

Capital Markets Day 2023

Sanoma: A unique sustainability profile with increasing profitability

22 November 2023

sanoma



Agenda

9:30 EET / 8:30 CET

Welcome

Sanoma: A unique sustainability profile with increasing profitability

Susan Duinhoven

Learning: Reaching our long-term profitability target in 2026
Q&A

Rob Kolkman

Simulation of blended learning in primary and secondary education

Break

11:30 EET / 10:30 CET

Media Finland: Progressing towards our long-term margin target through
successful digital transformation
Q&A

Pia Kalsta

Solid position and clear path to meet our long-term profitability targets

Alex Green

Q&A

13:00 EET / 12:00 CET

Buffet lunch and end of event

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Sanoma:
**A unique sustainability
profile with increasing
profitability**

Susan Duinhoven, President and CEO

Capital Markets Day 2023



Three strategic focus areas to deliver increasing profitability and prepare for future growth

1. Increasing profitability of Learning and Media Finland

- In Learning, we benefit from our increased scale and will reach the long-term profitability target in 2026 through *Program Solar*
- In Media Finland, we continue our successful digitalisation and efficiency improvements while expecting to benefit from future recovery in the Finnish economy

2. Growing organically and through smaller in-market acquisitions

- Growing the learning content business through price increases and market share gains
- Strengthening our digital offering in journalism and entertainment in Finland also through partnerships
- Finding smaller, highly synergistic acquisitions in our current operating countries

3. Deleveraging the balance sheet

- Long-term leverage target unchanged at < 3.0, improving free cash flow will allow deleveraging
- Dividend continues to be an important part of our equity story – 40–60% payout range in dividend policy allows for changing economic conditions, investments levels and deleveraging needs

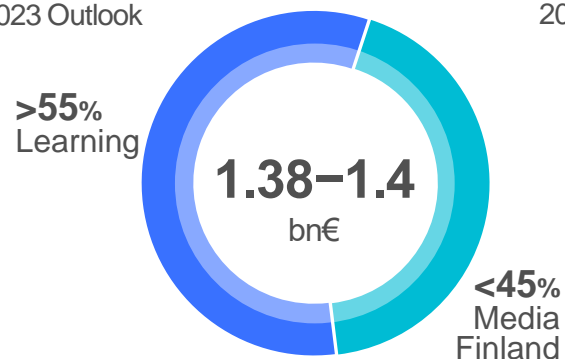
Our purpose
Through learning and media, we have a positive impact on the lives of millions of people every day

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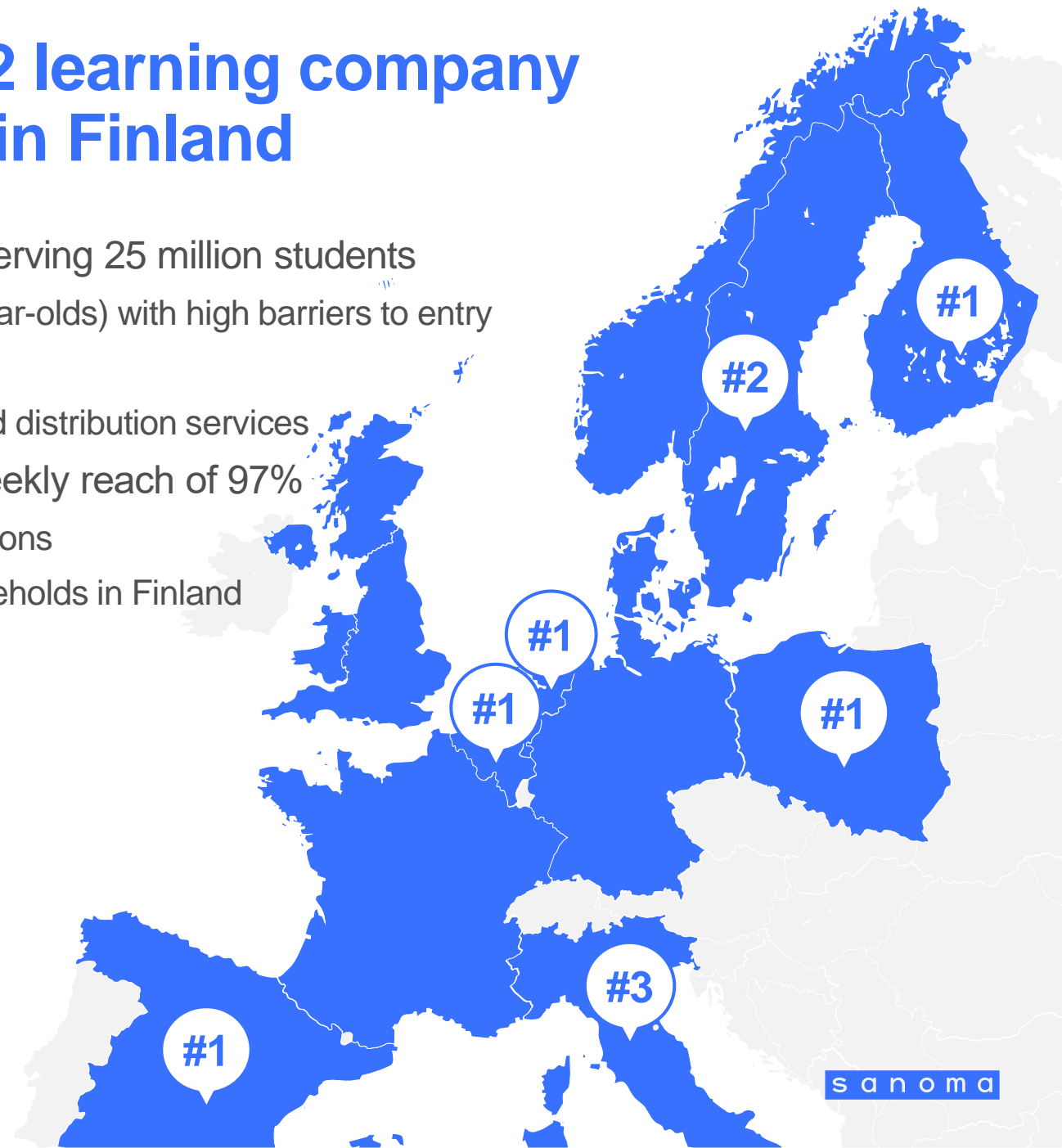
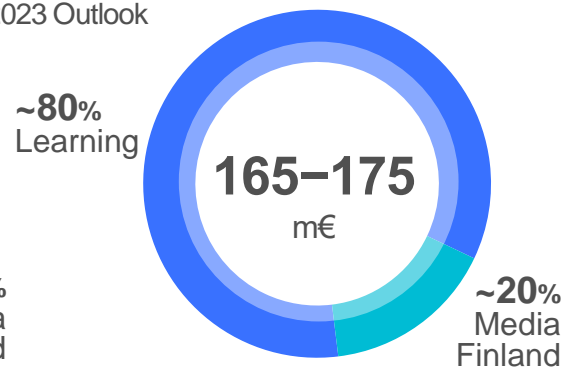
We are a leading European K12 learning company and #1 digital media company in Finland

- We are a leading European K12 learning company serving 25 million students
 - Focusing on stable and resilient K12 market (ie. 6–18 year-olds) with high barriers to entry
 - Teachers and schools are our primary customers
 - Providing printed and digital content, digital platforms and distribution services
- We are Finland's #1 digital media company with a weekly reach of 97%
 - News & feature, Entertainment and B2B marketing solutions
 - 900k subscriptions with paid for digital, out of 2.7m households in Finland
 - Print advertising already <10% of net sales

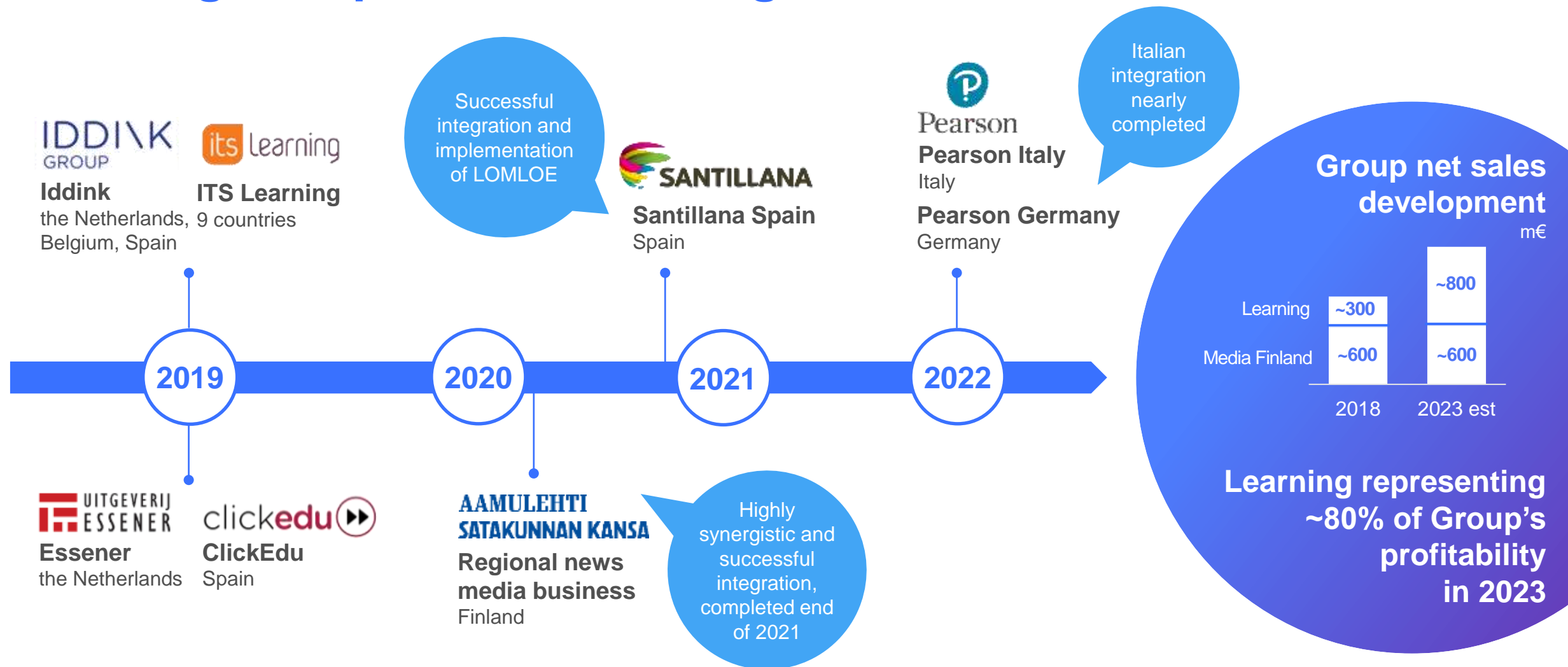
Net sales
2023 Outlook



Operational EBIT excl.PPA
2023 Outlook



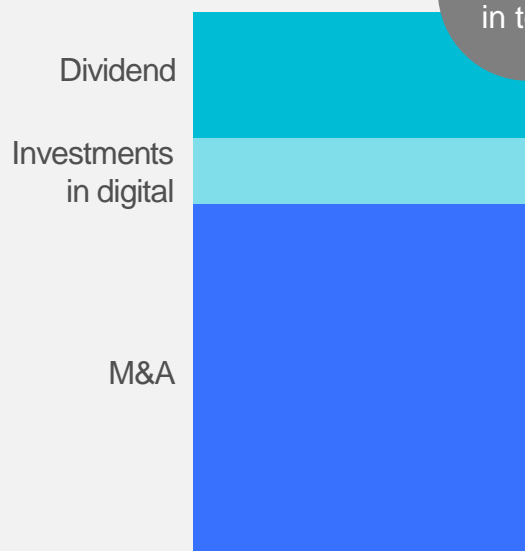
We have more than doubled Learning's net sales creating a leading European K12 learning business...



...deleveraging will be central to our near-term capital allocation

In recent years, we have grown Learning through M&A

Capital allocation in 2020–2022* >1bn€ in total



Short-term cash flow will be impacted by

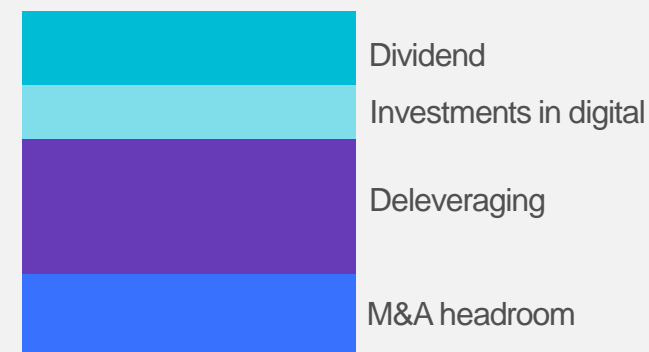
- Higher financing costs
- Costs related to Program Solar in 2023–2024
- Economic headwinds continuing to impact Media Finland

In 2025–2026

- + Learning profitability reaching long-term target of 23% in 2026
- + Uplift of the advertising demand depending on the recovery of Finnish economy

In 2024–2026 we will focus on deleveraging to build headroom for future growth

Capital allocation priorities in 2024–2026*



Sanoma represents a unique sustainability profile

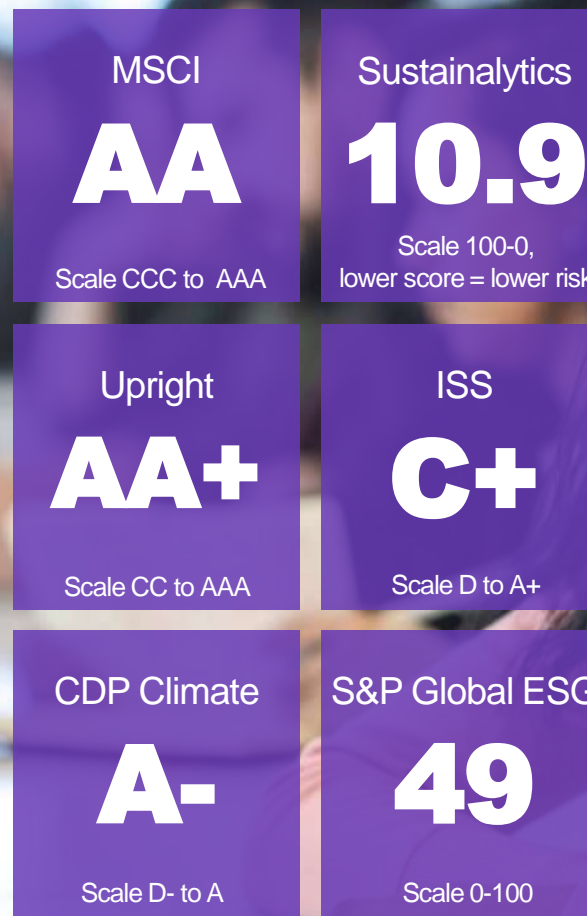
We have a unique sustainability profile...

