

Interim Report

# Q1 2022

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## SANOMA CORPORATION, INTERIM REPORT JANUARY–MARCH 2022

# Solid start to the year

## Q1 2022

- The Group's net sales were stable at EUR 211 million (2021: 210). The Group's comparable net sales growth was 1% (2021: 3%).
- Operational EBIT excl. PPA was negative due to the typical seasonal pattern in the learning business and amounted to EUR -10 million (2021: -10).
- EBIT was EUR -22 million (2021: -24). Items affecting comparability (IACs) were EUR -3 million (2021: -5). Purchase price allocation adjustments and amortisations (PPAs) were EUR 9 million (2021: 9).
- Operational EPS was EUR -0.10 (2021: -0.12).
- EPS was EUR -0.11 (2021: -0.15).
- As is typical for the small first quarter, free cash flow was negative and amounted to EUR -39 million (2021: -48).
- Net debt/Adj. EBITDA was 2.6 (2021: 2.8), in line with the long-term target level of 'below 3.0'.
- Alex Green started as the Chief Financial Officer of Sanoma as of 1 March 2022.
- On 7 April, the Annual General Meeting decided that a dividend of EUR 0.54 per share (2020: 0.52) shall be paid for 2021 in two equal instalments. The first instalment was paid on 20 April, and the second instalment will be paid in November (estimated timing).

## Outlook for 2022 (unchanged)

In 2022, Sanoma expects that the Group's reported net sales will be EUR 1.25–1.30 billion (2021: 1.25). The Group's operational EBIT margin excl. PPA is expected to be between 15–16% (2021: 15.8%).

Regarding the operating environment, Sanoma expects that:

- The continuing coronavirus pandemic will not have a significant impact on its businesses.
- The advertising market in Finland will be stable.

## Alternative performance measures and discontinued operations

Sanoma presents certain financial performance measures on a non-IFRS basis as alternative performance measures (APMs). The APMs exclude certain non-operational or non-cash valuation items affecting comparability (IACs) and are provided to reflect the underlying business performance and to enhance comparability between reporting periods. The APMs should not be considered as a substitute for performance measures in accordance with IFRS.

Unless otherwise stated, all income statement-related quarterly and FY figures presented in this report cover continuing operations only. Figures related to balance sheet and cash flow cover both continuing and discontinued operations. Sanoma's continuing operations include Learning and Media Finland, which are also Sanoma's reporting segments. There are no discontinued operations in the Group in 2022. In 2021, discontinued operations included certain Learning operations that were under strategic review.

Definitions of key IFRS indicators and APMs are available on p. 32. Reconciliations are available on p. 13–14. More information on the discontinued operations result and cash flow in 2021 is available on p. 29–30.

## Key indicators for continuing operations

EUR million	Q1 2022	Q1 2021	Change	FY 2021
Net sales	210.6	210.1	0%	1,251.6
Operational EBITDA <sup>1)</sup>	28.8	30.7	-6%	361.0
Margin <sup>1)</sup>	13.7%	14.6%		28.8%
Operational EBIT excl. PPA <sup>2)</sup>	-10.4	-10.0	-4%	197.2
Margin <sup>2)</sup>	-4.9%	-4.8%		15.8%
EBIT	-22.0	-23.8	8%	142.4
Result for the period	-18.3	-24.4	25%	101.4
Operational EPS, EUR <sup>1)</sup>	-0.10	-0.12	18%	0.69
EPS, EUR	-0.11	-0.15	23%	0.62
Average number of employees (FTE)	4,826	4,845	0%	4,885
Number of employees at the end of the period (FTE)	4,852	4,853	0%	4,822

## Key indicators incl. continuing and discontinued operations <sup>3)</sup>

EUR million	Q1 2022	Q1 2021	Change	FY 2021
Result for the period	-18.3	-24.5	26%	101.2
Free cash flow	-39.3	-48.4	19%	139.7
Equity ratio <sup>4)</sup>	39.3%	37.9%		40.6%
Net debt	663.0	713.4	-7%	616.4
Net debt / Adj. EBITDA	2.6	2.8	-5%	2.4
Operational EPS, EUR <sup>1)</sup>	-0.10	-0.12	18%	0.69
EPS, EUR	-0.11	-0.15	24%	0.61
Free cash flow per share, EUR	-0.24	-0.30	19%	0.86

<sup>1)</sup> Excluding IACs

<sup>2)</sup> Excluding IACs and purchase price allocation adjustments and amortisations (PPAs)

<sup>3)</sup> In 2021, discontinued operations included certain Learning operations that were under strategic review. More information on discontinued operations' financial performance is available on p. 29–30.

<sup>4)</sup> Advances received included in the formula of equity ratio were EUR 138.6 million in Q1 2022 (2021: 139.7).

## President and CEO Susan Duinhoven:

"The world around us changed dramatically on 24 February with the unprovoked Russian invasion of Ukraine. We are shocked and appalled by the war and the atrocities committed, and we stand with the Ukrainian people. Sanoma has, together with its employees, made a donation to the Red Cross to support humanitarian aid to Ukraine. We are also supporting in different ways through our businesses: our Polish learning business, for example, is very concretely supporting local schools to enable the continuation of the education of refugee children, and our journalists and photographers work relentlessly to share fact-based news of the war, also on site in Ukraine. As Sanoma has no business in Ukraine or Russia, the war has had a very limited direct impact on our business.

All in all, we had a solid start to the year in both our learning and media businesses. In Learning, the first quarter is always seasonally small in net sales, and as a consequence loss-making. The high share of digital learning materials increased net sales in the Netherlands and Finland even during a small quarter, as digital sales are recognised evenly throughout the year. On the other hand, our large businesses in Spain and Poland amplify the seasonality within the year, as the digitalisation level in those markets is still low, and the delivery of printed learning materials largely focuses on the start of the new school year during the third quarter. We are well-prepared for the forthcoming high season and our focus is especially on Spain, where we currently expect 12 out of 17 regions to implement the new curriculum in 2022. This represents slightly more than half of the total market revenues, while the remainder will follow a year later. At the same time, we expect demand in Poland to decline in 2022 ahead of a smaller curriculum renewal, which is expected to start in 2023. Overall, the Spanish growth and Polish decline are expected to more or less offset each other in 2022.

