		**37 885**	**40 544**	**39 860**
Shareholders' equity per share, EUR		3.73	3.85	3.72
Number of shares ('000 shares, excluding treasury shares)		5 452 551	5 529 951	5 525 601

The above condensed consolidated statement of financial position should be read in conjunction with accompanying notes

Consolidated statement of cash flows (condensed)

EUR million	Q3'24	Q3'23	Q1-Q3'24	Q1-Q3'23
Cash flow from operating activities				
Profit for the period	175	133	471	711
Adjustments	544	466	1 665	1 454
Depreciation and amortization	240	267	769	805
Impairment charges	60	—	604	—
Loss/(gain) on sale of businesses and associated companies	4	1	(248)	(18)
Restructuring charges	69	89	291	164
Financial income and expenses	26	37	(55)	110
Income tax expense	76	46	180	274
Other	69	26	124	119
Cash flows from operations before changes in net working capital	719	599	2 136	2 165
Change in net working capital	94	(719)	496	(2 178)
Decrease/(increase) in receivables	357	(395)	1 549	(314)
(Increase)/decrease in inventories	(80)	37	(36)	(87)
Decrease in non-interest-bearing liabilities	(183)	(361)	(1 017)	(1 777)
Cash flows from/(used in) operations	813	(120)	2 632	(13)
Interest received	56	42	168	123
Interest paid	(73)	(72)	(213)	(178)
Income taxes paid, net	(68)	(153)	(302)	(485)
Net cash flows from/(used in) operating activities	**728**	**(303)**	**2 285**	**(553)**
Cash flow from investing activities				
Purchase of property, plant and equipment and intangible assets	(107)	(144)	(314)	(503)
Proceeds from sale of property, plant and equipment and intangible assets	30	45	86	143
Acquisition of businesses, net of cash acquired	(21)	(19)	(27)	(19)
Proceeds from disposal of businesses, net of cash disposed	—	—	100	17
Proceeds from disposal of shares in associated companies	21	—	204	4
Purchase of interest-bearing financial investments	(140)	(289)	(795)	(1 624)
Proceeds from interest-bearing financial investments	299	535	957	2 932
Purchase of other financial assets	(183)	(16)	(218)	(57)
Proceeds from other financial assets	12	6	62	31
Foreign exchange hedging of cash and cash equivalents	3	(8)	33	21
Other	3	1	8	5
Net cash flows (used in)/from investing activities	**(83)**	**111**	**96**	**950**
Cash flow from financing activities				
Acquisition of treasury shares	(196)	(92)	(294)	(255)
Proceeds from long-term borrowings	—	—	—	496
Repayment of long-term borrowings	—	—	(459)	(798)
Proceeds/(Repayment of) from short-term borrowings	20	(16)	(20)	(21)
Payment of principal portion of lease liabilities	(57)	(55)	(164)	(182)
Dividends paid	(166)	(171)	(557)	(450)
Net cash flows used in financing activities	**(399)**	**(334)**	**(1 494)**	**(1 210)**
Translation differences	(57)	25	(50)	(49)
Net increase/(decrease) in cash and cash equivalents	**189**	**(501)**	**837**	**(862)**
Cash and cash equivalents at beginning of period	6 881	5 106	6 234	5 467
Cash and cash equivalents at end of period[1]	7 071	4 605	7 071	4 605

(1) Cash and cash equivalents at the end of Q3'24 includes EUR 28 million presented as assets held for sale in the statement of financial position.

Consolidated statement of cash flows combines cash flows from both the continuing and the discontinued operations.

The above condensed consolidated statement of cash flows should be read in conjunction with accompanying notes.

Consolidated statement of changes in shareholders' equity (condensed)

EUR million	Share capital	Share premium	Treasury shares	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
1 January 2023	**246**	**503**	**(352)**	**169**	**3 905**	**15 487**	**1 375**	**21 333**	**93**	**21 426**
Profit for the period	—	—	—	—	—	—	708	708	4	711
Other comprehensive loss	—	—	—	69	(305)	—	7	(229)	(3)	(232)
Total comprehensive income	**—**	**—**	**—**	**69**	**(305)**	**—**	**715**	**479**	**—**	**479**
Share-based payments	—	152	—	—	—	—	—	152	—	152
Settlement of share-based payments	—	(34)	—	—	—	31	—	(3)	—	(3)
Acquisition of treasury shares[(1)]	—	—	(254)	—	—	3	—	(251)	—	(251)
Disposal of subsidiaries	—	—	—	—	—	—	—	—	(2)	(2)
Dividends	—	—	—	—	—	—	(445)	(445)	(5)	(450)
Total transactions with owners	**—**	**118**	**(254)**	**—**	**—**	**34**	**(445)**	**(547)**	**(7)**	**(554)**
30 September 2023	**246**	**621**	**(606)**	**238**	**3 600**	**15 521**	**1 644**	**21 265**	**86**	**21 351**
1 January 2024	**246**	**628**	**(352)**	**(249)**	**3 605**	**15 255**	**1 404**	**20 537**	**91**	**20 628**
Profit for the period	—	—	—	—	—	—	457	457	14	471
Other comprehensive income	—	—	—	(183)	217	—	(1)	33	—	33
Total comprehensive income	**—**	**—**	**—**	**(183)**	**217**	**—**	**456**	**490**	**14**	**504**
Share-based payments	—	179	—	—	—	—	—	179	—	179
Settlement of share-based payments	—	(49)	—	—	—	41	—	(8)	—	(8)
Acquisition of treasury shares[(1)]	—	—	(293)	—	—	—	—	(293)	—	(293)
Dividends	—	—	—	—	—	—	(551)	(551)	(5)	(556)
Total transactions with owners	**—**	**130**	**(293)**	**—**	**—**	**41**	**(551)**	**(673)**	**(5)**	**(678)**
30 September 2024	**246**	**758**	**(645)**	**(432)**	**3 822**	**15 296**	**1 309**	**20 354**	**100**	**20 454**

(1) Treasury shares acquired during 2024 are acquired as part of the share buyback program announced on 25 January 2024. The repurchases started on 20 March 2024. The purpose of the repurchases is to optimize Nokia's capital structure through the reduction of capital. The repurchased shares will be cancelled.

Treasury shares acquired during 2023 were acquired as part of the share buyback program announced on 3 February 2022. The repurchased shares were cancelled on 30 November 2023.

The repurchases are funded using funds in the reserve for invested unrestricted equity and the repurchases will reduce total unrestricted equity.

The above condensed consolidated statement of changes in shareholders' equity should be read in conjunction with accompanying notes.

Notes to Financial statements

1. GENERAL INFORMATION

This unaudited and condensed consolidated financial statement information of Nokia has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the annual consolidated financial statements for 2023 prepared in accordance with IFRS Accounting Standards as published by the IASB and as adopted by the EU. The same accounting policies, methods of computation and applications of judgment are followed in this financial statement information as was followed in the annual consolidated financial statements for 2023 except for the following:

Starting from the first quarter of 2024 Nokia provides regional net sales information for the Nokia group and its reportable segments based on three geographical areas: 1) Americas, 2) APAC, and 3) EMEA. Net sales information for the group is further divided into sub-regions as follows: Americas consists of North America and Latin America, APAC consists of Greater China, India and Rest of APAC (formerly reported as Asia Pacific region), and EMEA consists of Europe and Middle East & Africa. The purpose of the change is to increase transparency of net sales information for the reportable segments.