Intrinsic positive impact of both business in the lives of millions of people every day combined with ambitious targets and solid ESG performance

... and ambitious climate targets

- Our emission reduction targets were validated by SBTi in November 2023
- SBTi targets by 2030
 - Own operations absolute Scope 1 and 2 GHG emissions -42%
 - Supply chain absolute Scope 3 GHG emissions -38%
- SBTi targets and developing inclusive learning solutions also linked into the pricing of our 300m€ RCF

Scope 3 categories included in the target are purchased goods and services, fuel and energy related activities, and upstream transportation and distribution, base year for all targets 2021



TODAY'S SPEAKERS

Experienced team for future growth



Rob Kolkman
President & CEO, Sanoma Corporation
(as of 1 January 2024)



Pia Kalsta
CEO, Media Finland



Alex Green
CFO, Sanoma Corporation

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Learning:
**Reaching our long-
term profitability
target in 2026**

Rob Kolkman, CEO Sanoma Learning

Capital Markets Day 2023



We are a leading European K12 learning company serving more than 25 million students

We will reach our long-term profitability target in 2026 supported by process and efficiency improvement program Solar

We have a leading blended offering of digital and print in all our operating markets

We continue with our ambitious strategy for sustainable long-term organic growth of 2–5%

Operational EBIT margin excl. PPA

23%

in 2026

We have a strong and experienced Learning management team

Led by Rob Kolkman

Experienced HR and Talent Executive with extensive understanding e.g. on talent management, development programs, succession planning and DE&I



Extensive experience in various senior leadership roles in strategy, product development, digitalisation and technology. Currently EVP & CIO at SAS



Extensive experience in leading global transformation and continuous improvement programs in international companies like Fedex Express Europe and TNT



Publishing and digital marketing & sales professional with background in business and consumer publishing companies RELX and VNU. CEO at Sdu 2018–2023

Solid performance in 2023

- Organic growth expected to be in the high end of the long-term target range of 2–5% mainly driven by price increases and growth in Spain
 - Strong 10% growth in learning content business in January–September showing the impact of price increases
- Final phase of the LOMLOE curriculum renewal in Spain was successfully implemented
 - All 17 regions have implemented the reform
- Italian business acquired in August 2022 almost fully integrated and performing according to our plans

Net sales*
growing to close to
800m€

In Spain, major educational reform and curriculum renewal LOMLOE* was successfully implemented

- Santillana is the leader in Spain's fragmented K12 learning content market
- The reform is driving fluctuations in 2022–2024
- Strong YTD Q3 2023 performance with net sales up by 22%
- Our position in primary education has strengthened further
- Spain's early stage in digital adaptation brings future growth opportunities
 - Share of digital only ~4% of 2023 net sales

Key market factors, 2023 est

5.8m

K12 student population

2.9%

Public spend on K12 education of GDP

90/100€

Approx. primary/secondary education spend per student

623m€

Approx. market size of K12 learning content

Key competitors

Anaya
SM
Edelvives

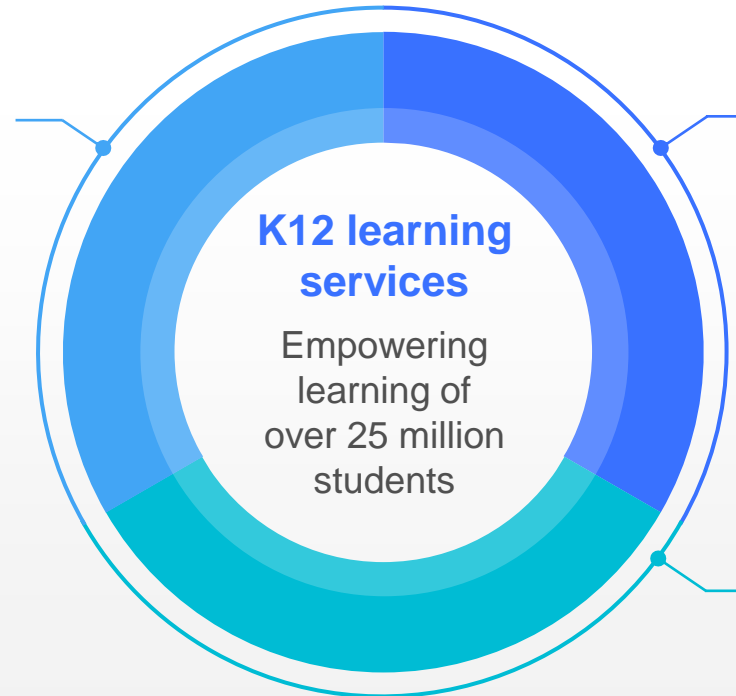
Sanoma's market position in content business

#1

K12 learning services offer attractive opportunities...

K12 is an attractive business

- Stable and predictable as teachers only change learning materials every 4–8 years
- Public spending on education is increasing and resilient to crises
- Significant fragmentation and high barriers to entry due to localised nature
- Digitalisation brings more stable revenue streams and in general better profitability



We are #1 in K12 learning services in Europe and see benefits from scale

- Harmonising our digital platforms and technology across countries
- Further investigating opportunities for shared use of content

K12 offers sufficient growth opportunities to reach our long-term goals

- Sustained organic growth in-line with our long-term target of 2–5%
- Focus on synergistic in-market acquisitions

Underlying trends in K12 learning

Use of (generative) AI

Structural shortage of teachers

Changes in economic environment

...and we retain our strategy for sustainable long-term growth

M&A: enter new geographies in K12 and expand offering in existing markets

2–5% long-term organic growth target

Increase value per student through extending offerings

Grow market share by continuing to win in local markets

2023

2030
Ambition
1.5bn€

through
organic
growth
and M&A

M&A pipeline focused on in-market consolidation in 2024–2026

Driven by
Program
Solar

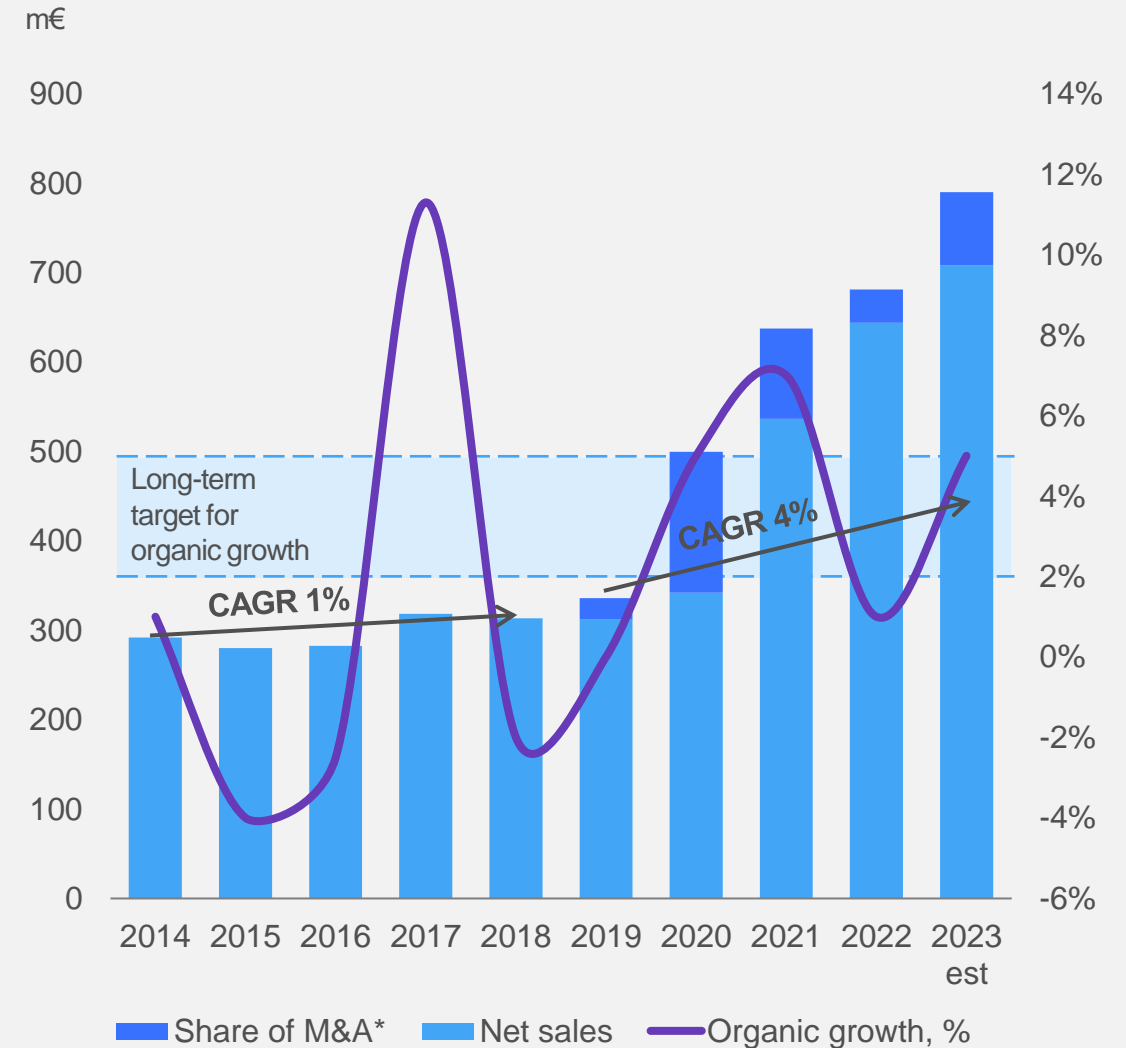
Long-term profitability* target of > 23%
enables us to continue investing while delivering a solid cashflow

Long-term cycles are the nature of K12 learning business

Accelerated organic growth during 2019–2023 driven by

- Strong market share growth in primary education
- Mostly stable or slightly growing positions in other market segments
- Upward trajectory of the Spanish and Polish market cycles
- Expansion of digital platform sales in the Netherlands and Poland

Net sales development



Resilient, but not immune

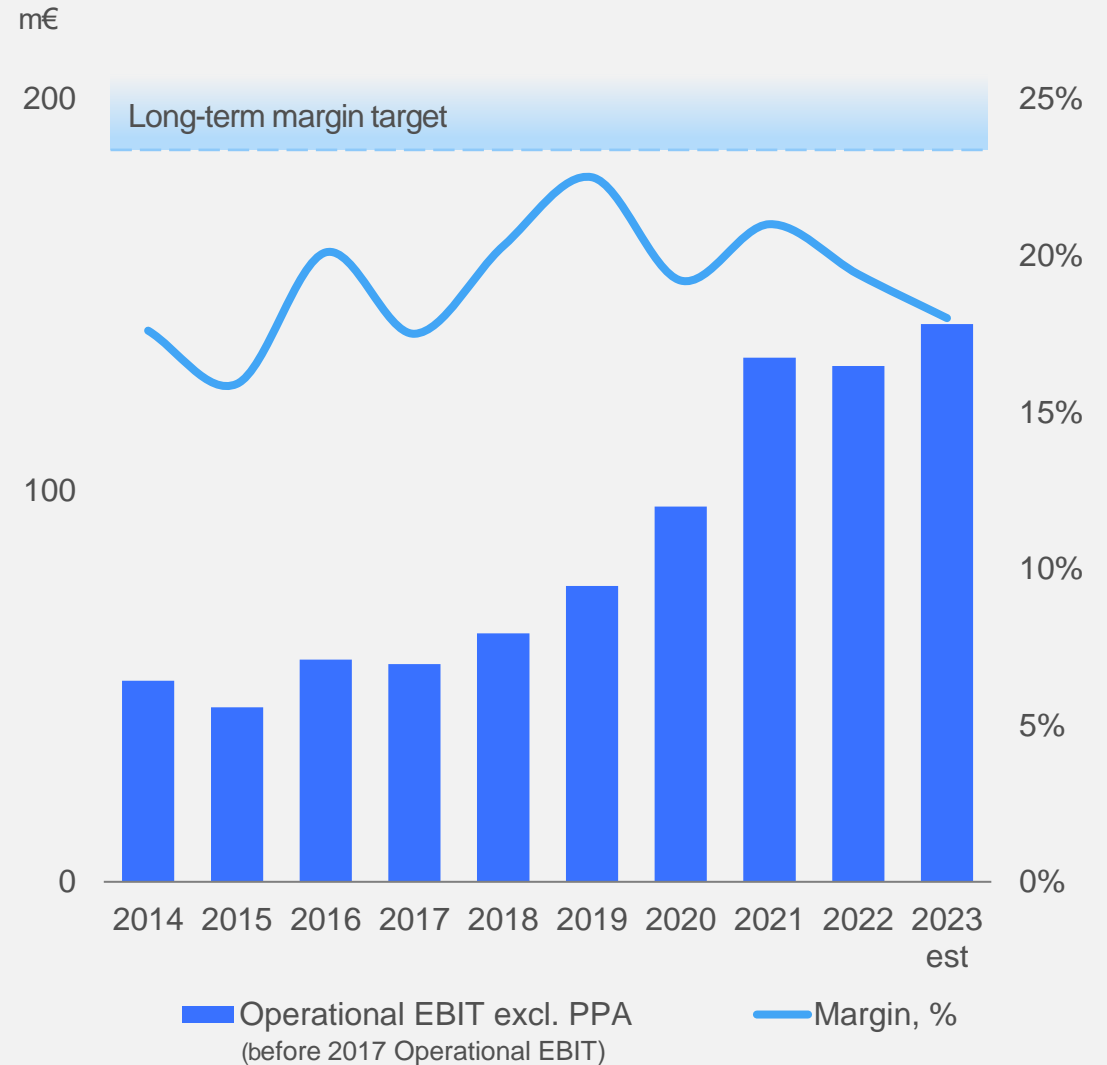
Since 2021, our profitability has been impacted by...

- Headwinds in the distribution business, which was hard hit by the rapidly accelerating inflation in its high season 2022
- Structurally lower margin (approx. 15%) of the acquired Italian business, which is focused on secondary education
- Overall impact of high inflation especially on our paper, printing and personnel costs

...partly offset by

- Solid performance and continued profitable growth in our core learning content businesses

Profitability development



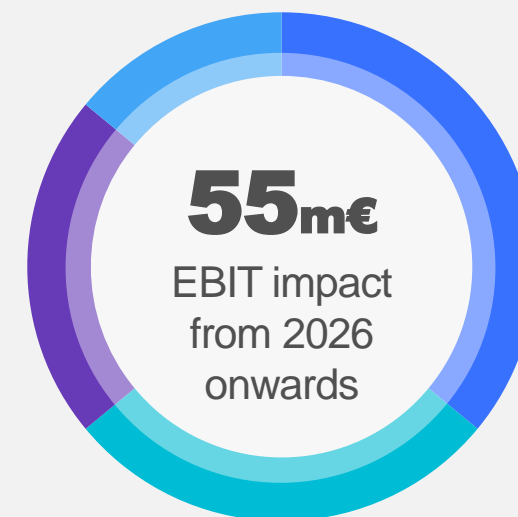
Program Solar will help us reach our long-term profitability target of 23% in 2026...