In Media Finland, advertising demand had a temporary slowdown and was indirectly slightly affected by the war in Ukraine in March and early April, while we now again see it returning to the levels expected earlier. Subscription sales continued to normalise after the strong growth during the pandemic. In the largest daily newspaper, Helsingin Sanomat, and the regional newspapers, the number of digital subscriptions continued to grow, albeit more modestly. Supply of newsprint was very tight in January–April due to a long strike in the only newsprint paper mill in Finland and the discontinuation of procurement of paper from Russia. As expected already at the beginning of the year, the price of newsprint paper increased significantly during the quarter and is expected to remain high for the rest of the year, while we have been optimising our paper usage to mitigate part of the additional costs. I am very happy about the current outlook for the upcoming festival and events season, as for the first time in two years it seems that festivals can be organised in a normal manner. Overall, there will be a record number of events organised in Finland this year, and the enthusiasm among people is already seen in high ticket demand, although we expect actual buying of tickets to be closer to the event dates than before the pandemic.

For our shareholders, Sanoma offers a good balance of an increasing dividend and growth through M&A. Our leverage improved compared to the previous year, while increasing slightly compared to the end of 2021, in line with the seasonal pattern of our cash flow. We have a solid EUR 300–400 million headroom for further acquisitions, and with the integration of our latest large acquisition, Santillana, progressing as planned, we are operationally ready for the next acquisition.

I would like to thank our employees for their commitment and agility under the continuously changing circumstances. We have luckily seen societies and workplaces incrementally returning to a 'new normal' after the pandemic and have welcomed that with joy, while still paying special attention to each other's health and safety. Even with the uncertainties in our operating environment, our outlook for 2022 is unchanged, and we look positively and confidently to the future."

## Financial review Q1 2022

### Net sales by SBU

EUR million	Q1 2022	Q1 2021	Change
Learning	69.3	68.2	2%
Media Finland	141.6	142.2	0%
Other operations and eliminations	-0.3	-0.2	-3%
<b>Group total</b>	<b>210.6</b>	<b>210.1</b>	<b>0%</b>

The Group's net sales were at the previous year's level in both businesses and amounted to EUR 211 million (2021: 210). The Group's comparable net sales growth was 1% (2021: 3%).

### Operational EBIT excl. PPA by SBU

EUR million	Q1 2022	Q1 2021	Change
Learning	-19.7	-20.0	2%
Media Finland	9.9	11.3	-12%
Other operations and eliminations	-0.6	-1.3	51%
<b>Group total</b>	<b>-10.4</b>	<b>-10.0</b>	<b>-4%</b>

Operational EBIT excl. PPA was stable and amounted to EUR -10 million (2021: -10). In Learning, earnings were negative according to their typical quarterly pattern. Earnings declined in Media Finland due to somewhat higher personnel costs and an increase in paper costs. In Other operations, personnel costs decreased largely due to lower LTI provisions and ICT costs due to phasing between quarters.

### IACs, PPAs and reconciliation of operational EBIT

EUR million	Q1 2022	Q1 2021
<b>EBIT</b>	<b>-22.0</b>	<b>-23.8</b>
<b>Items affecting comparability (IACs)</b>		
Restructuring expenses	-3.2	-4.3
Impairments		-0.6
Capital gains/losses	0.4	
<b>IACs total</b>	<b>-2.8</b>	<b>-4.9</b>
<b>Purchase price allocation adjustments and amortisations (PPAs)</b>	<b>-8.8</b>	<b>-8.9</b>
<b>Operational EBIT excl. PPA</b>	<b>-10.4</b>	<b>-10.0</b>

A detailed reconciliation on SBU level is presented on p. 13.

EBIT was EUR -22 million (2021: -24). The IACs totalled EUR -3 million (2021: -5) and consisted of costs related to the integration of recent acquisitions and strategic business development. PPAs amounted to EUR 9 million (2021: 9), and the majority of them relate to the acquisitions of Santillana and the regional news business.

Net financial items decreased to EUR -3 million (2021: -4) as a result of a lower level of interest-bearing net debt.

Result before taxes grew to EUR -25 million (2021: -28). Income taxes were positive and amounted to EUR 7 million (2021: 3), mainly due to deferred tax assets booked in Learning. Result for the period was EUR -18 million (2021: -24) and EUR -18 million (2021: -25) including discontinued operations.

Operational earnings per share were EUR -0.10 (2021: -0.12) and EUR -0.10 (2021: -0.12) including discontinued operations. Earnings per share were EUR -0.11 (2021: -0.15) and EUR -0.11 (2021: -0.15) including discontinued operations.

## Financial position

At the end of March 2022, interest-bearing net debt was EUR 663 million (2021: 713), and net debt to adjusted EBITDA ratio was 2.6 (2021: 2.8). Net debt and leverage increased slightly compared to the end of 2021 according to the seasonality of the business, but decreased year-on-year thanks to solid free cash flow development and lower amount of lease liabilities. Equity ratio improved to 39.3% (2021: 37.9%) well within Sanoma's long-term target range.

At the end of March 2022, the Group's equity totalled EUR 702 million (2021: 690) and the consolidated balance sheet amounted to EUR 1,924 million (2021: 1,959).

## Cash flow

The Group's free cash flow improved to EUR -39 million (2021: -48) or EUR -0.24 per share (2021: -0.30) while being negative according to the seasonal pattern in the Learning business. The improvement was mainly driven by lower working capital in Media Finland and positive income taxes.

Capital expenditure included in the Group's free cash flow increased to EUR 11 million (2021: 10) and mainly consisted of investments in ICT platforms in Learning and real estate maintenance.

## Acquisitions and divestments

On 3 January 2022, Sanoma Media Finland Oy sold its newspaper printing facility Savon Paino, located in Varkaus, Finland, to media company Keskisuomalainen. A total of 36 Savon Paino employees were transferred to Keskisuomalainen with the divestment. Printing of Sanoma products will continue at Savon Paino with long-term contracts. The transaction does not have a material financial impact on the Group. The capital gain of the divestment amounted to EUR 0.4 million and was booked in Q1 2022.