In the second quarter of 2024 Nokia entered into a put option agreement to sell Alcatel Submarine Networks (ASN) to the French State, represented by the Agence des participations de l'Etat (APE), subject to informing and consulting with the relevant employee representatives at ASN and Nokia along with other customary closing conditions and regulatory approvals. Beginning from the second quarter of 2024, the Submarine Networks business, which was previously reported as part of Network Infrastructure operating segment, is presented as discontinued operation. Comparative financial information presented in the consolidated income statement and disclosed in the relevant notes has been recast accordingly. For more information on the discontinued operations, refer to Note 3. Discontinued operations and disposal groups held for sale.

Percentages and figures presented herein may include rounding differences and therefore may not add up precisely to the totals presented and may vary from previously published financial information. This financial report was authorized for issue by the Board of Directors on 17 October 2024.

Net sales and operating profit of the Nokia group, particularly in Network Infrastructure, Mobile Networks and Cloud and Network Services segments, are subject to seasonal fluctuations being generally highest in the fourth quarter and lowest in the first quarter of the year. This is mainly due to the seasonality in the spending cycles of communications service providers.

Nokia Shanghai Bell

In 2017, Nokia and China Huaxin Post & Telecommunication Economy Development Center (China Huaxin) commenced operations of the joint venture Nokia Shanghai Bell (NSB). The contractual arrangement provides China Huaxin with the right to fully transfer its ownership interest in NSB to Nokia and Nokia with the right to purchase China Huaxin's ownership interest in NSB in exchange for a future cash settlement. To reflect this, Nokia derecognized the non-controlling interest balance related to NSB and recognized a financial liability based on the estimated future cash settlement to acquire China Huaxin's ownership interest. Any changes in the estimated future cash settlement are recorded in financial income and expense. In the third quarter of 2024 the contractual arrangement set to expire on 30 September 2024 was extended until 31 October 2024. If the arrangement expires unexercised, Nokia will derecognize the financial liability and record non-controlling interest equal to its share of NSB's net assets with any difference recorded within shareholders' equity.

TD Tech

Nokia holds a 51% ownership interest in TD Tech Holding Limited ("TD Tech HK"), a Hong Kong based joint venture holding company which Nokia has accounted for as an investment in associated companies and joint ventures. In the second quarter of 2024, TD Tech HK completed the divestment of the entire business of the joint venture through the sale of its operating subsidiaries to a consortium consisting of Huawei Technologies, Chengdu High-tech Investment Group and other buyers. Following the divestment, Nokia is in the process of exiting from its shareholding in the parent company TD Tech HK. Nokia considers the transactions as a sale of associated companies and joint ventures and has recorded a gain of EUR 186 million related to the sale in the second quarter and has received a cash consideration of EUR 194 million in total from the sale in the second and third quarter of 2024. Nokia expects to receive the remaining cash consideration from the sale in the fourth quarter of 2024.

Device Management and Service Management Platform businesses

In the second quarter of 2024 Nokia closed the sale of its Device Management and Service Management Platform businesses, which were part of Cloud and Network Services, to Lumine Group Inc. Nokia recorded a gain of EUR 68 million related to the sale and received a cash consideration of EUR 105 million from the sale.

Comparable measures

Nokia presents in these condensed consolidated financial statements financial information on both a reported and comparable basis. Comparable measures 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.

As comparable financial measures are not defined in IFRS they may not be directly comparable with similarly titled measures used by other companies, including those in the same industry. The primary rationale for presenting these measures is that the management uses these measures in assessing the financial performance of Nokia and believes that these measures provide meaningful supplemental information on the underlying business performance of Nokia. These financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. For further details on alternative performance measures used by Nokia and reconciliations to the closest IFRS-defined measures, refer to the Alternative performance measures section accompanying this consolidated financial statement information.

Foreign exchange rates

Nokia's net sales are derived from various countries and invoiced in various currencies. Therefore, our business and results from operations are exposed to changes in foreign exchange rates between the euro, our reporting currency, and other currencies, such as the US dollar, the Indian rupee and the Chinese yuan. To mitigate the impact of changes in exchange rates on our results, we hedge operative forecasted net foreign exchange exposures, typically within a 12-month horizon, and apply hedge accounting in the majority of cases.

The below table shows the exposure of Nokia's continuing and discontinued operations to different currencies for net sales and total costs.

	Q3'24		Q3'23		Q2'24	
	Net sales	Total costs	Net sales	Total costs	Net sales	Total costs
EUR	~25%	~30%	~25%	~30%	~25%	~30%
USD	~55%	~45%	~50%	~45%	~55%	~45%
INR	~0%	~5%	~5%	~5%	~0%	~5%
CNY	~0%	~5%	~5%	~5%	~5%	~5%
Other	~20%	~15%	~15%	~15%	~15%	~15%
Total	100%	100%	100%	100%	100%	100%

End of Q3'24 balance sheet rate 1 EUR = 1.12 USD, end of Q3'23 balance sheet rate 1 EUR = 1.06 USD and end of Q2'24 balance sheet rate 1 EUR = 1.07 USD

New and amended standards and interpretations

New standards and amendments to existing standards that became effective on 1 January 2024, did not have a material impact on Nokia's consolidated financial statements. New standards and amendments to existing standards issued by the IASB that are not yet effective are not expected to have a material impact on Nokia's consolidated financial statements when adopted, except for IFRS 18 Presentation and Disclosure in Financial Statements which was published in April 2024.

IFRS 18 sets out the requirements for presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new standard is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 is yet to be endorsed by the EU. Nokia is assessing the impact of IFRS 18 on its consolidated financial statements but as it's not changing the recognition and measurement requirements it is not expected to have significant impact other than on the presentation of financial information.

2. SEGMENT INFORMATION

Nokia has four operating and reportable segments for the financial reporting purposes: (1) Network Infrastructure, (2) Mobile Networks, (3) Cloud and Network Services and (4) Nokia Technologies. Nokia also presents segment-level information for Group Common and Other. In addition, Nokia provides net sales disclosure for the following business divisions within the Network Infrastructure segment: (i) IP Networks, (ii) Optical Networks and (iii) Fixed Networks. For detailed segment descriptions, please refer to Note 2.2. Segment Information, in the annual consolidated financial statements for 2023. Beginning from the second quarter of 2024, Nokia has presented its Submarine Networks business, which was previously reported as part of Network Infrastructure operating segment, as discontinued operation. Comparative information for Network Infrastructure segment has been revised accordingly.

Accounting policies of the segments are the same as those for the group, except that items affecting comparability are not allocated to the segments. For more information on comparable measures and items affecting comparability, refer to Note 1. General information, and to the Alternative Performance Measures section accompanying this consolidated financial statement information. Inter-segment revenues and transfers are accounted for as if the revenues were to third parties, that is, at current market prices.

Q3'24 EUR million	Network Infrastructure[1]	Mobile Networks	Cloud and Network Services	Nokia Technologies	Group Common and Other	Eliminations and unallocated items	Nokia Group
Net sales	**1 525**	**1 747**	**702**	**352**	**3**	**(3)**	**4 326**
of which to other segments	1	1	—	—	—	(3)	—
Gross profit/(loss)	**642**	**695**	**287**	**352**	**(1)**	**(17)**	**1 957**
Gross margin %	*42.1%*	*39.8%*	*40.9%*	*100.0%*	*(33.3)%*		*45.2%*
Research and development expenses	(282)	(518)	(132)	(63)	(34)	(87)	(1 116)
Selling, general and administrative expenses	(194)	(175)	(113)	(46)	(64)	(101)	(692)
Other operating income and expenses	14	91	22	(1)	(28)	(1)	98
Operating profit/(loss)	**180**	**92**	**65**	**242**	**(126)**	**(208)**	**246**
Operating margin %	*11.8%*	*5.3%*	*9.3%*	*68.8%*	*(4 200.0)%*		*5.7%*
Share of results of associates and joint ventures	—	—	2	—	0	—	2
Financial income and expenses							(29)
Profit before tax							**219**
Depreciation and amortization	*(41)*	*(90)*	*(18)*	*(9)*	*(4)*	*(78)*	*(240)*

(1) Includes IP Networks net sales of EUR 581 million, Optical Networks net sales of EUR 366 million and Fixed Networks net sales of EUR 578 million.