- Solar brings full benefits from the increased scale of the business
- Program streams touch our key business operations across countries

Organisational optimisation	<ul style="list-style-type: none">▪ Post-curriculum renewal optimisation in Spain and Poland▪ Optimising selected other operations
Publishing process improvement	<ul style="list-style-type: none">▪ Increasingly leveraging benefits of scale in content creation (sharing) and production (centres of excellence)▪ Reviewing publishing portfolios and plans
Harmonisation of digital platforms	<ul style="list-style-type: none">▪ Optimising product development and maintenance through outsourcing and nearshoring mainly to Poland and Spain
Other optimisations	<ul style="list-style-type: none">▪ Rightsizing support functions by optimising the overall organisational structure

Solar benefits are split between program streams

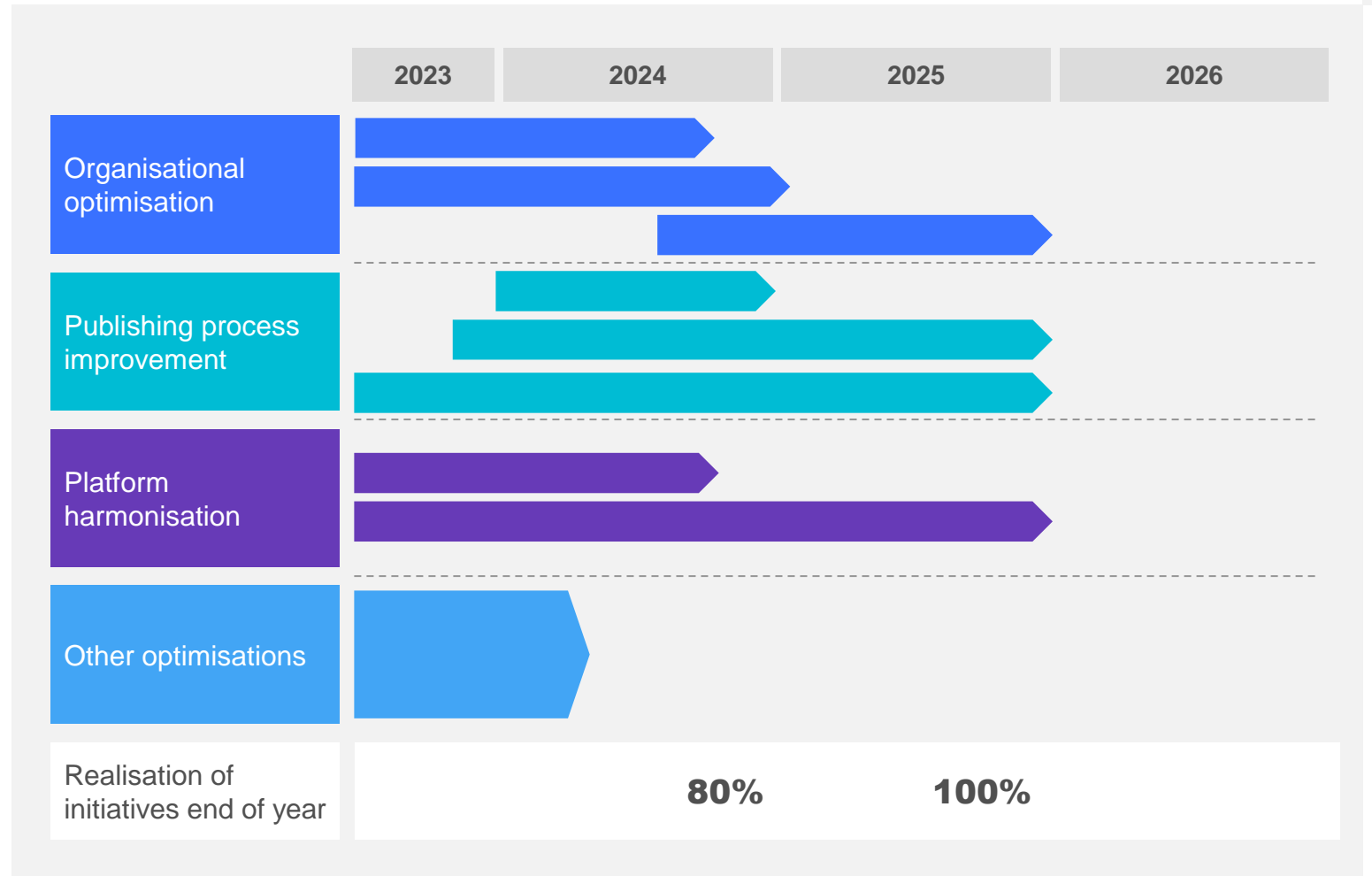
%



- Organisational optimisation
- Publishing process improvements
- Digital harmonisation
- Other optimisations

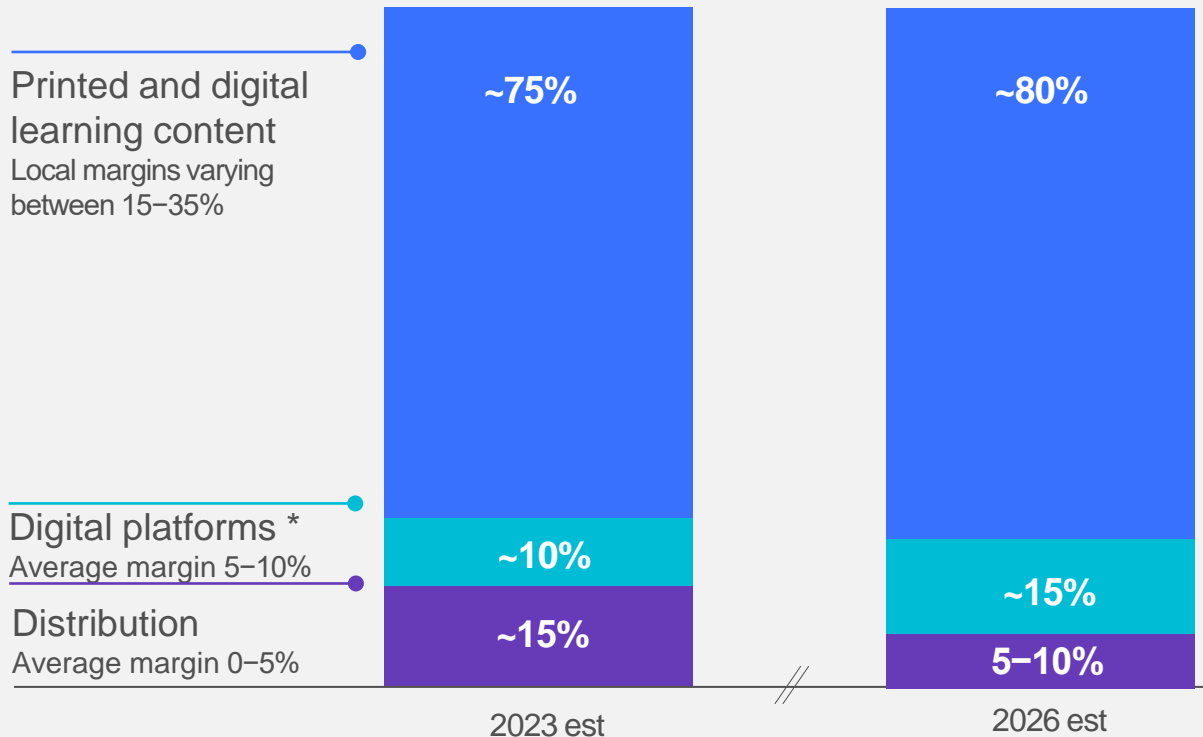
...and most program streams will be completed by the end of 2024

- Majority of the project work will be completed by the end of 2024
- Two main reasons drive the increase in financial impact towards 2026
 - Phasing of project work
 - High share of savings through lower investments, benefitting EBIT in later years as lower D&A



In 2026, net sales are expected to be stable vs. 2023 with higher share of more profitable learning content business

Average net sales split and margins over the cycle



Learning content main driver of organic growth and profit contribution

We continue to take steps to improve the performance of our distribution businesses

- Distribution businesses are an integral part of our overall learning services offering
- We expect the Dutch market continue to be challenging and we are taking actions to improve our financial performance there e.g., by
 - Optimising commercial proposition from volume-based discounts to service fees
 - Discontinuing the rental model and transitioning to school-owned books for reuse
 - Discontinuing the Belgium distribution business and scaling down our overall overhead
- Overall, these actions are expected to result in clear net sales decline especially in 2024 and target the average margin of 0–5%

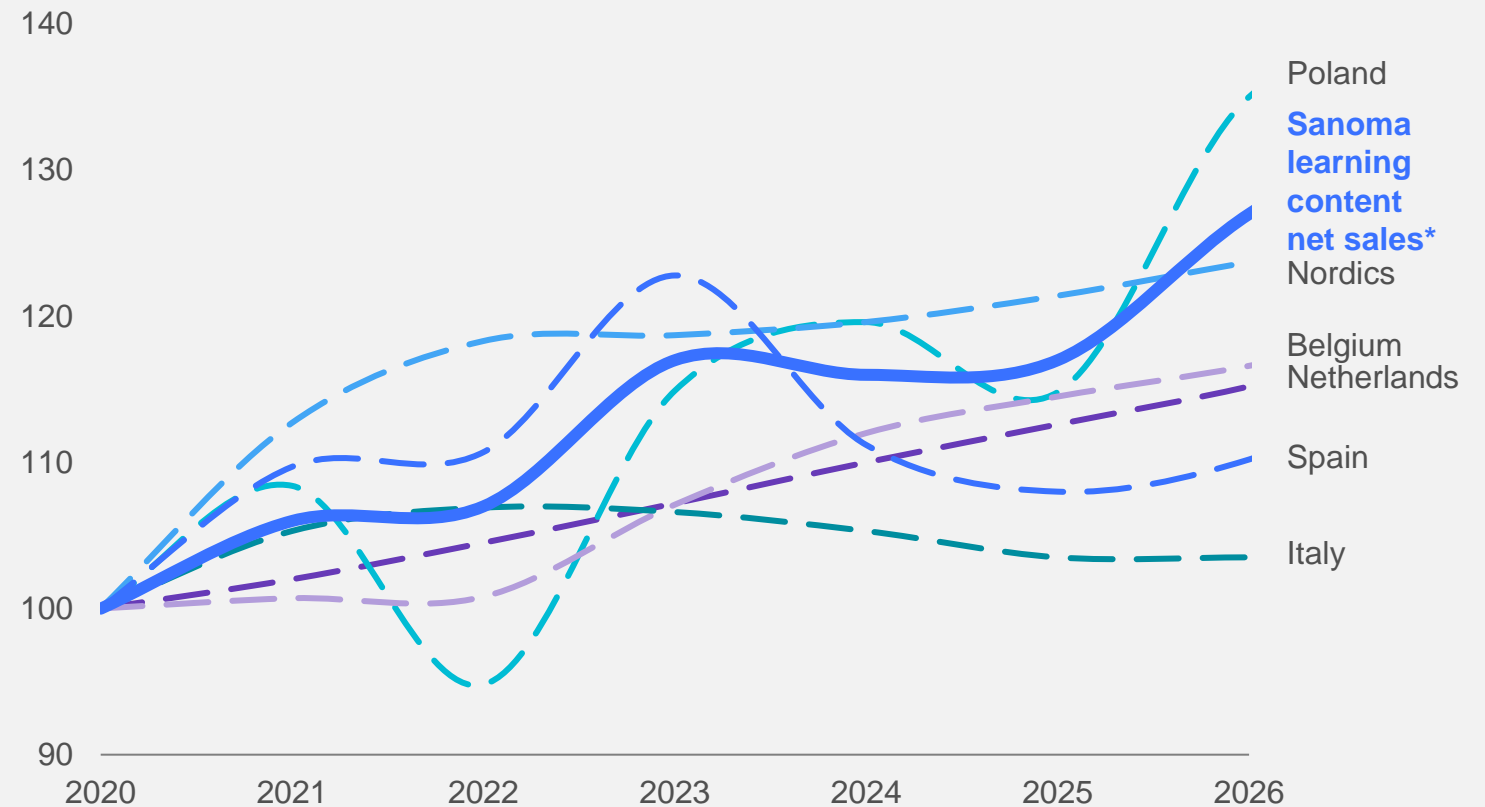


Learning content sales vary driven by curriculum renewals in our major operating countries

Learning content
75%
of net sales
in 2023

- Expected development of learning content sales in 2023–2026 is a function of changes in
 - Number of students ↘
 - Expenditure ↗
 - Market share ↗
- Mix within learning content sales is changing

K12 publishing market values in Sanoma's key operating countries indexed to 2020



Different blended offerings across Sanoma today reflect the different stages of our markets

Blended learning is the preferred solution for teachers



LIBROMEDIA

Print book with digital version



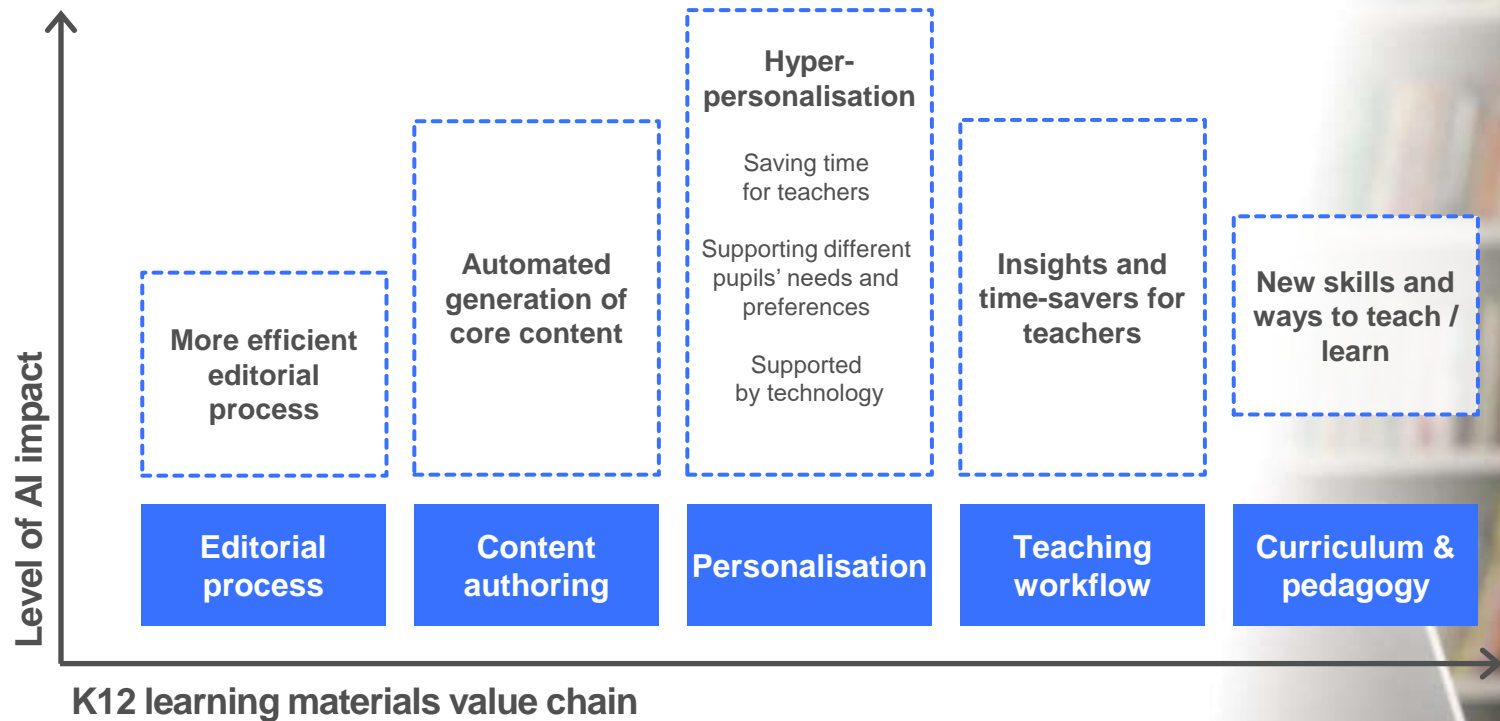
Print book with digital version and exercise platform



Print and digital fully blended adding distinctly different parts of the learning experience

Teacher materials on how to teach blended learning

Generative AI brings opportunities and will change our way of working



Increasing importance of fully trustworthy, curated content



Value of existing K12 content corpus

Insights into how teachers see the role of AI in education on p. 69

We are making good progress on our Sustainability strategy and our inclusive learning activities



We are a leading European K12 learning company serving more than 25 million students