Information on acquisitions and divestments conducted in 2021 and earlier is available at [www.sanoma.com/en/investors/sanoma-as-an-investment/](http://www.sanoma.com/en/investors/sanoma-as-an-investment/).

## Key impacts of the war in Ukraine

Sanoma is shocked and appalled by the war that started in Ukraine on 24 February 2022. So far, the war has had a limited impact on Sanoma's businesses. Sanoma has discontinued sourcing of newsprint paper from Russia and has managed to organise a complementary supply mainly from Central Europe. Sanoma has also discontinued co-operation with a smaller Russian technology provider. Sanoma expects that the indirect impacts to its operating costs and customer demand caused by the changing economic environment will remain minor.

Sanoma and its employees have also done several supportive actions to help the people of Ukraine. In Poland, Sanoma offers intensive support for teachers, students and schools to help Ukrainian refugees, and Sanoma's local employees can participate by volunteering for one day per week. In addition, itslearning's digital learning platform has been translated into Ukrainian and Russian to support the refugee children and teachers working with them. Finland's largest daily newspaper, Helsingin Sanomat, opened all digital news about the war in Ukraine to all readers for free to ensure access to trustworthy news. In March, Helsingin Sanomat also started publishing online news in Russian together with Dagens Nyheter (Sweden) and Politiken (Denmark) to enable independent journalism and reliable information for Russians and to promote democracy. Sanoma and its employees have also made a donation to the Red Cross to support humanitarian aid to Ukraine.

## Learning

Sanoma Learning is the leading European learning company, serving over 20 million students in 11 countries. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education, and we aim to continue to grow our business in Europe and beyond. We develop our methodologies based on deep teacher and student insight and truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact.

### Key indicators

EUR million	Q1 2022	Q1 2021	Change	FY 2021
Net sales	69.3	68.2	2%	637.3
Operational EBITDA <sup>1)</sup>	-1.3	-0.9	-53%	213.1
Operational EBIT excl. PPA <sup>2)</sup>	-19.7	-20.0	2%	133.9
Margin <sup>2)</sup>	-28.4%	-29.3%		21.0%
EBIT	-27.7	-28.7	4%	90.5
Capital expenditure	8.9	8.0	11%	33.7
Average number of employees (FTE)	2,591	2,581	0%	2,599

<sup>1)</sup> Excluding IACs

<sup>2)</sup> Excluding IACs of EUR -1.0 million in Q1 2022 (2021: -1.6) and EUR -11.1 million in FY 2021 and PPA adjustments and amortisations of EUR 7.0 million in Q1 2022 (2021: 7.2) and EUR 32.2 million in FY 2021.

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 13.

### Net sales by country

EUR million	Q1 2022	Q1 2021	Change	FY 2021
The Netherlands	35.1	34.1	3%	210.9
Poland	7.4	7.1	4%	127.6
Spain	6.1	7.4	-18%	119.0
Finland	6.6	5.7	15%	57.5
Belgium	6.2	5.8	6%	78.1
Other countries and eliminations <sup>1)</sup>	7.9	8.0	-1%	44.1
<b>Net sales total</b>	<b>69.3</b>	<b>68.2</b>	<b>2%</b>	<b>637.3</b>

<sup>1)</sup> Other countries include Sweden, Norway, France, Germany, Denmark and the UK.

*The learning business has, by its nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically smaller in net sales and loss-making. The acquisition of Santillana, completed on 31 December 2020, has further increased the importance of the third quarter, when the new school year starts, for the business. Shifts of single orders between quarters may have a material impact when comparing quarterly net sales and earnings on a year-on-year basis, and therefore year-to-date figures typically provide a more comprehensive picture of Learning's business performance and development than quarterly figures.*

### Q1 2022

Net sales of Learning were stable and amounted to EUR 69 million (2021: 68). Net sales grew in the Netherlands and Finland, where the share of digital learning materials is the highest.

According to its typical quarterly pattern, operational EBIT excl. PPA was negative but remained stable at EUR -20 million (2021: -20). Marketing and other fixed expenses increased in Spain ahead of the new curriculum launch in September, but decreased in Poland, where the latest curriculum renewal ended in autumn 2021.

EBIT was EUR -28 million (2021: -29). IACs totalled EUR -1 million (2021: -2) and mainly consisted of the integration costs of recent acquisitions. PPAs were EUR 7 million (2021: 7).

Capital expenditure totalled EUR 9 million (2021: 8) and consisted of growth investments in digital platforms and ICT.

## Media Finland

Media Finland is the leading cross-media company in Finland, reaching 97% of all Finns weekly. We provide information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. We have leading brands and services, such as Helsingin Sanomat, Ilta-Sanomat, Aamulehti, Me Naiset, Aku Ankka, Nelonen, Ruutu, Supla and Radio Suomipop. For advertisers, we are a trusted partner with insight, impact and reach.

### Key indicators

EUR million	Q1 2022	Q1 2021	Change	FY 2021
Net sales	141.6	142.2	-0%	615.3
Operational EBITDA <sup>1)</sup>	30.7	32.2	-5%	155.0
Operational EBIT excl. PPA <sup>2)</sup>	9.9	11.3	-12%	73.5
Margin <sup>2)</sup>	7.0%	7.9%		11.9%
EBIT	7.5	7.5	1%	60.6
Capital expenditure	1.1	1.5	-28%	4.9
Average number of employees (FTE)	2,099	2,056	2%	2,072

<sup>1)</sup> Excluding IACs

<sup>2)</sup> Excluding IACs of EUR -0.6 million in Q1 2022 (2021: -2.1) and EUR -6.1 million in FY 2021 and PPA adjustments and amortisations of EUR 1.8 million in Q1 2022 (2021: 1.7) and EUR 6.8 million in FY 2021.

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 13.