Q3'23

EUR million	Network Infrastructure[(1)]	Mobile Networks	Cloud and Network Services	Nokia Technologies	Group Common and Other	Eliminations and unallocated items	Nokia Group
Net sales	**1 534**	**2 157**	**742**	**258**	**22**	**(4)**	**4 709**
of which to other segments	—	1	1	—	1	(4)	—
Gross profit/(loss)	**622**	**751**	**290**	**258**	**—**	**(28)**	**1 892**
Gross margin %	*40.5%*	*34.8%*	*39.1%*	*100.0%*	*0.0%*		*40.2%*
Research and development expenses	(297)	(495)	(145)	(56)	(31)	(44)	(1 067)
Selling, general and administrative expenses	(191)	(192)	(126)	(37)	(49)	(103)	(697)
Other operating income and expenses	30	35	15	16	18	(5)	109
Operating profit/(loss)	**165**	**99**	**36**	**181**	**(62)**	**(180)**	**237**
Operating margin %	*10.8%*	*4.6%*	*4.9%*	*70.2%*	*(281.8)%*		*5.0%*
Share of results of associates and joint ventures	—	—	2	1	—	(28)	(25)
Financial income and expenses							(38)
Profit before tax							**175**
Depreciation and amortization	*(41)*	*(90)*	*(19)*	*(10)*	*(3)*	*(85)*	*(248)*

(1) Includes IP Networks net sales of EUR 557 million, Optical Networks net sales of EUR 439 million and Fixed Networks net sales of EUR 539 million.

Q1-Q3'24

EUR million	Network Infrastructure[(1)]	Mobile Networks	Cloud and Network Services	Nokia Technologies	Group Common and Other	Eliminations and unallocated items	Nokia Group
Net sales	**4 486**	**5 294**	**1 968**	**1 464**	**29**	**(5)**	**13 236**
of which to other segments	1	3	1	—	1	(5)	—
Gross profit/(loss)	**1 815**	**2 215**	**728**	**1 464**	**(2)**	**(116)**	**6 103**
Gross margin %	*40.5%*	*41.8%*	*37.0%*	*100.0%*	*(6.9)%*		*46.1%*
Research and development expenses	(884)	(1 598)	(414)	(184)	(89)	(207)	(3 376)
Selling, general and administrative expenses	(605)	(531)	(345)	(121)	(183)	(316)	(2 101)
Other operating income and expenses	37	136	44	—	(5)	244	456
Operating profit/(loss)	**363**	**221**	**13**	**1 158**	**(279)**	**(395)**	**1 082**
Operating margin %	*8.1%*	*4.2%*	*0.7%*	*79.1%*	*(962.1)%*		*8.2%*
Share of results of associates and joint ventures	—	1	4	—	—	—	5
Financial income and expenses							56
Profit before tax							**1 143**
Depreciation and amortization	*(124)*	*(278)*	*(55)*	*(26)*	*(11)*	*(235)*	*(729)*

(1) Includes IP Networks net sales of EUR 1 760 million, Optical Networks net sales of EUR 1 115 million and Fixed Networks net sales of EUR 1 611 million.

Q1-Q3'23

EUR million	Network Infrastructure[(1)]	Mobile Networks	Cloud and Network Services	Nokia Technologies	Group Common and Other	Eliminations and unallocated items	Nokia Group
Net sales	**5 204**	**7 347**	**2 243**	**834**	**106**	**(12)**	**15 722**
of which to other segments	1	5	1	—	6	(12)	—
Gross profit/(loss)	**2 145**	**2 495**	**811**	**834**	**(8)**	**(76)**	**6 201**
Gross margin %	*41.2%*	*34.0%*	*36.2%*	*100.0%*	*(7.5)%*		*39.4%*
Research and development expenses	(888)	(1 530)	(434)	(169)	(97)	(78)	(3 197)
Selling, general and administrative expenses	(580)	(602)	(379)	(106)	(165)	(272)	(2 104)
Other operating income and expenses	76	79	34	7	(13)	45	227
Operating profit/(loss)	**752**	**441**	**32**	**565**	**(284)**	**(380)**	**1 127**
Operating margin %	*14.5%*	*6.0%*	*1.4%*	*67.7%*	*(267.9)%*		*7.2%*
Share of results of associates and joint ventures	—	(30)	5	10	0	(28)	(43)
Financial income and expenses							(114)
Profit before tax							**969**
Depreciation and amortization	*(125)*	*(266)*	*(63)*	*(29)*	*(12)*	*(256)*	*(751)*

(1) Includes IP Networks net sales of EUR 1 956 million, Optical Networks net sales of EUR 1 463 million and Fixed Networks net sales of EUR 1 785 million.

Material reconciling items between the total segment operating profit and group operating profit

EUR million	Q3'24	Q3'23	Q1-Q3'24	Q1-Q3'23
Total segment operating profit	**454**	**418**	**1 477**	**1 507**
Amortization of acquired intangible assets	(79)	(84)	(235)	(255)
Restructuring and associated charges	(70)	(95)	(323)	(175)
Impairment and write-off of assets, net of reversals	(58)	—	(83)	1
Divestment of businesses and associated companies	—	(1)	253	21
Costs associated with country exit	—	—	—	48
Change in provisions related to past acquisitions	—	—	—	(20)
Other, net	(1)	—	(7)	—
Operating profit for the group	**246**	**237**	**1 082**	**1 127**

3. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

In the second quarter of 2024, Nokia entered into a put option agreement to sell Alcatel Submarine Networks (ASN) to the French State, represented by the Agence des participations de l'Etat (APE), subject to informing and consulting with the relevant employee representatives at ASN and Nokia along with other customary closing conditions and regulatory approvals. The put option agreement contemplates the sale of ASN for an enterprise value of EUR 350 million, while the final proceeds will depend on the working capital and net debt balances of ASN at closing. Upon entering into the agreement Nokia classified the assets and liabilities of ASN as held for sale and recorded an impairment loss of EUR 514 million on the measurement of ASN's net assets to fair value less costs to sell (categorized in fair value hierarchy level 3). Beginning from the second quarter of 2024 the Submarine Networks business, which was previously reported as part of Network Infrastructure operating segment, is presented as discontinued operation.

Results of discontinued operations

	Reported			
EUR million	**Q3'24**	**Q3'23**	**Q1-Q3'24**	**Q1-Q3'23**
Net sales	**268**	**273**	**727**	**829**
Expenses	(238)	(269)	(704)	(817)
Operating profit	**30**	**4**	**23**	**12**
Financial income and expenses	2	—	(1)	4
Impairment loss recognized on the remeasurement to fair value less costs to sell	—	—	(514)	—
Profit/(loss) from discontinued operations before tax	**32**	**4**	**(492)**	**16**
Income tax expense	(1)	(1)	(2)	(5)
Profit/(loss) from discontinued operations[1]	**31**	**3**	**(494)**	**11**

(1) Profit/loss from discontinued operations is attributable to the equity holders of the parent in its entirety.