We will reach our long-term profitability target in 2026 supported by process and efficiency improvement program Solar

We continue with our ambitious strategy for sustainable long-term growth

We have a leading blended offering of digital and print in all our operating markets

Operational EBIT margin excl. PPA

23%

in 2026



Q&A

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Media Finland:
**Progressing towards
our long-term margin
target through
successful digital
transformation**

Pia Kalsta, CEO Media Finland

Capital Markets Day 2023



Our successful digital transformation progressing towards long-term margin target of 12–14%

Leading provider of digital independent journalism in Finland

Strong position in domestic high-reach entertainment

Increasing profitability

Key actions

- Grow the digital subscription base and average revenue per user (ARPU) across all Finnish households
- Grow lead of high reach IS news
- Accelerate Subscription Video On Demand (SVOD) growth
- Drive advertisers' transformation to Total TV
- Continuous efficiency improvements
- Recovering B2B demand with further potential of opening up of gambling advertising market in 2026

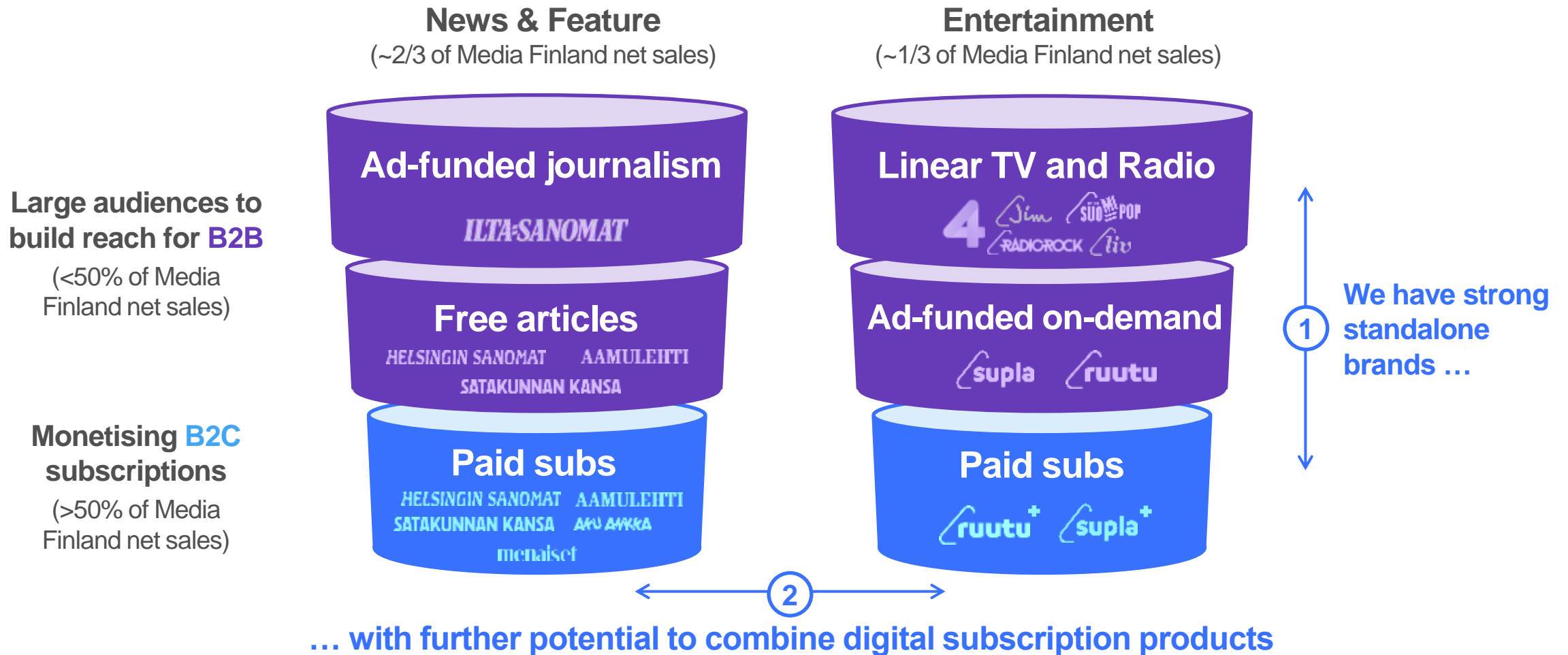
Long-term targets unchanged

Organic growth +/-2%

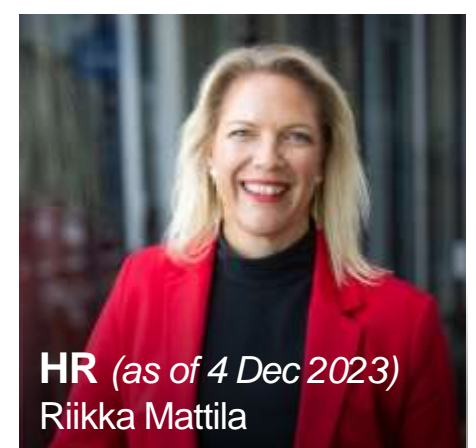
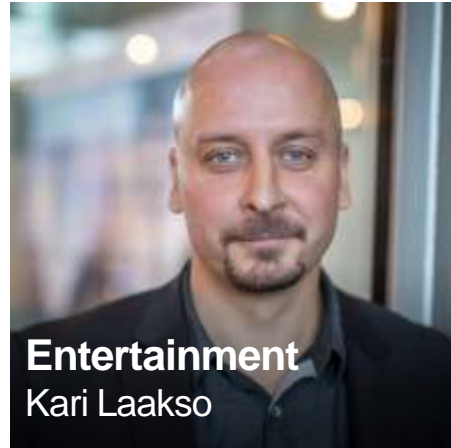
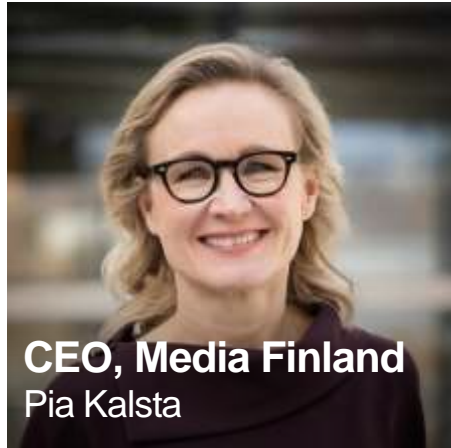
Operational EBIT margin excl. PPA 12–14%

Through independent Finnish media we have a positive impact on people every day

We have a strong portfolio of independent and complementing brands with substantial digital synergies



We have an experienced team leading our digital transformation over the last six years



We are increasing the value of digital for our customers to prepare for digital-only future

Up to 2023

Digital transformation push



We reach **97%**
of Finns every week...

... and **900k** paying
for digital subscriptions out of
2.7m households

In 2024–2026

Increasing value of digital for our customers



Subscriptions

- Strong digital portfolio of independent and complementary brands with potential for combined offerings
- Further developing digital customer journey and experience

Advertisers

- Competitive digital B2B products with improved targeting capabilities
- Total TV ad measurement becoming the industry standard

Profitability enablers

- Continued efficiency improvement further supported by AI

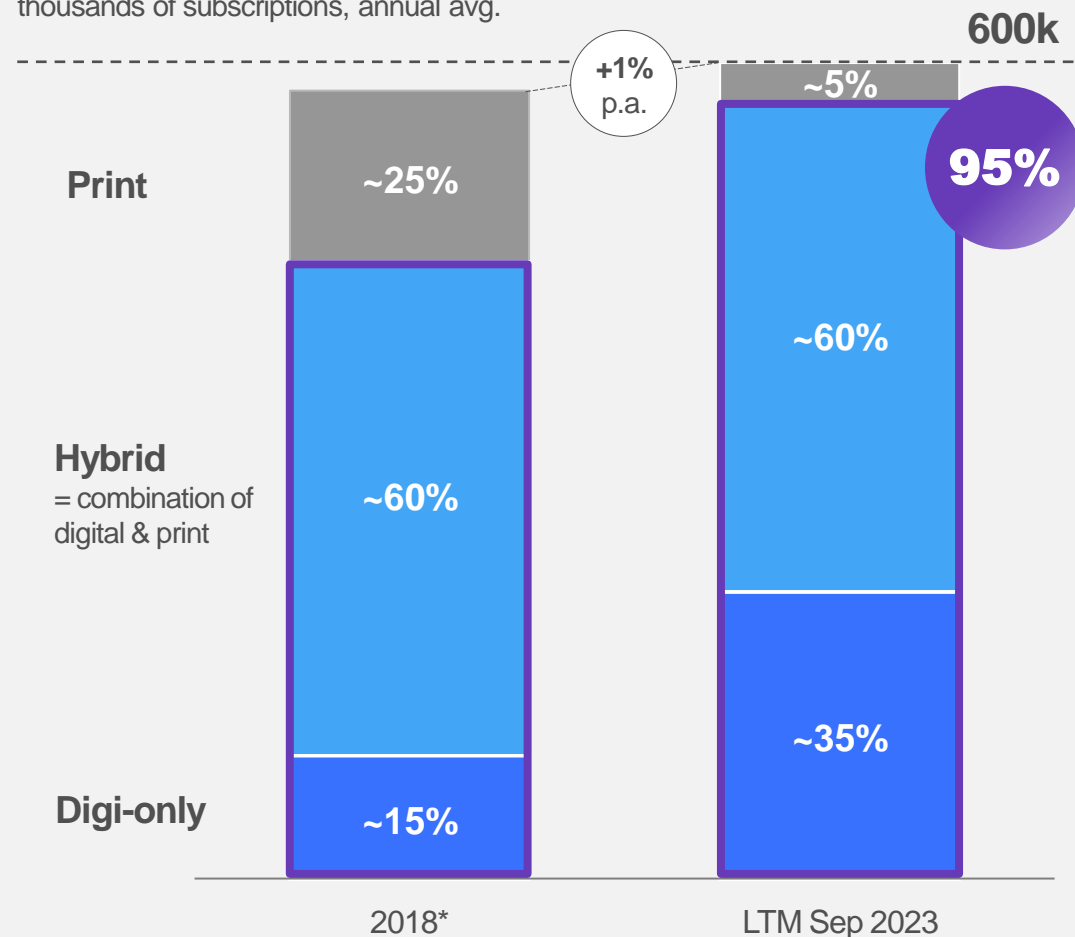
News & Feature

News media subscription base has become highly digitalised

- >95% of news media subscribers pay for a digital component
- Going forward we focus on digital usage and number of digital subscriptions by
 - Improving customer experience of the digital product and content
 - Developing our digital first sales model
 - Launching new and complementary digital products and packages
- We have continuously invested in digital transformation, and continue to do so at the same level

Digital subscription base in news media has grown by 20pp in last 5 years

thousands of subscriptions, annual avg.

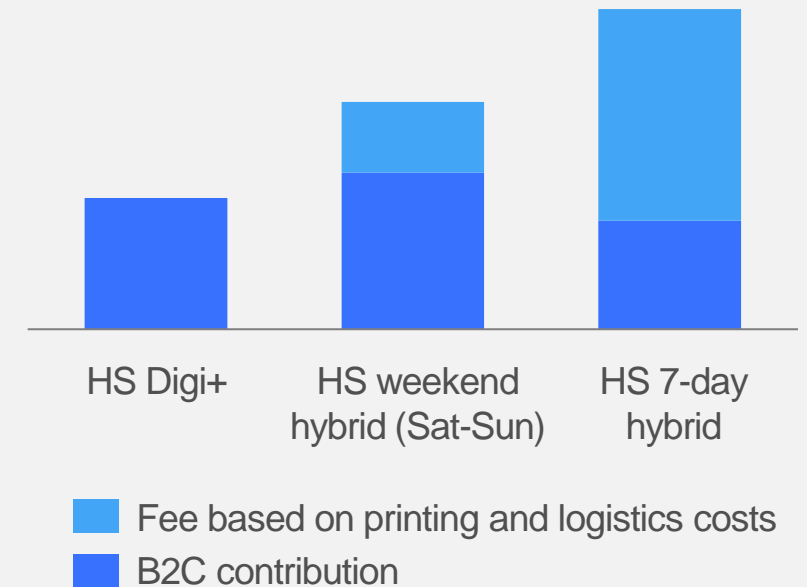


Transformation away from 7-day hybrid improves B2C contribution

- Currently price paid by customer contributes relatively similar irrespective of the product
 - Customer pays for the printing and logistics costs on top
 - B2C contribution of 7-day hybrid higher in core regions, where distribution costs more efficient
 - Transition productisation, like Weekend Hybrid, plays an important role going forward
- We will manage the transformation speed from print to digital to give time for customers to adapt and for us to adjust our supply chain operations

B2C contribution of Helsingin Sanomat (HS) subscription types

2023



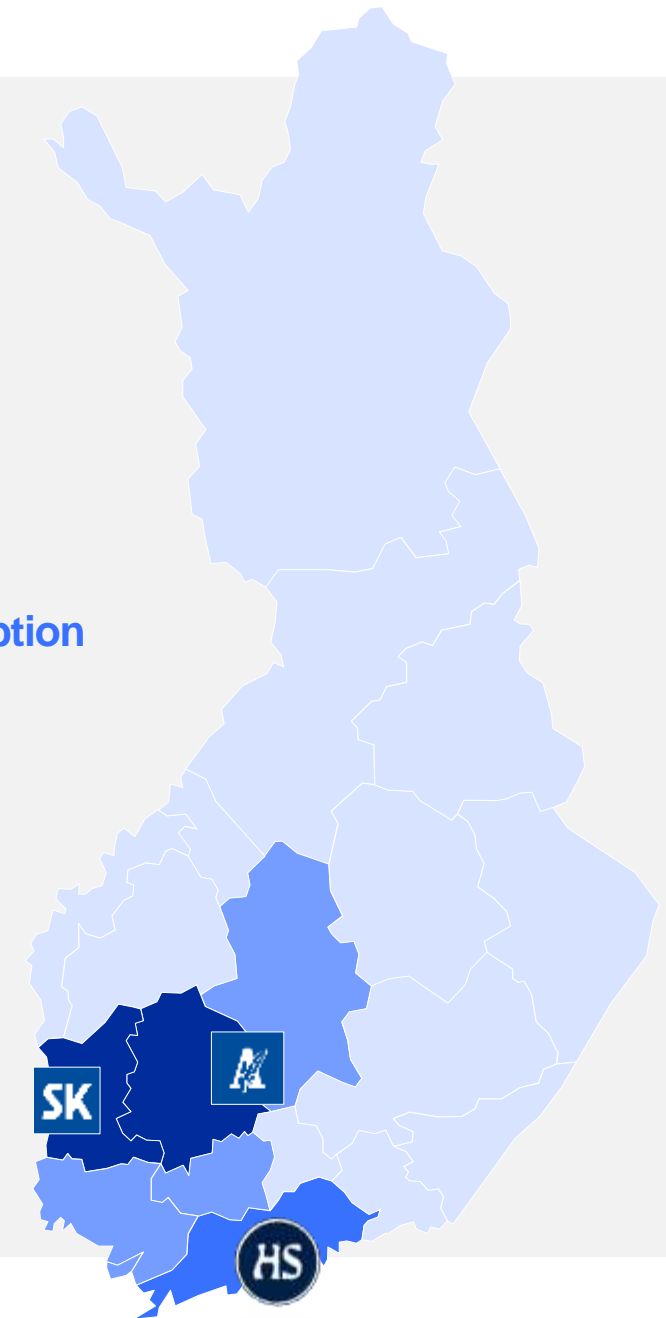
We still have growth potential in digital subscriptions throughout Finland