### Net sales by category

EUR million	Q1 2022	Q1 2021	Change	FY 2021
Print	73.9	77.2	-4%	311.0
Non-print	67.7	65.0	4%	304.2
<b>Net sales total</b>	<b>141.6</b>	<b>142.2</b>	<b>-0%</b>	<b>615.3</b>

EUR million	Q1 2022	Q1 2021	Change	FY 2021
Advertising sales	53.9	53.7	0%	245.8
Subscription sales	61.6	63.8	-3%	250.5
Single copy sales	9.2	9.8	-6%	41.1
Other	16.9	15.0	13%	77.9
<b>Net sales total</b>	<b>141.6</b>	<b>142.2</b>	<b>-0%</b>	<b>615.3</b>

Other sales mainly include festivals and events, marketing services, event marketing, custom publishing, books and printing services.

### Q1 2022

Net sales of Media Finland remained stable at EUR 142 million (2021: 142). Advertising sales remained stable, supported by growth in digital and radio advertising, while TV advertising declined slightly. The war in Ukraine had a temporary delay on B2B demand during March. Total subscription sales declined slightly partially due to normalising corona-driven growth and distribution issues while the number of digital subscriptions continued to grow. Single copy sales decreased slightly. Other sales were especially driven by growth in the sale of external printing services.

According to the Finnish Advertising Trends survey for March 2022 by Kantar TNS, the advertising market in Finland grew by 7% year-on-year on a net basis in Q1 2022. Advertising grew by 12% in online (excluding search and social media) and by 16% in radio, while advertising in newspapers was stable. Advertising declined by 2% in TV and by 14% in magazines.

Operational EBIT excl. PPA was EUR 10 million (2021: 11). The result was affected by somewhat higher personnel and paper costs.

EBIT amounted to EUR 8 million (2021: 8). IACs totalled EUR -1 million (2021: -2) and mainly consisted of costs related to strategic business development and a capital gain related to the sale of printing facility Savon Paino. PPAs were EUR 2 million (2021: 2).

Capital expenditure totalled EUR 1 million (2021: 2) and consisted of real estate maintenance investments.

## Personnel

In January-March 2022, the average number of employees in full-time equivalents (FTE) was 4,826 (2021: 4,845). The average number of employees (FTE) per SBU was as follows: Learning 2,591 (2021: 2,581), Media Finland 2,099 (2021: 2,056) and Other operations 137 (2021: 208). The transfer of certain technology and real estate teams from Other operations to Media Finland affected the distribution of employees among SBUs.

At the end of March, the number of employees (FTE) of the Group was 4,852 (2021: 4,853) and there were no employees in discontinued operations (2021: 19).

Employee benefit expenses remained stable and amounted to EUR 88 million (2021: 88).

## Changes in management

Alex Green started as the Chief Financial Officer of Sanoma as of 1 March 2022. Alex Green is responsible for the Group's Finance Functions and is a member of Sanoma's Executive Management Team. He reports to the President & CEO Susan Duinhoven. Sanoma's previous CFO & COO Markus Holm will continue working for Sanoma until 1 July 2022, with a focus on the hand-over and strategic development projects.

## Share capital and shareholders

At the end of March 2022, Sanoma's registered share capital was EUR 71 million (2021: 71), and the total number of shares was 163,565,663 (2021: 163,565,663), including 387,895 (2021: 318,614) of its own shares. Own shares represented 0.2% (2021: 0.2%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 163,177,768 (2021: 163,247,049).

In March 2022, Sanoma delivered a total of 291,719 (2021: 210,363) of its own shares (without consideration and after taxes) as part of its long-term share-based incentive plans.

Sanoma had 23,642 (2021: 22,975) registered shareholders at the end of March 2022.

## Share trading and performance

At the end of March 2022, Sanoma's market capitalisation was EUR 2,097 million (2021: 2,338) with Sanoma's share closing at EUR 12.82 (2021: 14.32). In January-March 2022, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 12.76 (2021: 15.09), with a low of EUR 11.72 (2021: 13.22) and a high of EUR 14.06 (2021: 17.12).

In January-March 2022, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 63 million (2021: 84). The trading volume of 5 million shares (2021: 6) equalled an average daily turnover of 79k shares (2021: 90). The traded shares accounted for some 3% (2021: 3%) of the average number of shares. Sanoma's share turnover, including alternative trading venues, CBOE DXE, Turquoise and Frankfurt, was 6 million shares (2021: 7). Nasdaq Helsinki represented 83% (2021: 77%) of the share turnover. (source: Euroland)

## Decisions of the Annual General Meeting

Sanoma Corporation's Annual General Meeting (AGM) was held on 7 April 2022 in Helsinki. The AGM was held based on the so-called temporary act so that the shareholders of the Company and their proxy representatives participated in the meeting and exercised the shareholder's rights only by voting in advance as well as by submitting counterproposals and asking questions in advance.

The meeting adopted the Financial Statements, the Board of Directors' Report and the Auditor's Report for the year 2021 as well as discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2021. In addition, the meeting made an advisory decision on the adoption of the Remuneration Policy and the Remuneration Report of the governing bodies.

The AGM resolved that a dividend of EUR 0.54 per share shall be paid. The dividend shall be paid in two instalments. The first instalment of EUR 0.27 per share was paid to a shareholder who was registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the dividend record date 11 April 2022. The payment date for this instalment was 20 April 2022.

The second instalment of EUR 0.27 per share shall be paid in November 2022. The second instalment shall be paid to a shareholder who is registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the dividend record date, which, together with the dividend payment date, shall be decided by the Board of Directors in its

meeting scheduled for 26 October 2022. The dividend record date would then be on or about 28 October 2022 and the dividend payment date on or about 4 November 2022.

The AGM resolved that the number of the members of the Board of Directors shall be set at nine. Pekka Ala-Pietilä, Julian Drinkall, Rolf Grisebach, Anna Herlin, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, Sebastian Langenskiöld and Rafaela Seppälä were re-elected as members. Pekka Ala-Pietilä was elected as the Chairperson of the Board and Nils Ittonen as the Vice Chairperson. The term of all Board members ends at the end of the AGM 2023.