Cash flows from discontinued operations

EUR million	Q3'24	Q3'23	Q1-Q3'24	Q1-Q3'23
Net cash flows (used in)/from operating activities	(5)	63	(2)	(144)
Net cash flows used in investing activities	(13)	(20)	(35)	(39)
Net cash flows used in financing activities	(5)	(3)	(13)	(12)
Net cash flow (used in)/from discontinued operations	**(23)**	**40**	**(50)**	**(195)**

Assets and liabilities of disposal group classified as held for sale

EUR million	30 September 2024
ASSETS	
Property, plant and equipment	79
Deferred tax assets	82
Inventories	174
Trade receivables	49
Contract assets	310
Other current financial and firm commitment assets[1]	46
Other assets	67
Cash and cash equivalents	28
Assets held for sale[2]	**834**
LIABILITIES	
Lease liabilities	43
Provisions	41
Other financial and firm commitment liabilities[1]	64
Trade payables	74
Contract liabilities	264
Accrued expenses related to customer projects	157
Other liabilities	129
Liabilities associated with assets held for sale	**772**

(1) Other current financial assets include EUR 44 million of derivative assets and other financial liabilities include EUR 40 million of derivative liabilities.
(2) The comparative amount for assets held for sale at 31 December 2023 of EUR 79 million relates to the carrying amount of Nokia's investment in TD Tech Holding Limited and the assets of Device Management and Service Management Platform businesses which were both disposed of in the second quarter of 2024.

4. NET SALES

Management has determined that Nokia's geographic areas are considered as the primary determinants to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Nokia's primary customer base consists of companies that operate on a country-specific or a regional basis. Although Nokia's technology cycle is similar around the world, different countries and regions are inherently in a different stage of that cycle, often influenced by macroeconomic conditions specific to those countries and regions. In addition to net sales to external customers by region, the chief operating decision maker reviews segment net sales by aggregated regions and net sales by customer type disclosed below.

Each reportable segment, as described in Note 2. Segment information, consists of customers that operate in all geographic areas. No reportable segment has a specific revenue concentration in any geographic area other than Nokia Technologies, which is included within Europe.

Group net sales by region

EUR million	Q3'24	Q3'23	YoY change	Q1-Q3'24	Q1-Q3'23	YoY change
Americas	**1 438**	**1 518**	**(5)%**	**4 199**	**4 939**	**(15)%**
Latin America	222	262	(15)%	608	724	(16)%
North America	1 216	1 256	(3)%	3 590	4 215	(15)%
APAC	**1 057**	**1 356**	**(22)%**	**3 073**	**5 037**	**(39)%**
Greater China	258	286	(10)%	796	966	(18)%
India	316	567	(44)%	911	2 463	(63)%
Rest of APAC	482	503	(4)%	1 367	1 608	(15)%
EMEA	**1 832**	**1 835**	**0%**	**5 965**	**5 746**	**4%**
Europe	1 363	1 345	1%	4 565	4 341	5%
Middle East & Africa	469	489	(4)%	1 400	1 404	0%
Total	**4 326**	**4 709**	**(8)%**	**13 236**	**15 722**	**(16)%**

Segment net sales by region

EUR million	Q3'24	Q3'23	YoY change	Q1-Q3'24	Q1-Q3'23	YoY change
Network Infrastructure	**1 525**	**1 534**	**(1)%**	**4 486**	**5 204**	**(14)%**
Americas	658	559	18%	1 865	2 076	(10)%
APAC	336	380	(12)%	937	1 270	(26)%
EMEA	531	595	(11)%	1 685	1 858	(9)%
Mobile Networks	**1 747**	**2 157**	**(19)%**	**5 294**	**7 347**	**(28)%**
Americas	514	658	(22)%	1 627	1 944	(16)%
APAC	574	825	(30)%	1 686	3 290	(49)%
EMEA	660	673	(2)%	1 981	2 113	(6)%
Cloud and Network Services	**702**	**742**	**(5)%**	**1 968**	**2 243**	**(12)%**
Americas	267	300	(11)%	706	880	(20)%
APAC	145	146	(1)%	440	462	(5)%
EMEA	290	295	(2)%	821	901	(9)%
Nokia Technologies	**352**	**258**	**36%**	**1 464**	**834**	**76%**
Group Common and Other(1)	**—**	**18**	**(100)%**	**24**	**94**	**(73)%**
Total	**4 326**	**4 709**	**(8)%**	**13 236**	**15 722**	**(16)%**

(1) Includes eliminations of inter-segment revenues.

Net sales by customer type

EUR million	Q3'24	Q3'23	YoY change	Q1-Q3'24	Q1-Q3'23	YoY change
Communications service providers (CSP)	3 442	3 945	(13)%	10 257	13 231	(22)%
Enterprise	532	487	9%	1 491	1 563	(5)%
Licensees	352	258	36%	1 464	834	76%
Other(1)	—	19	(100)%	23	94	(76)%
Total	**4 326**	**4 709**	**(8)%**	**13 236**	**15 722**	**(16)%**

(1) Includes net sales of Radio Frequency Systems (RFS), which is being managed as a separate entity, and certain other items, such as eliminations of inter-segment revenues. RFS net sales also include revenue from communications service providers and enterprise customers.

5. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Nokia operates several post-employment plans in various countries including both defined contribution and defined benefit plans. Defined benefit plans include pension plans and other post-employment benefit plans, providing retirement healthcare benefits and life insurance coverage. Nokia remeasured 95% of its defined benefit obligations and 98% of the plan assets at 30 September 2024. Nokia's pension and other post-employment plans in the United States have been remeasured using updated valuations from an external actuary, and the main pension plans outside of the United States have been remeasured based on updated asset valuations and changes in the discount rates during the reporting period. The impact of not remeasuring other pension and post-employment obligations is considered not material. At 30 September 2024, the weighted average discount rates used in remeasurement of the most significant plans were as follows (comparatives at 31 December 2023): US Pension 4.61% (4.67%), US OPEB 4.63% (4.68%), Germany 3.24% (3.17%) and UK 5.06% (4.51%).

The funded status of Nokia's defined benefit plans (before the effect of the asset ceiling) decreased from 128.1%, or EUR 4 548 million, at 30 June 2024 to 127.5% or EUR 4 411 million, at 30 September 2024. During the quarter the global defined benefit plan asset portfolio was invested approximately 71% in fixed income, 6% in equities and 23% in other asset classes, mainly private equity and real estate.

Changes in pension and post-employment net asset/(liability)

	30 September 2024			30 September 2023			31 December 2023		
EUR million	**Pensions[1]**	**US OPEB**	**Total**	**Pensions[1]**	**US OPEB**	**Total**	**Pensions[1]**	**US OPEB**	**Total**
Net asset/(liability) recognized 1 January	**4 755**	**(796)**	**3 959**	**5 273**	**(978)**	**4 295**	**5 273**	**(978)**	**4 295**
Recognized in income statement	43	(27)	16	52	(34)	18	77	(46)	31
Recognized in other comprehensive income	196	79	275	(447)	112	(335)	(409)	66	(343)
Contributions and benefits paid	119	3	122	100	7	107	136	7	143
Exchange differences and other movements[2]	(45)	(3)	(48)	23	(13)	10	(322)	155	(167)
Net asset/(liability) recognized at the end of the period	**5 068**	**(744)**	**4 324**	**5 001**	**(906)**	**4 095**	**4 755**	**(796)**	**3 959**

(1) Includes pensions, retirement indemnities and other post-employment plans.
(2) Includes Section 420 transfers, medicare subsidies and other transfers, including a reclassification of EUR 17 million defined benefit obligation to liabilities associated with assets held for sale in the second quarter of 2024.