- Our news brands have strong subscription penetration in their core areas
- Digital news consumption is growing, and local regional media is published less frequently
 - This creates increasing potential for HS also outside of its core region
- In digital, we can use our unique position and package our news and entertainment subscription products to create value for our customers

News media subscription products' regional penetration



Penetration degree
Lower Higher



Ruutu+ has a solid national penetration across regions

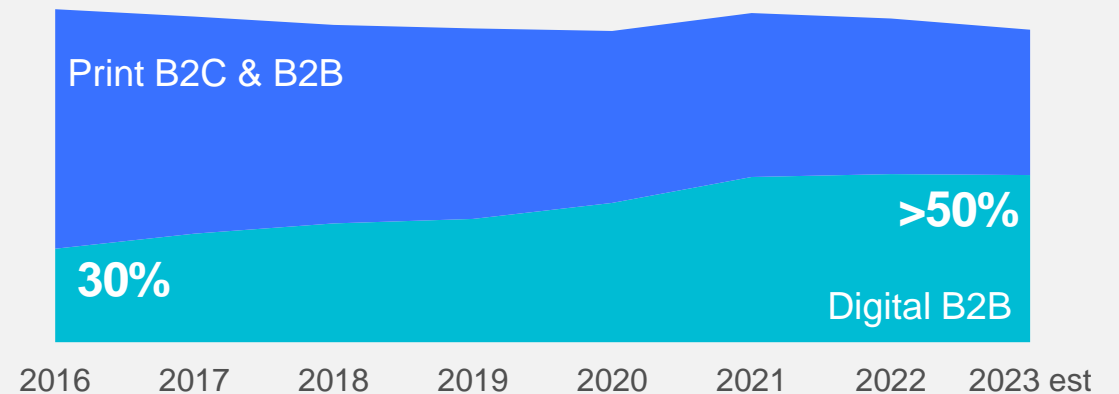
Ilta-Sanomat reaches two thirds of Finns on a weekly basis

- Highly digitalised IS is the largest news media in Finland and performing well against social media players
- Digital B2B sales compensating for decline of single copy sales
- Attractive news media platform for B2B customers due to high reach, fast digitalisation further improving targeting possibilities
- Continued digital audience growth and further focus on video and audio

Out of a population of 4.5m (16–85 y/o) IS has



Growing digital sales have offset declining print sales

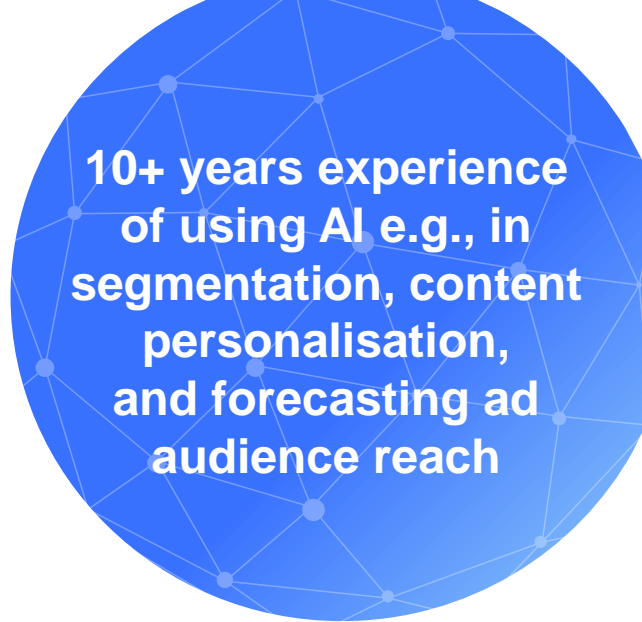


AI presents significant opportunities without compromising our foremost priorities of trusted journalism

Example use-case: Editorial

Multiple ongoing Generative AI use cases, including

- News summaries, which are effective especially with younger audiences and increase time spent on an article
- Improved advertising targeting capabilities



Example use-case: Efficiency

Efficiency improvement potential e.g., in software development and commercial operations

We have leading entertainment brands in selected segments

TV & video

- Grow subscription VOD through own content and successful partnerships
- Drive Total TV offering for advertisers

Share of entertainment net sales

~70%

Our market position

#1-2

Radio & Audio

- Maintain strong national radio position
- Grow Supla in digital audio in co-operation with News & Feature brands

~15%

#2

Live

- Focus on organic growth while mitigating risks
- Develop the festival experience and brands

~15%

#1



TIKKURILAFestivaali

In TV, we focus on domestic high engagement content and complement our offering with content partnerships



Domestic entertainment

Strong track record of the largest domestic programming phenomena in Total TV in the relevant target groups

Driving both ad funded viewing and SVOD sales



Domestic sports

Focus on cost efficiency and local sports series

Sports content strategy differing from competitors



Partnerships

Partnerships strengthen Ruutu's offering in key areas

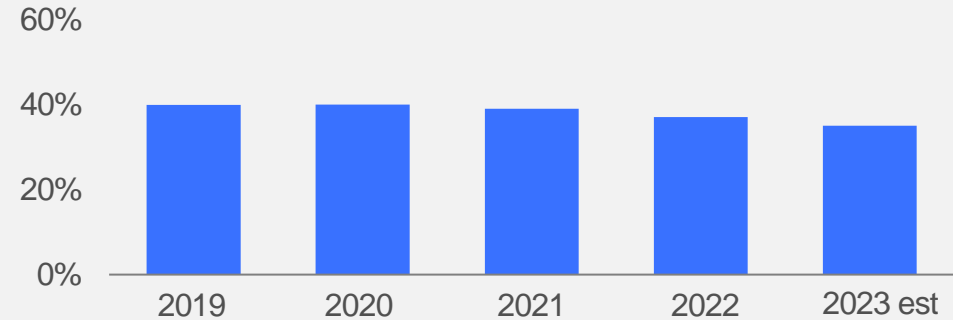
Win-win models monetise partner content or service in the Finnish market either through advertising or subscriptions

FTA balancing between profitability and growth

- Economic environment combined with overcapacity and low prices has been challenging for all FTA players – we have been careful in investments
 - Decision has resulted in a slight loss of viewing share in FTA as expected
 - Campaign level reach on par with main competitor in biggest commercially viable target groups
- FTA segment expected to be more stable in the short-term with recovering economy in Finland and upward price pressure, while viewing minutes continues to decrease slightly

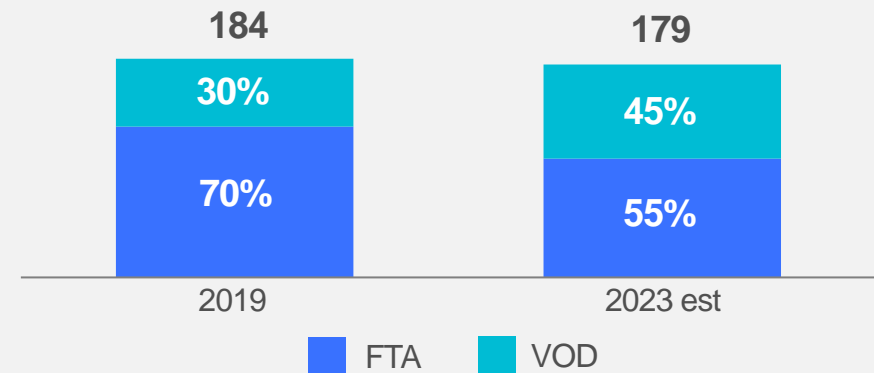
Our share of total commercial viewing has decreased slightly

Media Finland commercial share of viewing in 25–54 y/o



Share of VOD in total viewing minutes growing fast

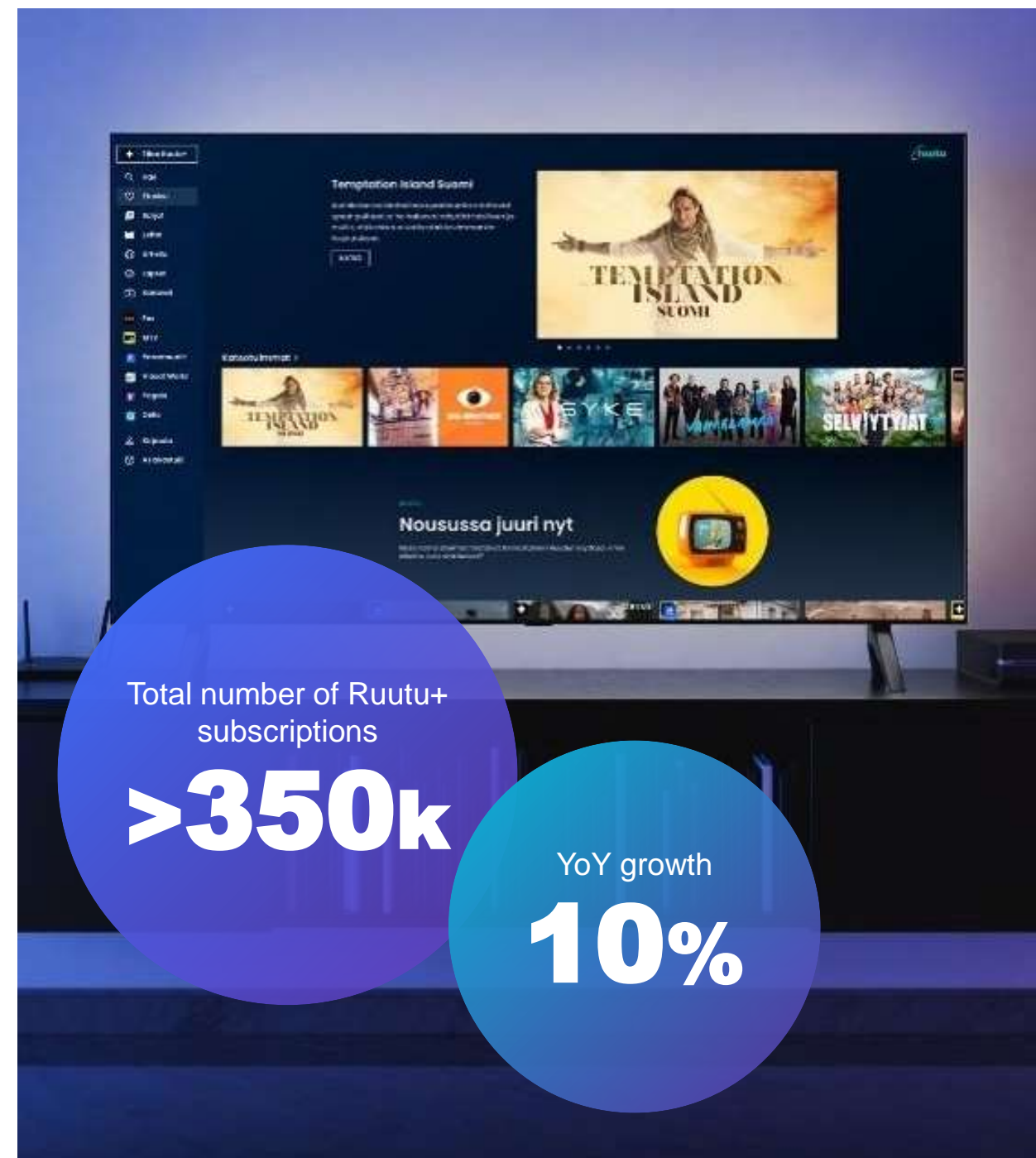
Min/day in 25–54 y/o, total market



Entertainment

Strong Ruutu+ performance with growing subscription base

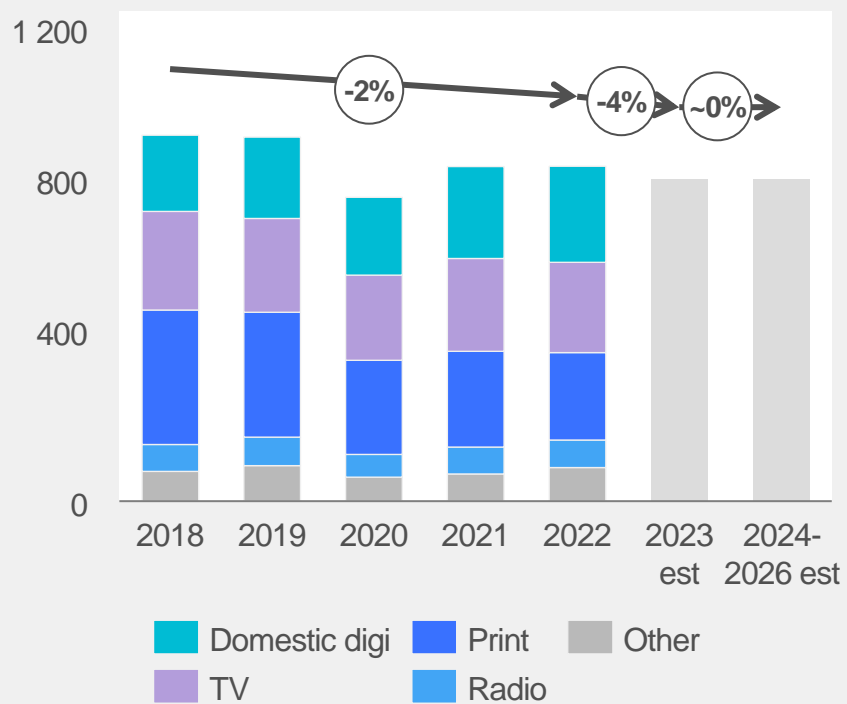
- Growth in SVOD service Ruutu+ demonstrates the continued demand for domestic content
- Creating subscriber demand and value despite challenging market conditions
 - Signs of global players pulling back from local content
- Continuing subscription growth with +10% YoY in October 2023
 - Supported by own content and successful partnerships e.g., Elisa launched in October 2023 and Paramount's Pluto FAST channels launched in June 2023
- Growing ARPU by over 25% YTD, mainly driven by successful productisation and high-quality content contributing to customers' increased willingness to pay



Advertising market is expected to gradually recover

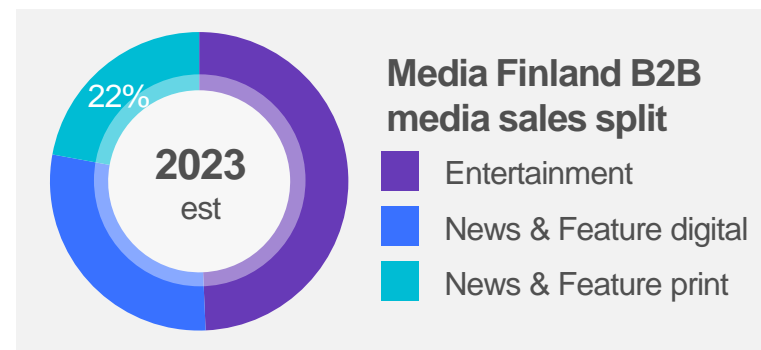
Ad market continues to be uncertain...