The AGM resolved that the monthly remuneration payable to the members of the Board of Directors shall remain unchanged. The meeting fees of the Board of Directors were resolved to be increased as follows:

- For members of the Board of Directors who reside outside Finland: the meeting fee remains EUR 1,000 / Board meeting where the member was present;
- For members of the Board of Directors who reside in Finland: No separate fee is paid for attending Board meetings;
- For the Chairpersons of Board Committees: the meeting fee is increased to EUR 3,500 / Committee meeting participated;
- For members of Committees who reside outside Finland: the meeting fees are increased to EUR 2,500 / Committee meeting where the member was present and EUR 1,500 / Committee meeting participated; and
- For members of Committees who reside in Finland: the meeting fee is increased to EUR 1,500 / Committee meeting participated.

The AGM resolved that a Shareholders' Nomination Committee is established for the Company and its Charter was adopted. The Committee is established until further notice until otherwise decided by the General Meeting of the shareholders and it consists of up to four members who represent the Company's four largest shareholders who, on 31 May preceding the next year's Annual General Meeting, hold the largest number of votes calculated of all shares in the Company. The Shareholders' Nomination Committee shall elect a Chairperson from among its members. The term of all members of the Committee expires annually upon the appointment of the next Shareholders' Nomination Committee (to be appointed after the next Annual General Meeting following the appointment).

The AGM appointed audit firm PricewaterhouseCoopers Oy as the auditor of the Company with Samuli Perälä, Authorised Public Accountant, as the auditor with principal responsibility. The Auditor shall be reimbursed against invoice approved by the Company.

The AGM authorised the Board of Directors to decide on the repurchase of a maximum of 16,000,000 of the Company's own shares (approx. 9.8% of all shares of the Company) in one or several instalments. The shares shall be repurchased with funds from the Company's unrestricted shareholders' equity, and the repurchases shall reduce funds available for distribution of profits. The authorisation will be valid until 30 June 2023 and it terminates the corresponding authorisation granted by the AGM 2021.

The AGM authorised the Board of Directors to decide on issuance of new shares and the conveyance of the Company's own shares held by the Company (treasury shares) and the issuance of option rights and other special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Companies Act. Option rights and other special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Companies Act may not be granted as part of the Company's incentive programme. The Board will be entitled to decide on the issuance of a maximum of 16,000,000 new shares (approx. 9.8% of all shares of the Company) as well as conveyance of a maximum of 5,000,000 treasury shares held by the Company in one or several instalments. The issuance of shares, the conveyance of treasury shares and the granting of option rights and other special rights entitling to shares may be done in deviation from the shareholders' pre-emptive right (directed issue). The authorisation will be valid until 30 June 2023 and it will replace the corresponding authorisation granted by the AGM 2021.

## Seasonal fluctuation

The learning business has, by its nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically loss-making. The acquisition of Santillana, completed on 31 December 2020, has further increased the importance of the third quarter, when the new school year starts, for the business. Shifts of single orders between quarters may have a material impact when comparing quarterly net sales and earnings on a year-on-year basis, and thus year-to-date figures typically provide a more comprehensive picture of Learning's business performance and development.

In the media business, net sales and earnings are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published each quarter, which varies annually. TV advertising in Finland is usually strongest in the second and fourth quarters. The events business in Finland is

typically focused on the second and third quarters. In June–August 2022, Sanoma is planning to arrange 13 festivals and events compared to 11 festivals organised during June–July 2021, most of them with restrictions related to the number of attendees.

Seasonal fluctuations in both businesses influence the Group's net sales and EBIT. Due to the seasonality in the learning business, the first and fourth quarters are traditionally the smallest in terms of net sales, and loss-making. With the acquisition of Santillana, the learning business is even more focused on the third quarter, when the new school year starts.

## Significant near-term risks and uncertainties

Sanoma is exposed to numerous risks and opportunities, that may arise from its own operations or the changing operating environment in the short-term or long-term. Sanoma divides its key risks into four main categories: strategic, operational, non-financial and financial risks. The full review of the most significant risks that could have a negative impact on Sanoma's business, performance, or financial status, are described in the Report of the Board of Directors, part of the Annual Report 2021, on pages 99–105. These risks still apply. Main updates to the risks and opportunities since the publication of the report are related to political and legislative risks, supply chain and general economic conditions.

Changes in taxation, as well as in the interpretation of tax laws and practices applicable to Sanoma's products and services or their distribution, e.g. VAT, may have an effect on the Group's operations or its financial performance. In April 2021, the Finnish Tax Adjustment Board accepted a claim based on tax audits at Sanoma Media Finland in 2015–2018 about the treatment of VAT of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway. Sanoma considers the claims completely unjustified and has appealed the decisions. The same business model continues to be in use. A tax audit for years 2019–2021 is currently ongoing.

Changes in the general economic conditions may be reflected in Sanoma's operational and financial performance. The supply situation of newsprint, the most used paper quality by Sanoma, tightened further during the first quarter due to the strike at the only newsprint mill in Finland during January–April and discontinuation of the supply from Russia due to the war. This has also further amplified the pressure on the paper prices, along with somewhat increasing overall inflationary pressure, which were visible already during the last quarter of 2021. Sanoma has been able to partially mitigate the paper risk by finding complementary sources and by optimising the volumes used.

In Learning, the phasing and manner of the educational reform implementation in Spain in 2022–2023 is still partially uncertain. Currently, 12 of 17 regions in Spain have taken decisions to implement the new curriculum in 2022. This represents approximately slightly more than half of the total market volume, while the allocation of the rest of the volume between the years continues to be uncertain. The uncertainty and outcome of the implementation may influence Sanoma's commercial propositions, content investment needs or financial performance.