Funded status

EUR million	**30 September 2024**	**30 June 2024**	**31 March 2024**	**31 December 2023**	**30 September 2023**
Defined benefit obligation	(16 065)	(16 202)	(16 590)	(16 868)	(16 632)
Fair value of plan assets	20 476	20 750	20 922	20 914	20 818
Funded status	**4 411**	**4 548**	**4 332**	**4 046**	**4 186**
Effect of asset ceiling	(87)	(85)	(82)	(87)	(91)
Net asset recognized at the end of the period	**4 324**	**4 463**	**4 250**	**3 959**	**4 095**

6. DEFERRED TAXES

Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized in the relevant jurisdictions. At 30 September 2024, Nokia has recognized deferred tax assets of EUR 3.7 billion (EUR 3.9 billion at 31 December 2023). In addition, at 30 September 2024 assets held for sale include EUR 82 million of deferred tax assets related to disposal group held for sale.

In addition, at 30 September 2024, Nokia has unrecognized deferred tax assets of approximately EUR 5 billion (EUR 5 billion at 31 December 2023), the majority of which relate to France (approximately EUR 4 billion). These deferred tax assets have not been recognized due to uncertainty regarding their utilization. A significant portion of the French unrecognized deferred tax assets are indefinite in nature and available against future French tax liabilities, subject to a limitation of 50% of annual taxable profits.

Nokia continually evaluates the probability of utilizing its deferred tax assets and considers both positive and negative evidence in its assessment.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value are categorized based on the availability of observable inputs used to measure their fair value. Three hierarchical levels are based on an increasing amount of judgment associated with the inputs used to derive fair valuation for these assets and liabilities, Level 1 being market values for exchange traded products, Level 2 being primarily based on publicly available market information and Level 3 requiring most management judgment. At the end of each reporting period, Nokia categorizes its financial assets and liabilities to the appropriate level of fair value hierarchy. Items for continuing operations carried at fair value in the following table are measured at fair value on a recurring basis. For items related to discontinued operations, please refer to Note 3. Discontinued operations and disposal groups held for sale. For more information about the valuation methods and principles, refer to Note 5.2. Financial assets and liabilities, and Note 5.3. Derivative and firm commitment assets and liabilities in the annual consolidated financial statements for 2023.

	Carrying amounts						Fair value
30 September 2024	**Amortized cost**	**Fair value through profit or loss**			**Fair value through other comprehensive income**[1]		
EUR million		**Level 1**	**Level 2**	**Level 3**	**Level 2**	**Total**	**Total**
Non-current interest-bearing financial investments	441	—	—	—	—	441	458
Investments in venture funds	—	1	—	775	—	776	776
Other non-current financial assets	159	—	95	—	41	295	295
Other current financial assets	277	114	—	—	21	412	412
Derivative assets	—	—	76	—	—	76	76
Trade receivables	—	—	—	—	3 202	3 202	3 202
Current interest-bearing financial investments	593	—	1 121	—	—	1 714	1 706
Cash and cash equivalents	5 498	—	1 545	—	—	7 043	7 043
Total financial assets	**6 968**	**115**	**2 837**	**775**	**3 264**	**13 959**	**13 968**
Long-term interest-bearing liabilities	2 785	—	—	—	—	2 785	2 828
Other long-term financial liabilities	27	—	—	41	—	68	68
Short-term interest-bearing liabilities	953	—	—	—	—	953	953
Other short-term financial liabilities	52	—	—	461	—	513	513
Derivative liabilities	—	—	191	—	—	191	191
Discounts without performance obligations	351	—	—	—	—	351	351
Trade payables	2 783	—	—	—	—	2 783	2 783
Total financial liabilities	**6 951**	**—**	**191**	**502**	**—**	**7 644**	**7 687**

	Carrying amounts						Fair value
31 December 2023	**Amortized cost**	**Fair value through profit or loss**			**Fair value through other comprehensive income**[1]		
EUR million		**Level 1**	**Level 2**	**Level 3**	**Level 2**	**Total**	**Total**
Non-current interest-bearing financial investments	715	—	—	—	—	715	717
Investments in venture funds	—	5	—	779	—	784	784
Other non-current financial assets	161	—	96	—	59	316	316
Other current financial assets	263	—	—	—	22	285	285
Derivative assets	—	—	134	—	—	134	134
Trade receivables	—	—	—	—	4 921	4 921	4 921
Current interest-bearing financial investments	874	—	691	—	—	1 565	1 565
Cash and cash equivalents	4 791	—	1 443	—	—	6 234	6 234
Total financial assets	**6 804**	**5**	**2 364**	**779**	**5 002**	**14 954**	**14 956**
Long-term interest-bearing liabilities	3 637	—	—	—	—	3 637	3 614
Other long-term financial liabilities	33	—	—	28	—	61	61
Short-term interest-bearing liabilities	554	—	—	—	—	554	555
Other short-term financial liabilities	65	—	—	471	—	536	536
Derivative liabilities	—	—	286	—	—	286	286
Discounts without performance obligations	404	—	—	—	—	404	404
Trade payables	3 423	—	—	—	—	3 423	3 423
Total financial liabilities	**8 116**	**—**	**286**	**499**	**—**	**8 901**	**8 879**

(1) No financial instruments measured at fair value through other comprehensive income are categorized in fair value hierarchy level 1 or level 3.

Lease liabilities are not included in the fair value of financial instruments.

Level 3 Financial assets include a large number of investments in unlisted equities and unlisted venture funds, including investments managed by NGP Capital specializing in growth-stage investing. The fair value of level 3 investments is determined using one or more valuation techniques with unobservable inputs, where the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of calculating the net present value of expected future cash flows.

Level 3 Financial liabilities consist primarily of a conditional obligation to China Huaxin related to Nokia Shanghai Bell.

Changes in level 3 financial assets and liabilities measured at fair value:

EUR million	Financial Assets	Financial Liabilities
1 January 2024	**779**	**(499)**
Net losses in income statement	(19)	(6)
Additions	38	(13)
Deductions	(18)	16
Transfer out of level 3	(5)	—
30 September 2024	**775**	**(502)**

The gains and losses from venture fund and similar investments categorized in level 3 are included in other operating income and expenses. The gains and losses from other level 3 financial assets and liabilities are recorded in financial income and expenses. A net loss of EUR 25 million related to level 3 financial instruments held at 30 September 2024 was included in the profit and loss during 2024 (net loss of EUR 42 million related to level 3 financial instruments held at 31 December 2023 during 2023).