Domestic measurable media market by segment, m€



...but our long-term advertising sales outlook is stable

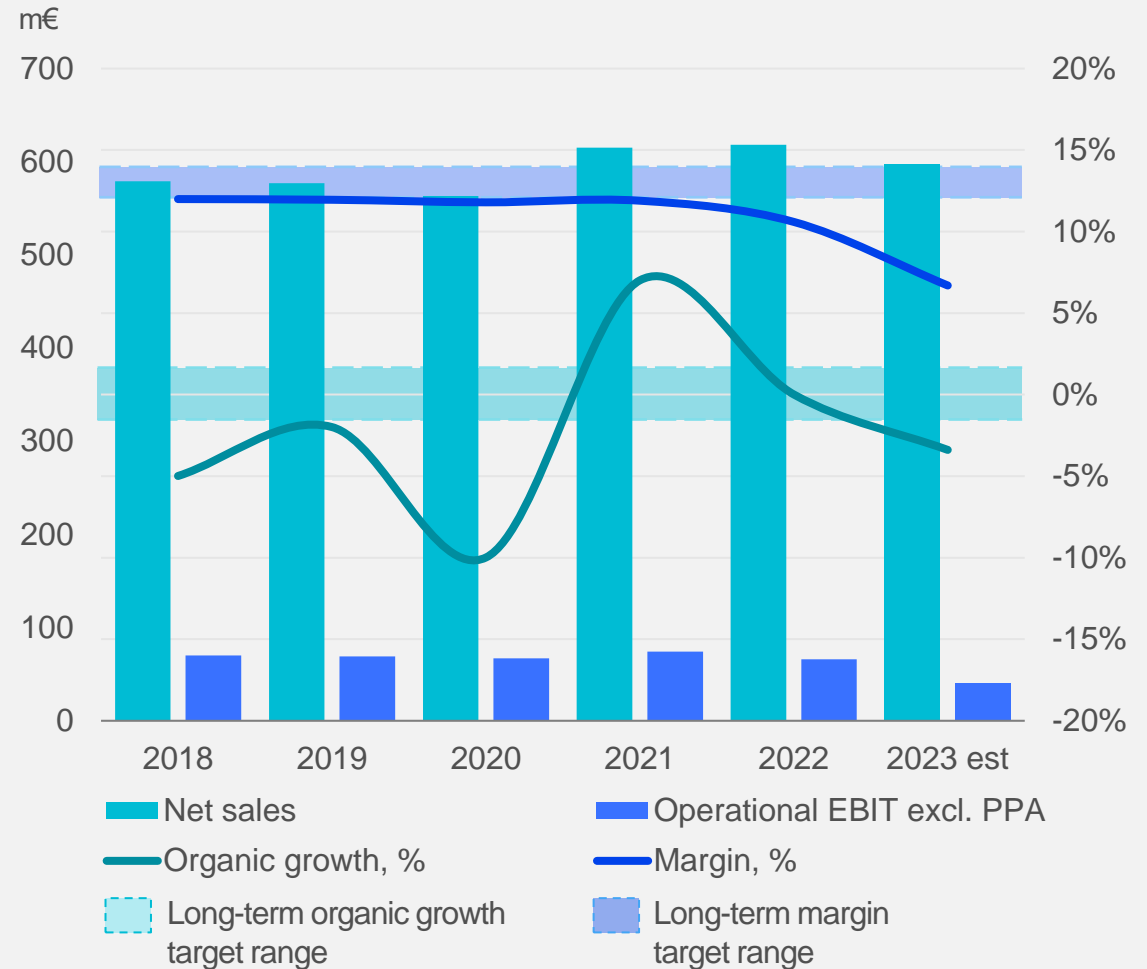
- Digital advertising sales compensating for the decline in print advertising, print sales represent only ~22% of total media advertising sales
- Free-to-air (FTA) TV segment future development rather stable with price increases compensating for decrease in viewers
- Total TV ad measurement improving the competitiveness of the B2B offering
- Potential opening of the gambling market in Finland in 2026 creates new advertising opportunities



Our business is resilient, but not immune to economic downturn

- Market conditions have had an impact on our profitability in 2023
- Solid track record of efficiency improvements while transforming the business into digital
- Our long-term profitability target of 12–14% unchanged, based on
 - Continuous efficiency improvements, further supported by AI
 - Recovery in the Finnish advertising market
 - Reduction in paper prices and decreasing paper volumes

We can remain profitable even in challenging market



Our successful digital transformation progressing towards long-term margin target of 12–14%

Leading provider of digital independent journalism in Finland

Strong position in domestic high-reach entertainment

Increasing profitability

Long-term targets unchanged

Organic growth +/-2%

Operational EBIT margin excl. PPA 12–14%

Through independent Finnish media we have a positive impact on people every day

Q&A



s a n o m a

Solid position and clear path to meet our long-term profitability targets

Alex Green, CFO

Capital Markets Day 2023



Solid position and clear path to meet our long-term profitability targets...

Increasing profitability

Improving cash flow generation

Strengthening the balance sheet

Long-term financial targets

Learning

Organic growth	2–5%
Operational EBIT margin excl. PPA	> 23% (from 2026 onwards)

Media Finland

Organic growth	+/- 2%
Operational EBIT margin excl. PPA	12–14%

Sanoma Group

Net debt / Adj. EBITDA	< 3.0
Equity ratio	35–45%
Dividend policy	Increasing dividend, 40–60% of annual free cash flow *



...and making good progress towards our ambitious sustainability targets

Our key sustainability targets (FY 2022 in brackets)

Annual Scope 1 & 2
emission reductions of

-4.6%

in line with SBTi by 2030
(-7%)

Annual Scope 3
emission reductions of

-4.2%

in line with SBTi by 2030
(-8%)

95%
of our total
GHG emissions
from the value
chain (scope 3)

Employee Experience
Index

>7.5

by 2030
(7.3)

Management
gender balance

50/50

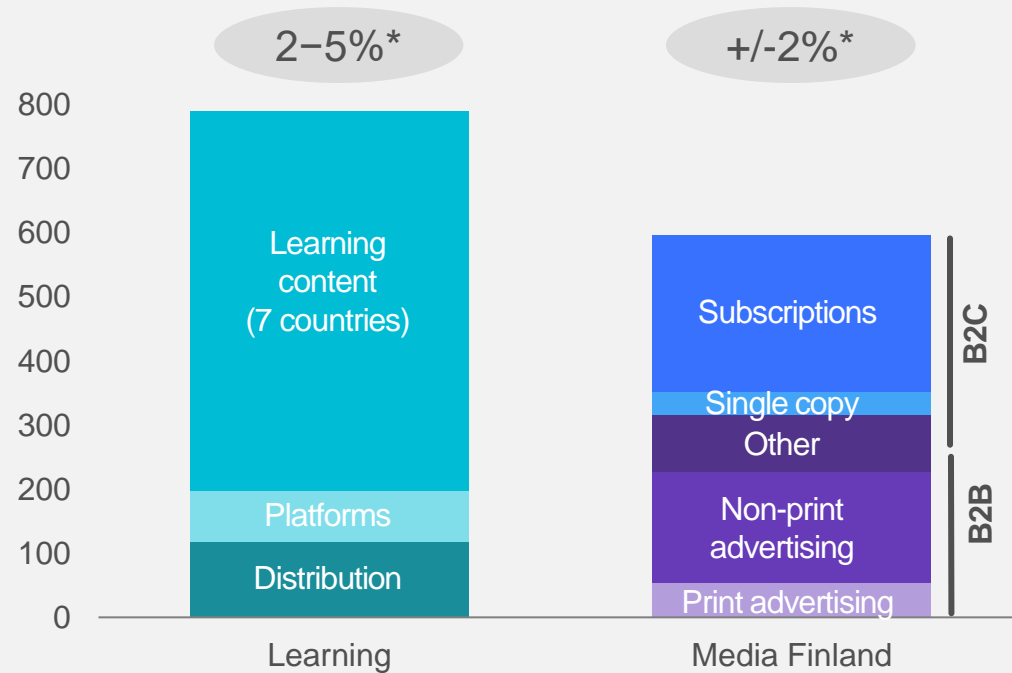
by 2030
(41 women / 59 men)

Our purpose
Through learning
and media, we have
a positive impact on
the lives of millions
of people every day

We have a strong portfolio with growing seasonality

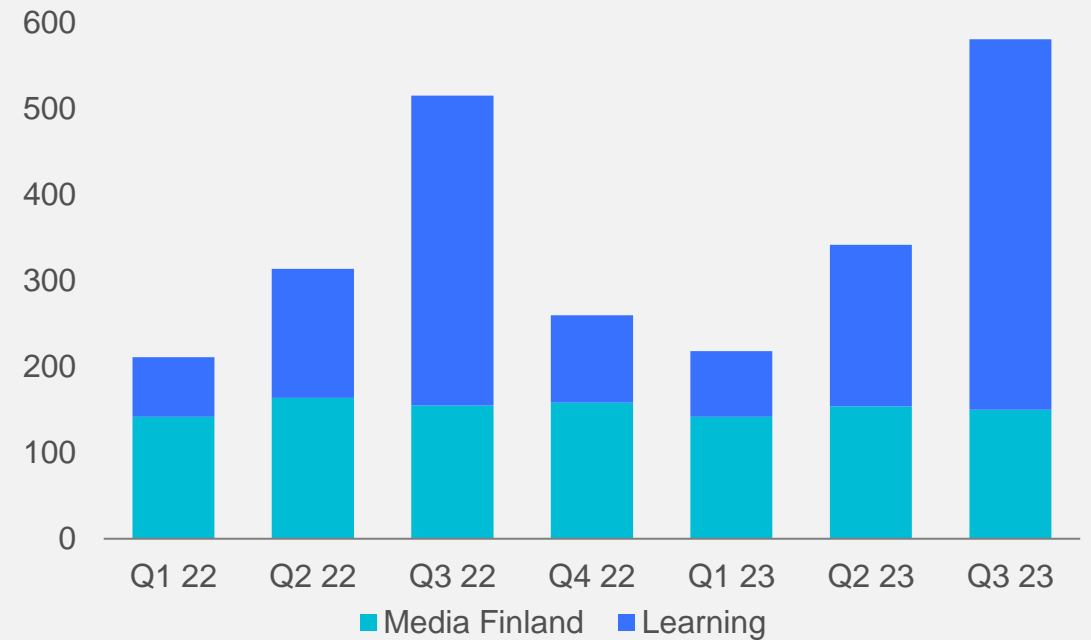
Growing share of learning content, reducing share of print advertising

Net sales 2023 est, m€



Seasonality between quarters is typical for K12 learning business

Net sales, m€



Solid performance in 2023, cost inflation and price increases expected to continue in 2024

Solid operational year in both businesses led to narrowed Outlook for 2023*

- Successful implementation of LOMLOE curriculum renewal in Spain
- Net sales increased driven by Italian business acquired in August 2022
- Continuing efficiency improvements in Media Finland

Cost levels in key categories fluctuating in 2022–2024

- Paper and printing costs (2022: ~100m€) increased in 2023
 - Significantly higher prices
 - Increased volume in Learning
 - Declining volume trend in Media Finland
- Personnel expenses (2022: ~350m€) increased in 2023, further increase expected in H1 2024

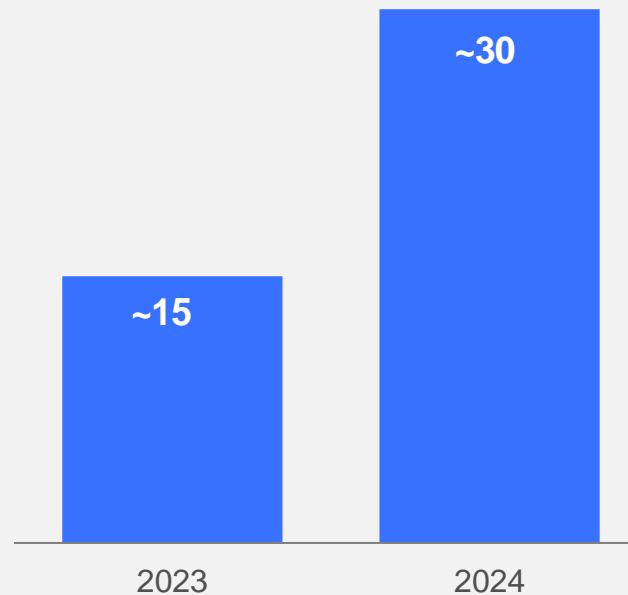
Successful implementation of **price increases** partially mitigating cost inflation impact



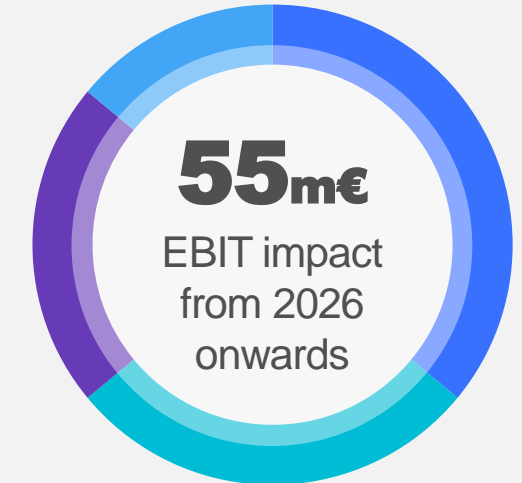
Learning will reach its long-term profitability target of 23% in 2026 through program Solar

- Solar brings full benefits from the increased scale of the business
- Program streams touch our key business operations across countries
- Approx. 30m€ of IACs expected in 2024, 15m€ booked in Q3 2023
- Lower unit costs driving increased profitability when volumes increase again in 2026

Costs related to Solar totalling 45m€, booked as IACs
m€



Annual Solar benefits split between program streams
%

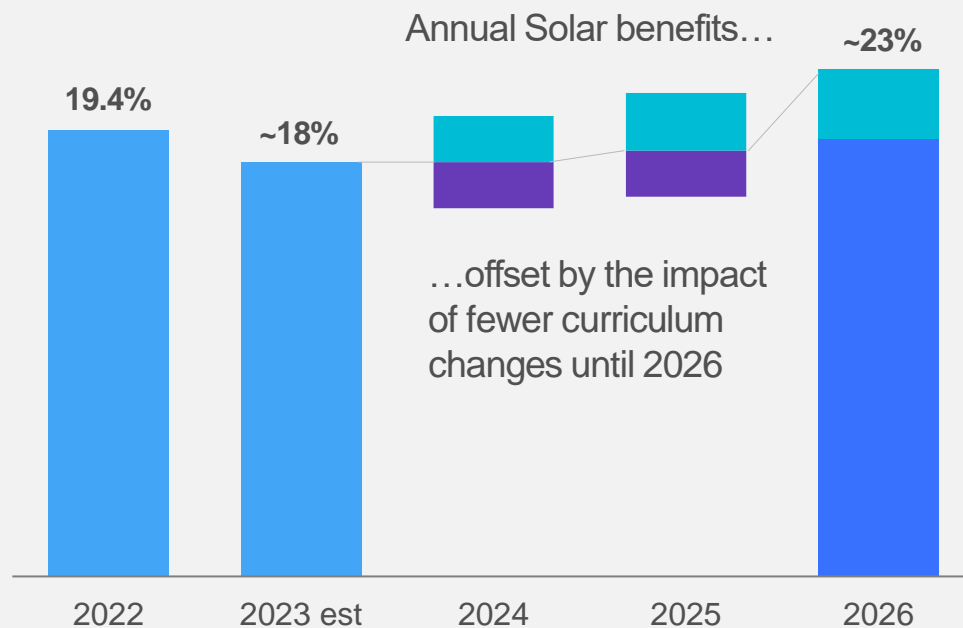


- Organisational optimisation
- Publishing process improvements
- Digital harmonisation
- Other optimisations

We have margin improvement initiatives running in both Learning and Media Finland...