## Financial reporting in 2022

Sanoma will publish the following financial reports during 2022:

Half-Year Report 1 January–30 June 2022

Wednesday, 27 July 2022

Interim Report 1 January–30 September 2022

Thursday, 27 October 2022

Helsinki, 28 April 2022

Board of Directors  
Sanoma Corporation

## Reconciliation of operational EBIT excl. PPA

EUR million	Q1 2022	Q1 2021	FY 2021
<b>EBIT</b>	<b>-22.0</b>	<b>-23.8</b>	<b>142.4</b>
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations</b>			
<b>Learning</b>			
Impairments			-3.1
Restructuring expenses	-1.0	-1.6	-8.0
PPA adjustments and amortisations	-7.0	-7.2	-32.2
<b>Media Finland</b>			
Impairments			-0.6
Capital gains/losses	0.4		
Restructuring expenses	-1.0	-2.1	-5.5
PPA adjustments and amortisations	-1.8	-1.7	-6.8
<b>Other operations</b>			
Impairments		-0.6	-0.6
Capital gains/losses			3.7
Restructuring expenses	-1.2	-0.7	-1.7
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations total</b>	<b>-11.5</b>	<b>-13.8</b>	<b>-54.9</b>
<b>Operational EBIT excl. PPA</b>	<b>-10.4</b>	<b>-10.0</b>	<b>197.2</b>
Depreciation of buildings and structures	-6.4	-6.3	-24.9
Depreciation of rental books	-2.9	-3.3	-16.0
Amortisation of film and TV broadcasting rights	-13.6	-14.4	-54.0
Amortisation of prepublication rights	-5.2	-6.2	-25.5
Other depreciations, amortisations and impairments	-11.2	-11.1	-47.3
Items affecting comparability in depreciation, amortisation and impairments		0.6	3.8
<b>Operational EBITDA</b>	<b>28.8</b>	<b>30.7</b>	<b>361.0</b>
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations in discontinued operations</b>			
Restructuring expenses			-0.6
<b>Total</b>			<b>-0.6</b>

## Reconciliation of operational EPS

EUR million	Q1 2022	Q1 2021	FY 2021
<b>Result for the period attributable to the equity holders of the Parent Company</b>	<b>-18.5</b>	<b>-24.3</b>	<b>100.2</b>
Items affecting comparability	2.8	4.9	16.4
Tax effect of items affecting comparability	-0.7	-0.7	-3.6
Non-controlling interests' share of items affecting comparability		0.0	
<b>Operational result for the period attributable to the equity holders of the Parent Company</b>	<b>-16.3</b>	<b>-20.0</b>	<b>113.0</b>
Weighted average number of shares on the market	162,986,530	163,109,144	163,165,194
<b>Operational EPS</b>	<b>-0.10</b>	<b>-0.12</b>	<b>0.69</b>

## Reconciliation of net debt

EUR million	31 Mar 2022	31 Mar 2021	FY 2021
Non-current financial liabilities	433.6	515.3	432.2
Current financial liabilities	127.3	60.4	75.0
Non-current lease liabilities	113.0	157.0	133.5
Current lease liabilities	45.1	29.3	28.1
Cash and cash equivalents	-56.0	-48.5	-52.4
<b>Net debt</b>	<b>663.0</b>	<b>713.4</b>	<b>616.4</b>

## Reconciliation of adjusted EBITDA

EUR million	Q1 2022	Q1 2021	FY 2021
12-month rolling operational EBITDA	358.9	312.9	360.5
Impact of acquired and divested operations	0.0	40.9	0.0
Impact of programming rights	-57.7	-53.1	-57.1
Impact of prepublication rights	-42.1	-32.7	-41.6
Impact of rental books	-6.3	-10.7	-6.3
<b>Adjusted EBITDA</b>	<b>252.9</b>	<b>257.4</b>	<b>255.4</b>

## Reconciliation of comparable net sales growth

EUR million	Q1 2022	Q1 2021
Net sales	210.6	210.1
Impact of acquired and divested operations	0.0	-1.0
<b>Comparable net sales</b>	<b>210.6</b>	<b>209.2</b>

## Income statement by quarter

EUR million	Q1 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
<b>NET SALES</b>	<b>210.6</b>	<b>210.1</b>	<b>302.8</b>	<b>486.3</b>	<b>252.4</b>	<b>1,251.6</b>
Other operating income	4.7	5.4	5.9	6.5	5.8	23.7
Materials and services	-65.0	-64.5	-79.5	-194.4	-78.9	-417.2
Employee benefit expenses	-87.7	-87.6	-90.0	-81.6	-91.7	-350.9
Other operating expenses	-36.7	-37.3	-38.2	-34.6	-48.7	-158.8
Share of results in joint ventures	0.1	0.2	0.1	0.2	0.1	0.5
Depreciation, amortisation and impairment losses	-48.0	-50.1	-49.6	-49.3	-57.6	-206.6
<b>EBIT</b>	<b>-22.0</b>	<b>-23.8</b>	<b>51.5</b>	<b>133.1</b>	<b>-18.5</b>	<b>142.4</b>
Share of results in associated companies	0.1	-0.1	0.0	-0.2	0.6	0.4
Financial income	1.1	1.1	0.0	1.5	5.6	8.3
Financial expenses	-4.4	-4.8	-2.9	-4.6	-4.9	-17.2
<b>RESULT BEFORE TAXES</b>	<b>-25.2</b>	<b>-27.6</b>	<b>48.7</b>	<b>129.9</b>	<b>-17.1</b>	<b>133.8</b>
Income taxes	6.9	3.2	-11.6	-27.2	3.2	-32.4
<b>RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>-18.3</b>	<b>-24.4</b>	<b>37.0</b>	<b>102.7</b>	<b>-13.9</b>	<b>101.4</b>
<b>DISCONTINUED OPERATIONS</b>						
Result for the period from discontinued operations		-0.1	-0.1	0.1	-0.2	-0.2
<b>RESULT FOR THE PERIOD</b>	<b>-18.3</b>	<b>-24.5</b>	<b>36.9</b>	<b>102.8</b>	<b>-14.0</b>	<b>101.2</b>
<b>Result from continuing operations attributable to:</b>						
Equity holders of the Parent Company	-18.5	-24.2	36.7	102.3	-14.4	100.5
Non-controlling interests	0.2	-0.3	0.3	0.4	0.5	0.9
<b>Result from discontinued operations attributable to:</b>						
Equity holders of the Parent Company		-0.1	-0.1	0.1	-0.2	-0.2
Non-controlling interests		-	-	-	-	-
<b>Result attributable to:</b>						
Equity holders of the Parent Company	-18.5	-24.3	36.6	102.4	-14.6	100.2
Non-controlling interests	0.2	-0.3	0.3	0.4	0.5	0.9
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>						
Earnings per share, EUR, continuing operations	-0.11	-0.15	0.22	0.63	-0.09	0.62
Diluted earnings per share, EUR, continuing operations	-0.11	-0.15	0.22	0.63	-0.09	0.61
Earnings per share, EUR, discontinued operations		0.00	0.00	0.00	0.00	0.00
Diluted earnings per share, EUR, discontinued operations		0.00	0.00	0.00	0.00	0.00
Earnings per share, EUR	-0.11	-0.15	0.22	0.63	-0.09	0.61
Diluted earnings per share, EUR	-0.11	-0.15	0.22	0.63	-0.09	0.61

In 2021, discontinued operations included certain Learning operations that were under strategic review.