8. INTEREST-BEARING LIABILITIES

					Carrying amount (EUR million)		
Issuer/borrower	Instrument	Currency	Nominal (million)	Final maturity	30 September 2024	30 September 2023	31 December 2023
Nokia Corporation	2.00% Senior Notes	EUR	378	3/2024	—	371	375
Nokia Corporation	EIB R&D Loan	EUR	500	2/2025	500	500	500
Nokia Corporation	NIB R&D Loan(1)	EUR	83	5/2025	83	167	167
Nokia Corporation	2.375% Senior Notes	EUR	292	5/2025	291	284	289
Nokia Corporation	2.00% Senior Notes	EUR	630	3/2026	621	598	614
Nokia Corporation	4.375% Senior Notes	USD	500	6/2027	434	433	430
Nokia of America Corporation	6.50% Senior Notes	USD	74	1/2028	66	70	67
Nokia Corporation	3.125% Senior Notes	EUR	500	5/2028	487	458	479
Nokia of America Corporation	6.45% Senior Notes	USD	206	3/2029	185	195	187
Nokia Corporation	4.375% Sustainability-linked Senior Notes(2)	EUR	500	8/2031	515	479	510
Nokia Corporation	6.625% Senior Notes	USD	500	5/2039	462	445	463
Nokia Corporation and various subsidiaries	Other liabilities				94	137	110
Total					**3 738**	**4 137**	**4 191**

(1) The remaining loan from the Nordic Investment Bank (NIB) is repayable in one annual installment in 2025.
(2) The bond has a one-time redemption premium at maturity of EUR 4 million in case Nokia does not meet its commitment to reduce its greenhouse gas (GHG) emissions (in tCO2 e) across its value chain (Scope 1, 2, and 3) by 50% between 2019 and 2030. This target is one of Nokia's key sustainability targets and has been selected to be the Sustainability Performance Target in Nokia's Sustainable Finance Framework that enables the issuance of sustainability-linked financing instruments.

Nokia has a committed Revolving Credit Facility with nominal value of EUR 1 412 million maturing in June 2026. For information about Nokia's uncommitted funding programs, refer to Note 5.4. Financial risk management in the annual consolidated financial statements for 2023. All borrowings and credit facilities are senior unsecured and have no financial covenants.

9. PROVISIONS

EUR million	Restructuring	Warranty	Litigation and Environmental	Project losses	Other[1]	Total
At 1 January 2024	**255**	**200**	**251**	**110**	**446**	**1 262**
Charged to income statement						
Additions	*300*	*156*	*41*	*4*	*144*	*645*
Reversals	*(9)*	*(16)*	*(16)*	*(11)*	*(82)*	*(134)*
Total charged to income statement	291	140	25	(7)	62	511
Utilized during period[2]	(350)	(88)	(59)	(5)	(62)	(564)
Translation differences and other[3]	1	(39)	(3)	—	(17)	(58)
At 30 September 2024	**197**	**213**	**214**	**98**	**429**	**1 151**
Non-current	**54**	**19**	**146**	**78**	**151**	**447**
Current	**143**	**193**	**69**	**21**	**279**	**704**

(1) Other provisions include provisions for various obligations such as material liability, indirect tax provisions, divestment-related provisions, employee-related provisions other than restructuring provisions and asset retirement obligations.
(2) The utilization of restructuring provision includes items transferred to accrued expenses, of which EUR 62 million remained in accrued expenses at 30 September 2024.
(3) Includes reclassifications of EUR 37 million of warranty provision and EUR 8 million of other provisions to liabilities associated with assets held for sale.

10. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS

EUR million	30 September 2024	30 September 2023	31 December 2023
Contingent liabilities on behalf of group companies			
Guarantees issued by financial institutions			
Commercial guarantees	1 470	1 460	1 477
Non-commercial guarantees	484	584	615
Corporate guarantees			
Commercial guarantees	321	315	325
Non-commercial guarantees	32	32	35
Financing commitments			
Customer finance commitments	12	15	5
Venture fund commitments	341	401	381

The amounts in the table above represent the maximum principal amount of commitments and contingencies, and these amounts do not reflect management's expected outcomes.

Litigations and proceedings

Significant changes to information about litigation and proceedings presented in Nokia's annual consolidated financial statements for 2023:

Amazon

In 2023, Nokia commenced patent infringement proceedings against Amazon in several countries. The patents in suit cover video-related technologies implemented in Amazon's services and devices. Amazon filed patent infringement proceedings in relation to its patents against Nokia in the US and counterclaims to Nokia's actions, including a UK rate setting action. Amazon appeals against the preliminary injunction awarded to Nokia in a regional court in Brazil were denied. In September 2024, a regional court in Germany ruled that Amazon was infringing one of Nokia's patents and issued an injunction.

HP

In 2023, Nokia commenced patent infringement proceedings against HP in several countries. The patents in suit cover video coding technologies implemented in HP's products. HP filed counterclaims to Nokia's actions. HP appeals against the preliminary injunction awarded to Nokia in a regional court in Brazil were denied.

Verifone

In 2024, Nokia commenced patent infringement proceedings against Verifone in several countries, in relation to patents covering cellular technologies implemented in Verifone's devices. In August 2024, Nokia announced that it has concluded a multi-year patent license agreement with Verifone. The agreement resolves all pending patent litigation between the parties.

Alternative performance measures

Certain financial measures presented in this interim report are not measures of financial performance, financial position or cash flows defined in IFRS, and therefore may not be directly comparable with financial measures used by other companies, including those in the same industry. The primary rationale for presenting these measures is that the management uses these measures in assessing the financial performance of Nokia and believes that these measures provide meaningful supplemental information on the underlying business performance. These financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS.

This section provides summarized information on the performance measures included in this interim report as well as reconciliations of the performance measures to the amounts presented in the financial statements.

In the second quarter of 2024 Nokia introduced a new measure of financial performance – adjusted free cash flow – which it presents by business group as an additional measure of cash generation, working capital efficiency and capital discipline of the business groups in order for management and investors to better evaluate the cash generation capacity of each of the business groups individually. Previously unpublished comparative information for each quarter and full year 2023 and the first quarter of 2024 are presented in the tables below.