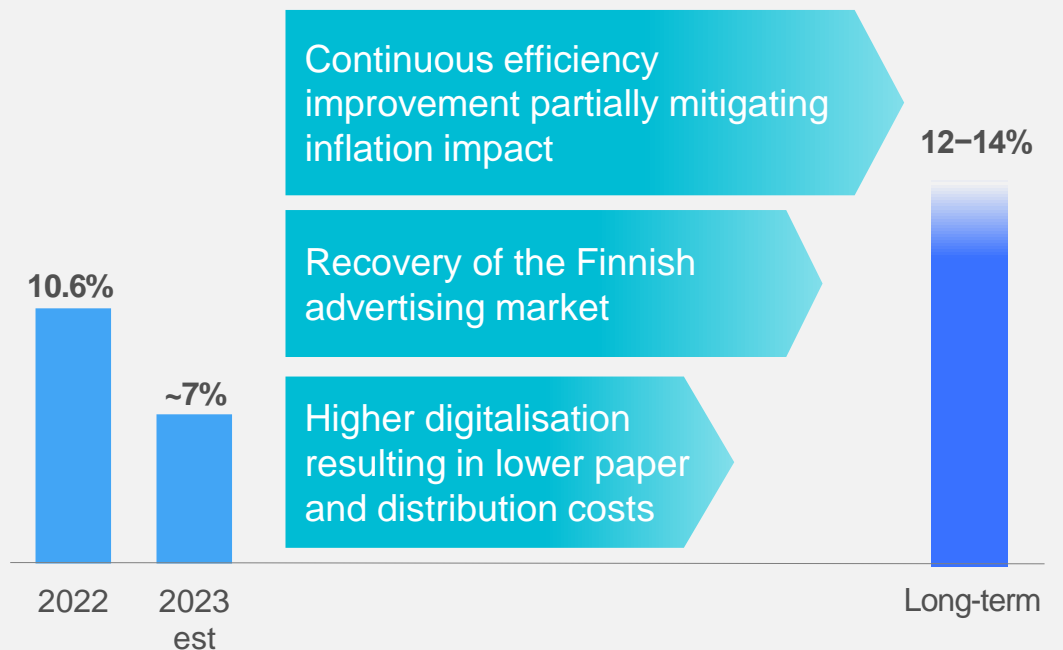
Learning's profitability to reach the long-term target of 23% in 2026 supported by Solar

Operational EBIT margin excl. PPA, %



Media Finland's profitability to improve towards the target of 12–14% in the long-term

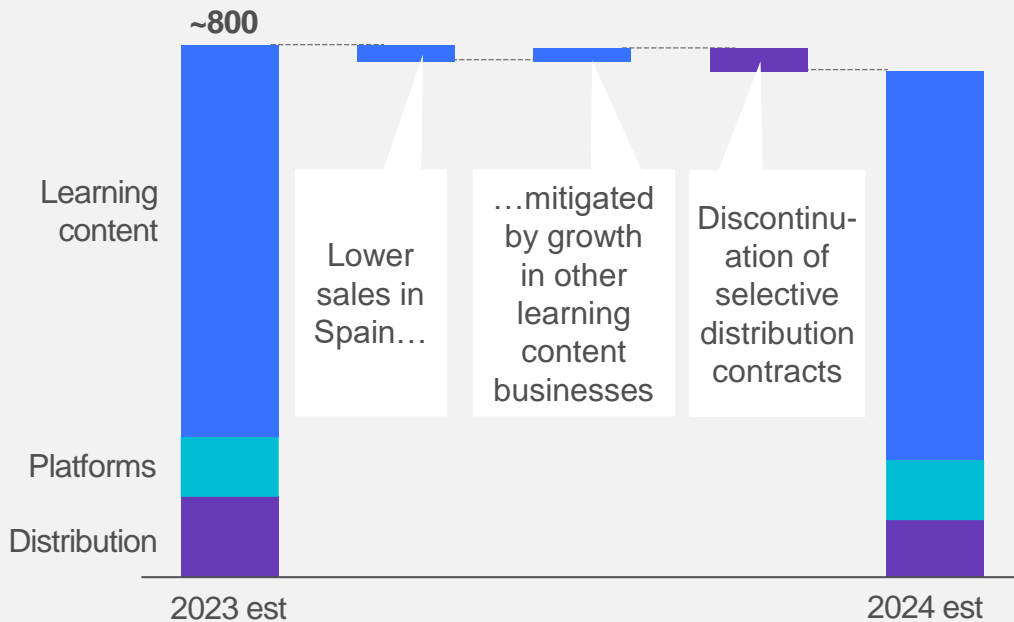
Operational EBIT margin excl. PPA, %



...and a relatively stable sales outlook for the Group in 2024

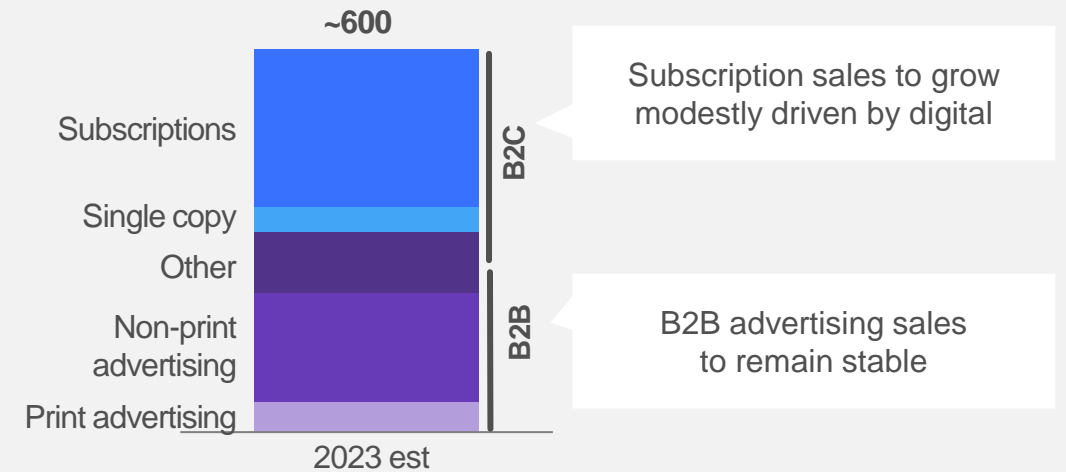
Distribution business and lower cycle in Spain will impact Learning net sales in 2024, other content markets growing

Net sales, m€



Media Finland net sales expected to be relatively stable in 2024

Net sales, m€



Free cash flow in 2023 expected to be somewhat higher vs. underlying free cash flow* of 2022

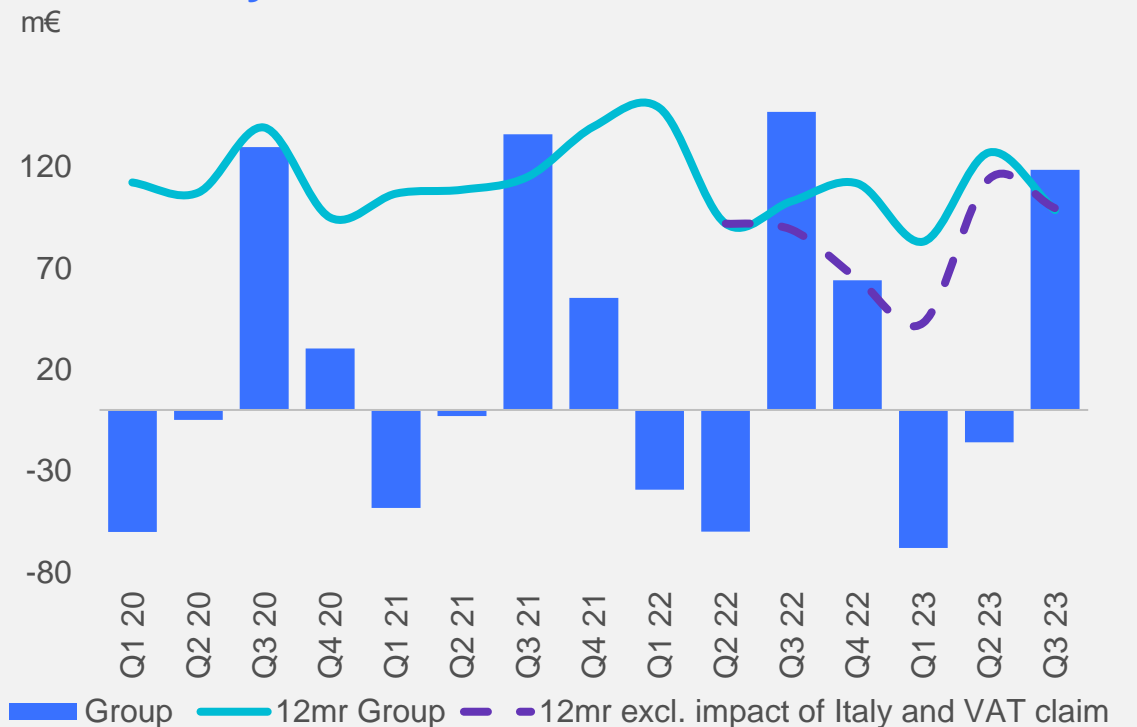
Key impacts on free cash flow in 2023

- + Improved working capital management
- Italian acquisition (due to its timing)
- Higher financing costs

Improving free cash flow in 2024 and beyond resulting from...

- + Improving profitability
- + Lower content creation investments
- + Maintaining the improved working capital management
- + Reducing IACs (from 2025)
- Further increase in financing costs (in 2024)

Active cash flow management mitigating seasonality of free cash flow

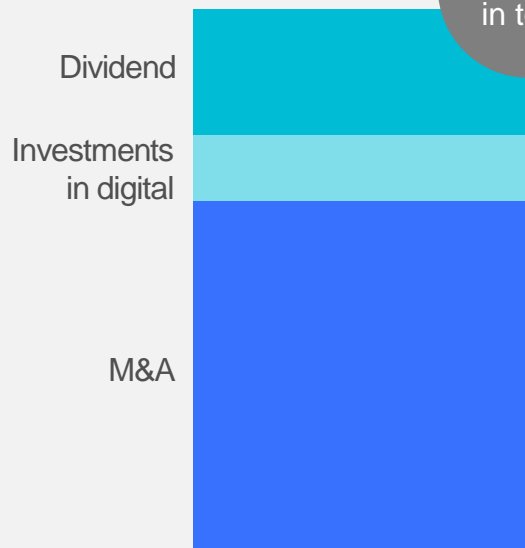


Deleveraging will be central to our near-term capital allocation

In recent years, we have grown Learning through M&A

Capital allocation in 2020–2022*

>1bn€
in total



Short-term cash flow will be impacted by

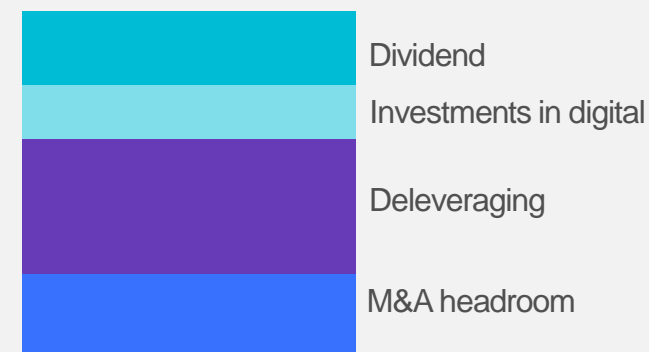
- Higher financing costs
- Costs related to Program Solar in 2023–2024
- Economic headwinds continuing to impact Media Finland

In 2025–2026

- + Learning profitability reaching long-term target of 23% in 2026
- + Uplift of the advertising demand depending on the recovery of Finnish economy

In 2024–2026 we will focus on deleveraging to build headroom for future growth

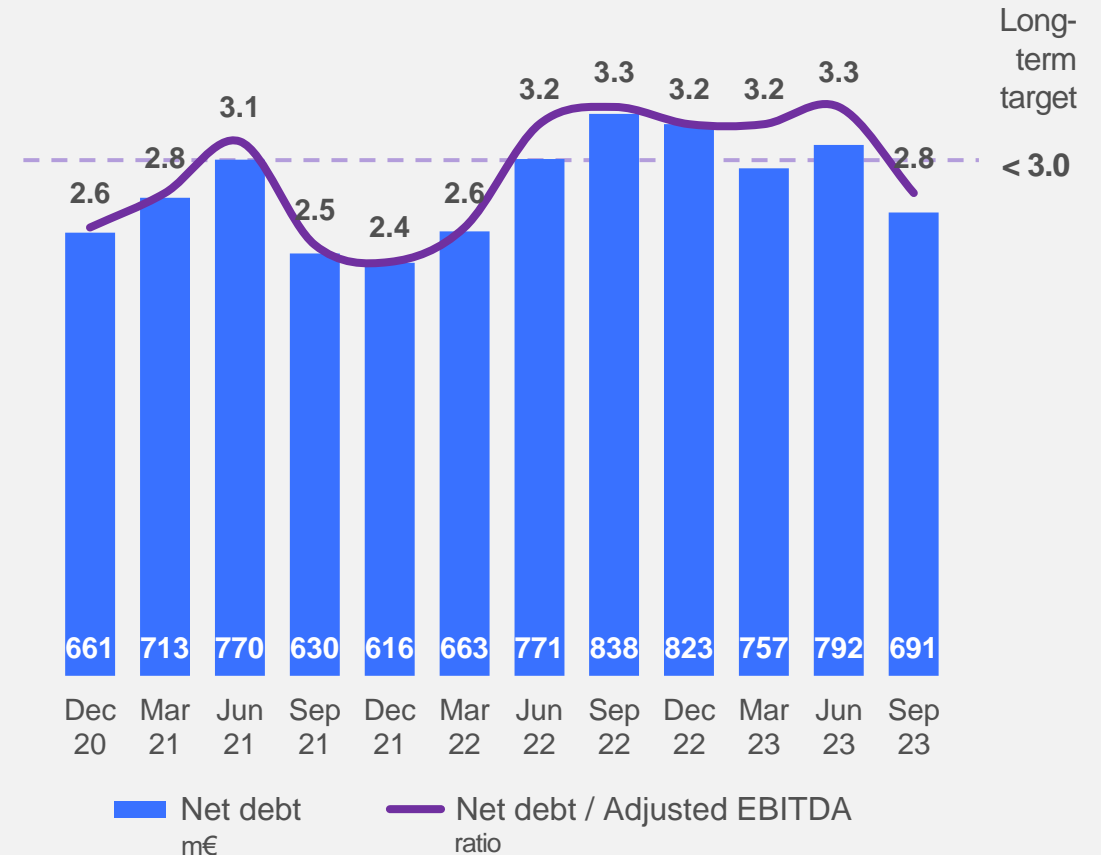
Capital allocation priorities in 2024–2026*



Leverage has improved to long-term target level of < 3.0

- Strengthening the balance sheet will be our key priority for near to mid-term enabling the repayment of the hybrid bond
 - 150m€ hybrid bond not included in net debt or leverage
- Leverage and equity ratio vary during the year in line with the seasonality of the learning business – in H2 2023 within the long-term target levels
- Cost of capital has increased significantly vs. 2022
 - Net financial expenses in 2023 ~30m€
 - Expected to increase further in 2024
 - Annual interest of 12m€ booked directly into equity