## Net sales by SBU

EUR million	Q1 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Learning	69.3	68.2	149.0	331.6	88.5	637.3
Media Finland	141.6	142.2	154.1	154.8	164.1	615.3
Other operations and eliminations	-0.3	-0.2	-0.4	-0.1	-0.1	-0.9
<b>Total</b>	<b>210.6</b>	<b>210.1</b>	<b>302.8</b>	<b>486.3</b>	<b>252.4</b>	<b>1,251.6</b>

## EBIT by SBU

EUR million	Q1 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Learning	-27.7	-28.7	38.7	112.2	-31.6	90.5
Media Finland	7.5	7.5	16.1	21.3	15.7	60.6
Other operations and eliminations	-1.8	-2.6	-3.2	-0.4	-2.6	-8.8
<b>Total</b>	<b>-22.0</b>	<b>-23.8</b>	<b>51.5</b>	<b>133.1</b>	<b>-18.5</b>	<b>142.4</b>

## Operational EBIT excl. PPA by SBU

EUR million	Q1 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Learning	-19.7	-20.0	48.9	125.6	-20.6	133.9
Media Finland	9.9	11.3	19.3	23.9	19.1	73.5
Other operations and eliminations	-0.6	-1.3	-3.1	-2.0	-3.8	-10.2
<b>Total</b>	<b>-10.4</b>	<b>-10.0</b>	<b>65.0</b>	<b>147.4</b>	<b>-5.2</b>	<b>197.2</b>

## Interim report (unaudited)

### Accounting policies

Sanoma Group prepares its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards and interpretations applicable within the EU on 31 March 2022. The accounting policies of the Interim Report, the definitions of key indicators as well as the explanations of use and definitions of Alternative Performance Measures (APMs) are available in Annual Report 2021. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

Sanoma management has considered the impact of coronavirus pandemic to be limited and not material on the future credit losses. As Sanoma has no business in Ukraine or Russia, the war launched by Russia against Ukraine in February 2022 has a very limited direct impact on Sanoma's business. Management has concluded that both coronavirus pandemic and Ukraine war do not have significant impact on Q1 2022 interim report.

## Consolidated income statement

EUR million	Q1 2022	Q1 2021	FY 2021
<b>NET SALES</b>	<b>210.6</b>	<b>210.1</b>	<b>1,251.6</b>
Other operating income	4.7	5.4	23.7
Materials and services	-65.0	-64.5	-417.2
Employee benefit expenses	-87.7	-87.6	-350.9
Other operating expenses	-36.7	-37.3	-158.8
Share of results in joint ventures	0.1	0.2	0.5
Depreciation, amortisation and impairment losses	-48.0	-50.1	-206.6
<b>EBIT</b>	<b>-22.0</b>	<b>-23.8</b>	<b>142.4</b>
Share of results in associated companies	0.1	-0.1	0.4
Financial income	1.1	1.1	8.3
Financial expenses	-4.4	-4.8	-17.2
<b>RESULT BEFORE TAXES</b>	<b>-25.2</b>	<b>-27.6</b>	<b>133.8</b>
Income taxes	6.9	3.2	-32.4
<b>RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>-18.3</b>	<b>-24.4</b>	<b>101.4</b>
<b>DISCONTINUED OPERATIONS</b>			
Result for the period from discontinued operations		-0.1	-0.2
<b>RESULT FOR THE PERIOD</b>	<b>-18.3</b>	<b>-24.5</b>	<b>101.2</b>
<b>Result from continuing operations attributable to:</b>			
Equity holders of the Parent Company	-18.5	-24.2	100.5
Non-controlling interests	0.2	-0.3	0.9
<b>Result from discontinued operations attributable to:</b>			
Equity holders of the Parent Company		-0.1	-0.2
Non-controlling interests		-	-
<b>Result attributable to:</b>			
Equity holders of the Parent Company	-18.5	-24.3	100.2
Non-controlling interests	0.2	-0.3	0.9
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>			
Earnings per share, EUR, continuing operations	-0.11	-0.15	0.62
Diluted earnings per share, EUR, continuing operations	-0.11	-0.15	0.61
Earnings per share, EUR, discontinued operations		0.00	0.00
Diluted earnings per share, EUR, discontinued operations		0.00	0.00
Earnings per share, EUR	-0.11	-0.15	0.61
Diluted earnings per share, EUR	-0.11	-0.15	0.61

In 2021, discontinued operations included certain Learning operations that were under strategic review.

## Statement of comprehensive income <sup>1)</sup>

EUR million	Q1 2022	Q1 2021	FY 2021
<b>Result for the period</b>	<b>-18.3</b>	<b>-24.5</b>	<b>101.2</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Change in translation differences	-0.5	-0.6	-0.6
<b>Items that will not be reclassified to profit or loss</b>			
Defined benefit plans	1.6	9.5	18.1
Income tax related to defined benefit plans	-0.3	-1.9	-3.7
<b>Other comprehensive income for the period, net of tax</b>	<b>0.8</b>	<b>6.9</b>	<b>13.8</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-17.4</b>	<b>-17.6</b>	<b>114.9</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Parent Company	-17.6	-17.3	114.0
Non-controlling interests	0.2	-0.3	0.9

<sup>1)</sup> Statement of comprehensive income includes both continuing and discontinued operations.