Performance measure	Definition	Purpose
Comparable measures	Comparable measures exclude intangible asset amortization and other purchase price fair value adjustments, goodwill impairments, restructuring related charges and certain other items affecting comparability. Reconciliation of reported and comparable consolidated statement of income is presented below.	We believe that our comparable results provide meaningful supplemental information to both management and investors regarding Nokia's underlying business performance by excluding certain items of income and expenses that may not be indicative of Nokia's business operating results. Comparable operating profit is used also in determining management remuneration.
Constant currency net sales / Net sales adjusted for currency fluctuations	When net sales are reported on a constant currency basis / adjusted for currency fluctuations, exchange rates used to translate the amounts in local currencies to euro, our reporting currency, are the average actual periodic exchange rates for the comparative financial period. Therefore, the constant currency net sales / net sales adjusted for currency fluctuations exclude the impact of changes in exchange rates during the current period in comparison to euro.	We provide additional information on net sales on a constant currency basis / adjusted for currency fluctuations in order to better reflect the underlying business performance.
Comparable return on invested capital (ROIC)	Comparable operating profit after tax, last four quarters / Invested capital, average of last five quarters' ending balances. Calculation of comparable return on invested capital is presented below.	Comparable return on invested capital is used to measure how efficiently Nokia uses its capital to generate profits from its operations.
Comparable operating profit after tax	Comparable operating profit - (comparable operating profit x (-comparable income tax expense / comparable profit before tax))	Comparable operating profit after tax indicates the profitability of Nokia's underlying business operations after deducting the income tax impact. We use comparable operating profit after tax to calculate comparable return on invested capital.
Invested capital	Total equity + total interest-bearing liabilities - total cash and interest-bearing financial investments	Invested capital indicates the book value of capital raised from equity and debt instrument holders less cash and liquid assets held by Nokia. We use invested capital to calculate comparable return on invested capital.
Total cash and interest-bearing financial investments ("Total cash")	Total cash and interest-bearing financial investments consist of cash and cash equivalents and current interest-bearing financial investments and non-current interest-bearing financial investments.	Total cash and interest-bearing financial investments is used to indicate funds available to Nokia to run its current and invest in future business activities as well as provide return for security holders.
Net cash and interest-bearing financial investments ("Net cash")	Net cash and interest-bearing financial investments equals total cash and interest-bearing financial investments less long-term and short-term interest-bearing liabilities. Lease liabilities are not included in interest-bearing liabilities. Reconciliation of net cash and interest-bearing financial investments to the amounts in the consolidated statement of financial position is presented below.	Net cash and interest-bearing financial investments is used to indicate Nokia's liquidity position after cash required to settle the interest-bearing liabilities.
Free cash flow	Net cash flows from operating activities – purchases of property, plant and equipment and intangible assets (capital expenditures).	Free cash flow is the cash that Nokia generates after investments in property, plant and equipment and intangible assets, and we believe it provides meaningful supplemental information as it represents the cash available to service and repay interest-bearing financial liabilities, including lease liabilities, make investments to grow business and distribute funds to shareholders. It is a measure of cash generation, working capital efficiency and capital discipline of the business.
Adjusted free cash flow	Cash flows from operations – purchases of property, plant and equipment and intangible assets (capital expenditures).	Adjusted free cash flow is an additional measure of cash generation, working capital efficiency and capital discipline used by management and investors to evaluate cash generation capacity of each of the business groups individually. Adjusted free cash flow is intended as a measure of business group performance and is calculated as the free cash flow but excluding interest received, interest paid, and income taxes paid, items that are related to the group structure and which cannot be allocated to the business groups in a meaningful way. This measure is not intended to be used to analyze the overall group performance.
Capital expenditure	Purchases of property, plant and equipment and intangible assets (excluding assets acquired under business combinations).	We use capital expenditure to describe investments in profit generating activities in the future.
Recurring/One-time measures	Recurring measures, such as recurring net sales, are based on revenues that are likely to continue in the future. Recurring measures exclude e.g. the impact of catch-up net sales relating to prior periods. One-time measures, such as one-time net sales, reflect the revenues that are not likely to continue in the future.	We use recurring/one-time measures to improve comparability between financial periods.
Adjusted profit/(loss)	Adjusted profit/(loss) equals the cash from operations before changes in net working capital subtotal in the consolidated statement of cash flows.	We use adjusted profit/(loss) to provide a structured presentation when describing the cash flows.
Recurring annual cost savings	Reduction in cost of sales and operating expenses resulting from the cost savings program and the impact of which is considered recurring in nature.	We use recurring annual cost savings measure to monitor the progress of our cost savings program established after the Alcatel-Lucent transaction against plan.
Restructuring and associated charges, liabilities and cash outflows	Charges, liabilities and cash outflows related to activities that either meet the strict definition of restructuring under IFRS or are closely associated with such activities.	We use restructuring and associated charges, liabilities and cash outflows to measure the progress of our integration and transformation activities.

Comparable to reported reconciliation

Q3'24

EUR million	Cost of sales	Research and development expenses	Selling, general and administrative expenses	Other operating income and expenses	Operating profit	Share of results of associates and joint ventures	Financial income and expenses	Income tax expense	Profit from continuing operations
Comparable	**(2 352)**	**(1 029)**	**(591)**	**99**	**454**	**2**	**25**	**(122)**	**358**
Amortization of acquired intangible assets	—	(5)	(74)	—	**(79)**	—	—	19	**(60)**
Restructuring and associated charges	(3)	(45)	(21)	(1)	**(70)**	—	—	14	**(56)**
Impairment and write-off of assets, net of reversals	(15)	(37)	(6)	—	**(58)**	—	—	14	**(43)**
Transaction and related costs	—	(1)	—	—	**(1)**	—	—	—	**(1)**
Fair value changes of current equity investments	—	—	—	—	**—**	—	(49)	—	**(49)**
Change in financial liability to acquire NSB non-controlling interest	—	—	—	—	**—**	—	(4)	—	**(4)**
Items affecting comparability	(17)	(87)	(101)	(1)	**(208)**	—	(54)	48	**(213)**
Reported	**(2 369)**	**(1 116)**	**(692)**	**98**	**246**	**2**	**(29)**	**(74)**	**145**

Q3'23

EUR million	Cost of sales	Research and development expenses	Selling, general and administrative expenses	Other operating income and expenses	Operating profit	Share of results of associates and joint ventures	Financial income and expenses	Income tax expense	Profit from continuing operations
Comparable	**(2 788)**	**(1 024)**	**(594)**	**114**	**418**	**4**	**(44)**	**(83)**	**293**
Restructuring and associated charges	(28)	(32)	(31)	(4)	**(95)**	—	—	19	**(76)**
Amortization of acquired intangible assets	—	(12)	(72)	—	**(84)**	—	—	20	**(65)**
Divestment of businesses	(1)	—	—	(1)	**(1)**	—	—	—	**(1)**
Impairment and write-off of assets, net of reversals	—	—	—	—	**—**	(28)	—	—	**(28)**
Change in financial liability to acquire NSB non-controlling interest	—	—	—	—	**—**	—	7	—	**7**
Items affecting comparability	(28)	(44)	(103)	(5)	**(180)**	(28)	7	38	**(164)**
Reported	**(2 817)**	**(1 067)**	**(697)**	**109**	**237**	**(25)**	**(38)**	**(45)**	**130**

Q1-Q3'24

EUR million	Cost of sales	Research and development expenses	Selling, general and administrative expenses	Other operating income and expenses	Operating profit	Share of results of associates and joint ventures	Financial income and expenses	Income tax expense	Profit from continuing operations
Comparable	**(7 017)**	**(3 169)**	**(1 785)**	**212**	**1 477**	**5**	**92**	**(375)**	**1 198**
Restructuring and associated charges	(92)	(137)	(90)	(4)	**(323)**	—	—	64	**(259)**
Divestment of businesses and associated companies	—	—	—	253	**253**	—	17	(24)	**246**
Amortization of acquired intangible assets	—	(15)	(220)	—	**(235)**	—	—	54	**(180)**
Impairment and write-off of assets, net of reversals	(23)	(54)	(6)	—	**(83)**	—	—	19	**(64)**
Fair value changes of legacy IPR fund	—	—	—	(5)	**(5)**	—	—	1	**(4)**
Transaction and related costs	—	(1)	—	—	**(1)**	—	—	—	**(1)**
Fair value changes of current equity investments	—	—	—	—	**—**	—	(49)	—	**(49)**
Change in financial liability to acquire NSB non-controlling interest	—	—	—	—	**—**	—	(4)	—	**(4)**
Changes in the recognition of deferred tax assets	—	—	—	—	**—**	—	—	83	**83**
Items Affecting comparability	(116)	(207)	(316)	244	**(395)**	—	(36)	197	**(233)**
Reported	**(7 133)**	**(3 376)**	**(2 101)**	**456**	**1 082**	**5**	**56**	**(178)**	**965**

Q1-Q3'23

EUR million	Cost of sales	Research and development expenses	Selling, general and administrative expenses	Other operating income and expenses	Operating profit	Share of results of associates and joint ventures	Financial income and expenses	Income tax expense	Profit from continuing operations
Comparable	**(9 445)**	**(3 119)**	**(1 833)**	**182**	**1 507**	**(15)**	**(108)**	**(349)**	**1 035**
Amortization of acquired intangible assets	—	(36)	(219)	—	**(255)**	—	—	60	**(196)**
Restructuring and associated charges	(75)	(42)	(53)	(5)	**(175)**	—	—	32	**(143)**
Costs associated with country exit	—	—	—	48	**48**	—	—	(10)	**39**
Divestment of businesses	(1)	—	—	21	**21**	—	(11)	(6)	**4**
Change in provisions related to past acquisitions	—	—	—	(20)	**(20)**	—	—	4	**(16)**
Impairment and write-off of assets, net of reversals	—	—	—	—	**1**	(28)	—	—	**(28)**
Change in financial liability to acquire NSB non-controlling interest	—	—	—	—	**—**	—	5	—	**5**
Items affecting comparability	(76)	(78)	(272)	45	**(380)**	(28)	(6)	80	**(335)**
Reported	**(9 521)**	**(3 197)**	**(2 104)**	**227**	**1 127**	**(43)**	**(114)**	**(269)**	**700**