Annual seasonality visible in our balance sheet metrics

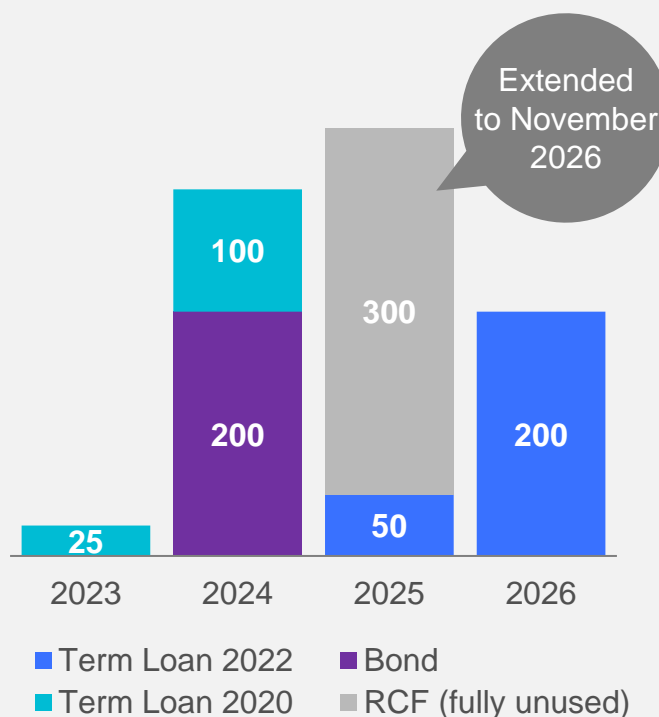


We have refinancing in place for 200m€ bond maturing in 2024

- 200m€ bond maturing in March 2024 will be paid back with
 - New 100m€ term loan that was signed in October and will be drawn down in March
 - Existing funding facilities
- Maturity of the term loan is 12 months + 10 months extension option at Sanoma's discretion
- In addition, the extended 300m€ Revolving Credit Facility is available as a back-up for CPs at all times (unused at end of September 2023)

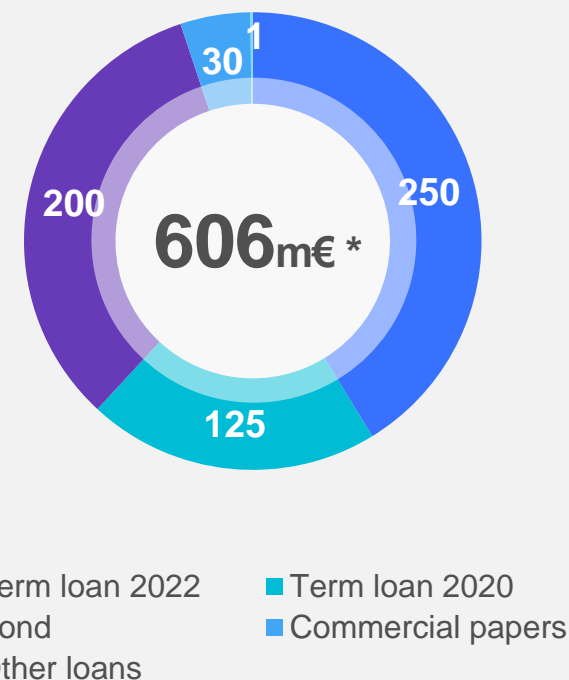
Maturity profile

m€, 30 September 2023



External debt structure*

m€, 30 September 2023



Solid position and clear path to meet our long-term targets

A background image showing a group of children in a library or classroom setting. They are gathered around a table, looking at books and papers. The shelves in the background are filled with books.

Increasing profitability

Improving cash flow generation

Strengthening the balance sheet



Q&A

A unique sustainability profile with increasing profitability

1. Increasing profitability of Learning and Media Finland

2. Growing organically and through smaller in-market acquisitions

3. Deleveraging the balance sheet

Our purpose
Through learning
and media, we have
a positive impact on
the lives of millions
of people every day

s a n o m a

Appendix

Sanoma in 2022

NET SALES
 **1,298m€**

NON-PRINT SALES
 **57%**

OPERATIONAL EBIT MARGIN
 **14.6%**

PERSONNEL
 **over 5,000**

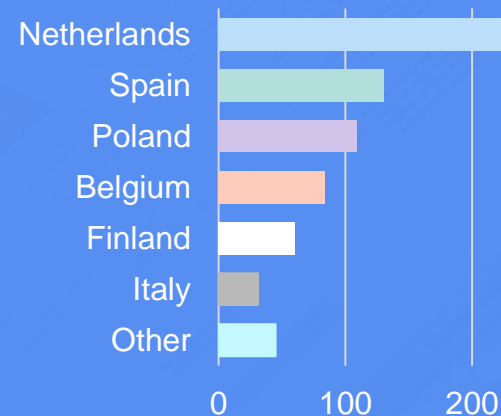
Learning

Net sales **681m€**

Non-print **62%**

Margin **19.4%**

NET SALES, m€



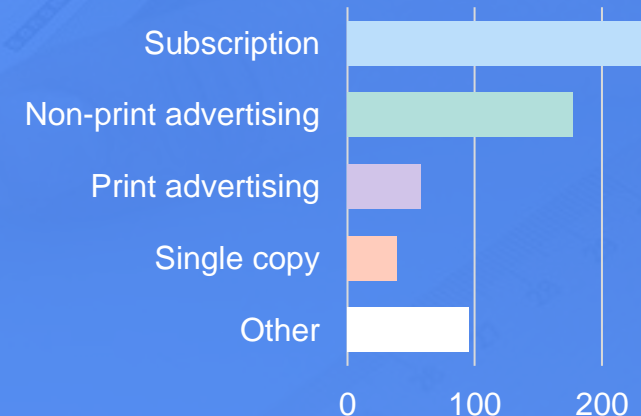
Media Finland

Net sales **618m€**

Non-print **52%**

Margin **10.6%**

NET SALES, m€



Latest quarterly financial details are available at <https://www.sanoma.com/globalassets/sanoma-group/investors/reports-and-presentations/2023/sanoma-q3-2023-interim-report.pdf>

Our Sustainability Strategy emphasises the positive impact of learning and media on society

Trustworthy data

Target: Continuous privacy and security training for our employees

No major data breaches

Responsible business practices

Target: All employees participating in annual conduct trainings

98% of employees participated the Code of Conduct e-learning

Positive impact of

Inclusive learning

Empowering learning of over 25 million students &

Sustainable media

Trusted journalism and inspiring entertainment for all Finns

Valued people

Target: Employee Engagement Index (EEI) above 7.5

EI 7.3

Vital environment

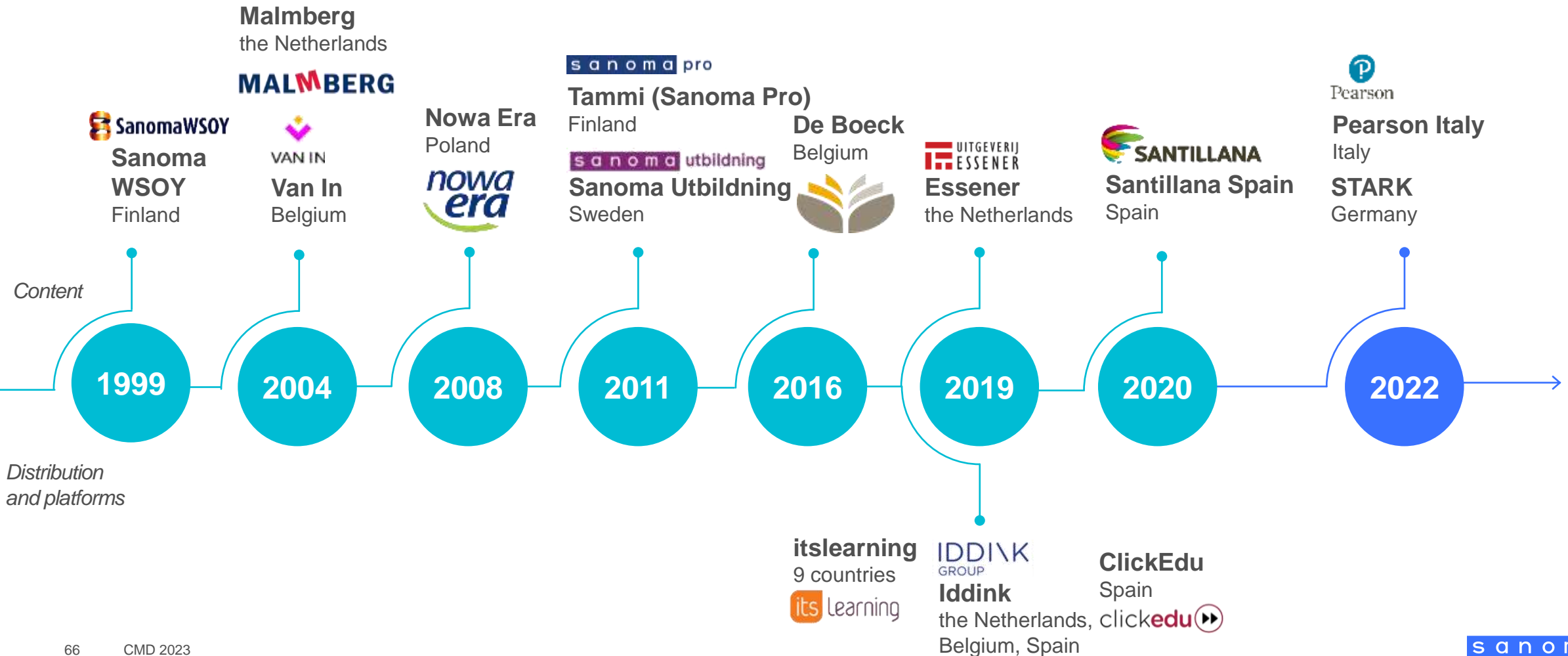
7% decline in our own operations greenhouse gas emissions

Target: 38% emission reduction in-line with Science Based Target initiative and carbon neutral by 2030

Continuing our growth investments in content creation and digital development...

	Balance sheet	Income statement	Cash flow
Intangible Group - Content creation <ul style="list-style-type: none"> Learning materials prepublication costs Rental books TV broadcasting rights 	<ul style="list-style-type: none"> Prepublication costs capitalised when incurred Costs of broadcasting rights capitalised when acquired 	<ul style="list-style-type: none"> D&A when learning material sold or TV show broadcasted Learning materials amortised over 3–8 years (2022: 32m€) TV broadcasting rights amortised over <12 months (2022: 54m€) 	<ul style="list-style-type: none"> Paid when the cost is incurred Average investments per year ~115m€ <ul style="list-style-type: none"> – Prepublication ~50m€ – Rental books ~5–10m€ – TV broadcasting rights ~60m€
Tangible Sanoma Learning - Development of digital platforms	<ul style="list-style-type: none"> Investment capitalised 	<ul style="list-style-type: none"> Amortised in 3–10 years (2022: ~34m€) 	<ul style="list-style-type: none"> Paid when the cost is incurred Average growth capex per year ~35m€ in 2020–2023
Media Finland - Digital development		<ul style="list-style-type: none"> Majority booked as opex Annual average of ~10m€ in 2020–2023 	<ul style="list-style-type: none"> Annual capex per year ~5m€ in 2020–2023, mainly IT and real estate maintenance

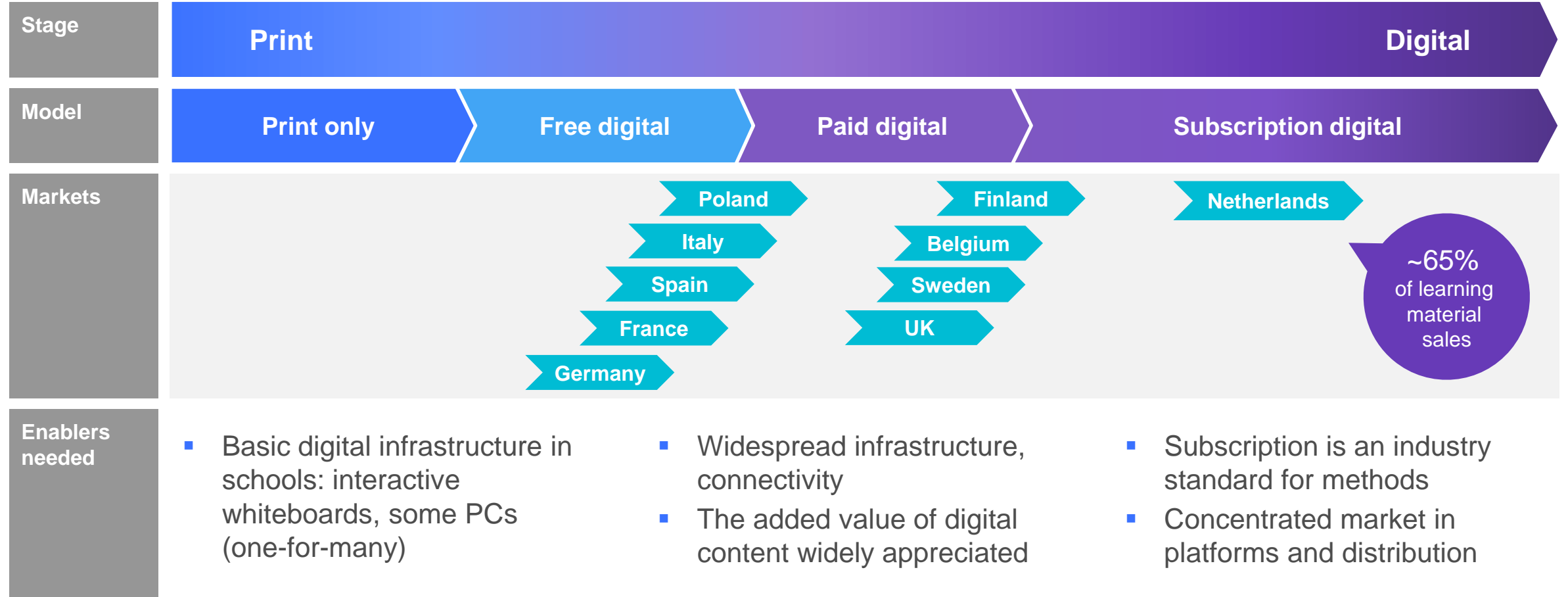
We have built our unique position during the past 20 years through acquisitions



Key market features in our major learning content countries (as of 2023)

	Sanoma market position in learning content	K12 student population	Annual spend per student primary/secondary	Total annual spend	Public spend on K12 as % of GDP	Level of digitalisation	Funding mechanism
Poland	#1	4.6m	35/40€	160m€	2.9%	Early	<ul style="list-style-type: none"> Primary via public subsidy, Secondary by parents
Spain	#1	5.8m	95/80€	620m€	3.1%	Early	<ul style="list-style-type: none"> Publicly funded through different local mechanisms, or paid by parents – differs by region
Italy	#3	6.9m	30/130€	650m€	3.1%	Early	<ul style="list-style-type: none"> Primary via public subsidy Secondary by parents
The Netherlands	#2	2.8m	140/210€	360m€	3.3%	Advanced	<ul style="list-style-type: none"> Public funding (schools decide on spending) in Primary, Secondary Vocational by students/parents

We are leading the way in digitalisation across all our markets



Teachers also see opportunities in AI



We conducted a survey among more than 7,600 teachers to gain insight on AI in education

Teachers would use materials generated by AI **when edited and reviewed** by publishers

Teachers are cautiously beginning to implement AI, but they have **concerns about its influence** in education

Teachers expect AI to be used in the future in their own and publisher created **learning materials and learning management solutions**



Disclaimer

The information above contains, or may be deemed to contain, forward-looking statements. These statements relate to future events or future financial performance, including, but not limited to, expectations regarding market growth and development as well growth and profitability of Sanoma. In some cases, such forward-looking statements can be identified by terminology such as “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. All forward-looking statements included herein are based on information presently available to Sanoma and, accordingly, Sanoma assumes no obligation to update any forward-looking statements, unless obligated to do so pursuant to an applicable law or regulation.

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