Net cash and interest-bearing financial investments

EUR million	30 September 2024	30 June 2024	31 March 2024	31 December 2023	30 September 2023
Non-current interest-bearing financial investments	441	438	509	715	794
Current interest-bearing financial investments	1 714	1 863	1 837	1 565	1 698
Cash and cash equivalents	7 043	6 853	6 561	6 234	4 605
Total cash and interest-bearing financial investments	9 198	9 154	8 907	8 514	7 097
Long-term interest-bearing liabilities(1)	2 785	2 747	3 124	3 637	3 562
Short-term interest-bearing liabilities(1)	953	932	646	554	575
Total interest-bearing liabilities	3 738	3 679	3 770	4 191	4 137
Net cash and interest-bearing financial investments	**5 460**	**5 475**	**5 137**	**4 323**	**2 960**

(1) Lease liabilities are not included in interest-bearing liabilities

Free cash flow

EUR million	Q3'24	Q3'23	Q1-Q3'24	Q1-Q3'23
Net cash flows from operating activities	728	(303)	2 285	(553)
Purchase of property, plant and equipment and intangible assets	(107)	(144)	(314)	(503)
Free cash flow	**621**	**(447)**	**1 971**	**(1 056)**

Adjusted free cash flow

EUR million	Q1'24	Q2'24	Q3'24	Q1-Q3'24
Network Infrastructure - Continuing operations	91	(187)	311	215
Network Infrastructure - Discontinued operations(1)	14	(27)	(21)	(34)
Mobile Networks	698	688	362	1 748
Cloud and Network Services	(15)	11	93	89
Nokia Technologies	482	129	84	695
Group Common and Other(2)	(163)	(110)	(123)	(395)
Adjusted free cash flow	**1 107**	**504**	**706**	**2 318**

(1) Comprises Submarine Networks business.
(2) Consists mainly of cash flows from operations related to corporate-level and centrally managed activities and to Radio Frequency Systems.

Reconciliation of the adjusted free cash flow to group free cash flow

EUR million	Q1'24	Q2'24	Q3'24	Q1-Q3'24
Cash flows from operations	1 219	599	813	2 632
Purchase of property, plant and equipment and intangible assets	(112)	(95)	(107)	(314)
Adjusted free cash flow	**1 107**	**504**	**706**	**2 318**
Interest received	54	58	56	168
Interest paid	(84)	(56)	(73)	(213)
Income taxes paid, net	(122)	(112)	(68)	(302)
Free cash flow	**955**	**394**	**621**	**1 971**

EUR million	Q1'23	Q2'23	Q3'23	Q4'23	Q1-Q4'23
Network Infrastructure - Continuing operations	504	(45)	13	464	936
Network Infrastructure - Discontinued operations[(1)]	(166)	(58)	44	76	(104)
Mobile Networks	(714)	(7)	(353)	328	(746)
Cloud and Network Services	158	(94)	(106)	253	211
Nokia Technologies	270	186	154	746	1 356
Group Common and Other[(2)]	(45)	(241)	(16)	(47)	(349)
Adjusted free cash flow	**7**	**(259)**	**(264)**	**1 820**	**1 304**

(1) Comprises Submarine Networks business.
(2) Consists mainly of cash flows from operations related to corporate-level and centrally managed activities and to Radio Frequency Systems.

Reconciliation of the adjusted free cash flow to group free cash flow

EUR million	Q1'23	Q2'23	Q3'23	Q4'23	Q1-Q4'23
Cash flows from operations	239	(132)	(120)	1 969	1 956
Purchase of property, plant and equipment and intangible assets	(232)	(127)	(144)	(149)	(652)
Adjusted free cash flow	**7**	**(259)**	**(264)**	**1 820**	**1 304**
Interest received	30	51	42	55	178
Interest paid	(51)	(55)	(72)	(63)	(241)
Income taxes paid, net	(135)	(197)	(153)	(91)	(576)
Free cash flow	**(149)**	**(460)**	**(447)**	**1 721**	**665**

Comparable return on invested capital (ROIC)

Q3'24

EUR million	Rolling four quarters	Q3'24	Q2'24	Q1'24	Q4'23
Comparable operating profit	2 307	454	423	600	830
Comparable profit before tax	2 375	480	445	648	802
Comparable income tax expense	(622)	(122)	(117)	(136)	(247)
Comparable operating profit after tax	**1 698**	**338**	**312**	**474**	**574**

EUR million	Average	30 September 2024	30 June 2024	31 March 2024	31 December 2023	30 September 2023
Total equity	20 937	20 454	21 018	21 234	20 628	21 351
Total interest-bearing liabilities	3 903	3 738	3 679	3 770	4 191	4 137
Total cash and interest-bearing financial investments	8 574	9 198	9 154	8 907	8 514	7 097
Invested capital	**16 266**	**14 994**	**15 543**	**16 097**	**16 305**	**18 391**

Comparable ROIC	**10.4%**

Q2'24

EUR million	Rolling four quarters	Q2'24	Q1'24	Q4'23	Q3'23
Comparable operating profit	2 271	423	600	830	418
Comparable profit before tax	2 272	445	648	802	377
Comparable income tax expense	(583)	(117)	(136)	(247)	(83)
Comparable operating profit after tax	**1 686**	**312**	**474**	**574**	**326**

EUR million	Average	30 June 2024	31 March 2024	31 December 2023	30 September 2023	30 June 2023
Total equity	21 101	21 018	21 234	20 628	21 351	21 276
Total interest-bearing liabilities	3 990	3 679	3 770	4 191	4 137	4 171
Total cash and interest-bearing financial investments	8 301	9 154	8 907	8 514	7 097	7 831
Invested capital	**16 790**	**15 543**	**16 097**	**16 305**	**18 391**	**17 616**

Comparable ROIC	**10.0%**

Q3'23

EUR million	Rolling four quarters	Q3'23	Q2'23	Q1'23	Q4'22
Comparable operating profit	2 644	418	619	471	1 137
Comparable profit before tax	2 563	377	555	452	1 179
Comparable income tax expense	(610)	(83)	(146)	(120)	(261)
Comparable operating profit after tax	**2 013**	**326**	**456**	**346**	**885**

EUR million	Average	30 September 2023	30 June 2023	31 March 2023	31 December 2022	30 September 2022
Total equity	21 045	21 351	21 276	21 375	21 426	19 797
Total interest-bearing liabilities	4 338	4 137	4 171	4 310	4 477	4 596
Total cash and interest-bearing financial investments	8 407	7 097	7 831	8 614	9 244	9 251
Invested capital	**16 976**	**18 391**	**17 616**	**17 071**	**16 659**	**15 142**

Comparable ROIC	**11.9%**

This financial report was approved by the Board of Directors on 17 October 2024.

Media and Investor Contacts:

Communications, tel. +358 10 448 4900 email: press.services@nokia.com
Investor Relations, tel. +358 4080 3 4080 email: investor.relations@nokia.com

- Nokia plans to publish its fourth quarter and full year 2024 results on 30 January 2025.