## Consolidated balance sheet

EUR million	31 Mar 2022	31 Mar 2021	FY 2021
<b>ASSETS</b>			
Property, plant and equipment	52.4	69.8	57.1
Right-of-use assets	151.5	180.0	155.2
Investment property	5.2	7.9	5.2
Goodwill	758.4	753.4	753.3
Other intangible assets	671.5	678.5	672.8
Equity-accounted investees	3.5	2.3	3.3
Other investments	3.7	3.9	3.8
Deferred tax receivables	10.4	18.2	9.4
Trade and other receivables	33.1	24.0	31.5
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>1,689.8</b>	<b>1,738.0</b>	<b>1,691.6</b>
Inventories	44.1	51.4	35.7
Income tax receivables	7.4	17.4	16.6
Contract assets	1.2	1.0	0.4
Trade and other receivables	125.7	102.0	135.7
Cash and cash equivalents	56.0	48.5	52.4
<b>CURRENT ASSETS, TOTAL</b>	<b>234.4</b>	<b>220.3</b>	<b>240.8</b>
Assets held for sale and discontinued operations		0.2	
<b>ASSETS, TOTAL</b>	<b>1,924.2</b>	<b>1,958.5</b>	<b>1,932.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	71.3	71.3	71.3
Treasury shares	-5.2	-2.5	-7.5
Fund for invested unrestricted equity	209.8	209.8	209.8
Other equity	418.4	391.8	440.1
Total equity attributable to the equity holders of the Parent Company	694.2	670.3	713.6
Non-controlling interests	7.4	19.4	7.2
<b>EQUITY, TOTAL</b>	<b>701.7</b>	<b>689.7</b>	<b>720.9</b>
Deferred tax liabilities	120.8	139.1	127.4
Pension obligations	5.9	7.4	5.9
Provisions	0.5	0.7	0.5
Financial liabilities	433.6	515.3	432.2
Lease liabilities	113.0	157.0	133.5
Contract liabilities	2.5	3.5	2.5
Trade and other payables	3.2	3.1	4.1
<b>NON-CURRENT LIABILITIES, TOTAL</b>	<b>679.5</b>	<b>826.1</b>	<b>706.2</b>
Provisions	0.9	0.8	1.1
Financial liabilities	127.3	60.4	75.0
Lease liabilities	45.1	29.3	28.1
Income tax liabilities	8.6	10.7	25.3
Contract liabilities	136.1	134.8	152.3
Trade and other payables	225.0	206.0	223.7
<b>CURRENT LIABILITIES, TOTAL</b>	<b>543.0</b>	<b>441.9</b>	<b>505.4</b>
Liabilities related to assets held for sale and discontinued operations		0.7	
<b>LIABILITIES, TOTAL</b>	<b>1,222.5</b>	<b>1,268.8</b>	<b>1,211.6</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>1,924.2</b>	<b>1,958.5</b>	<b>1,932.5</b>

## Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company						
	Share capital	Treasury shares	Fund for invested unrestricted equity	Other equity	Total	Non-controlling interests	Equity, total
<b>Equity at 31 Dec 2020</b>	<b>71.3</b>	<b>-4.3</b>	<b>209.8</b>	<b>413.5</b>	<b>690.2</b>	<b>19.7</b>	<b>709.9</b>
Correction of error <sup>1)</sup>				-0.7	-0.7		-0.7
<b>Equity at 1 Jan 2021</b>	<b>71.3</b>	<b>-4.3</b>	<b>209.8</b>	<b>412.8</b>	<b>689.5</b>	<b>19.7</b>	<b>709.2</b>
Comprehensive income for the period				-17.3	-17.3	-0.3	-17.6
Share-based compensation				-2.1	-2.1		-2.1
Shares delivered		1.7		-1.7			
Acquisitions and other changes in non-controlling interests				0.3	0.3		0.3
<b>Equity at 31 Mar 2021</b>	<b>71.3</b>	<b>-2.5</b>	<b>209.8</b>	<b>391.8</b>	<b>670.3</b>	<b>19.4</b>	<b>689.7</b>
<b>Equity at 1 Jan 2022</b>	<b>71.3</b>	<b>-7.5</b>	<b>209.8</b>	<b>440.1</b>	<b>713.6</b>	<b>7.2</b>	<b>720.9</b>
Comprehensive income for the period				-17.6	-17.6	0.2	-17.4
Share-based compensation				-1.9	-1.9		-1.9
Shares delivered		2.3		-2.3			
Acquisitions and other changes in non-controlling interests				0.2	0.2	0.0	0.2
<b>Equity at 31 Mar 2022</b>	<b>71.3</b>	<b>-5.2</b>	<b>209.8</b>	<b>418.4</b>	<b>694.2</b>	<b>7.4</b>	<b>701.7</b>

<sup>1)</sup> The correction of error relates to the adjustment of the opening balance of accrued income in the company acquired in 2020.

## Consolidated cash flow statement

EUR million	Q1 2022	Q1 2021	FY 2021
<b>OPERATIONS</b>			
Result for the period	-18.3	-24.5	101.2
Adjustments			
Income taxes	-6.9	-3.3	31.5
Financial income and expenses	3.3	3.8	8.9
Share of results in equity-accounted investees	-0.2	-0.1	-0.9
Depreciation, amortisation and impairment losses	48.0	50.1	206.6
Gains/losses on sales of non-current assets	-0.5	-0.1	-4.3
Other adjustments	-1.9	-0.7	-0.2
Adjustments, total	41.8	49.7	241.7
Change in working capital	-17.2	-29.5	-10.8
Acquisitions of broadcasting rights, prepublication costs and rental books	-22.5	-21.5	-105.1
Dividends received	0.0	0.1	0.6
Interest paid and other financial items	-4.0	-3.6	-13.5
Taxes paid	-8.0	-9.1	-32.7
<b>Cash flow from operations</b>	<b>-28.2</b>	<b>-38.5</b>	<b>181.4</b>
<b>INVESTMENTS</b>			
Capital expenditure	-11.2	-9.9	-41.7
Operations acquired	-2.1	-4.1	-6.4
Proceeds from sale of tangible and intangible assets	0.5	0.2	8.8
Operations sold	0.3	0.0	0.6
Loans granted	-0.4		-0.6
Repayments of loan receivables		0.0	0.0
Interest received	0.1	0.0	0.1
<b>Cash flow from investments</b>	<b>-12.7</b>	<b>-13.7</b>	<b>-39.1</b>
<b>Cash flow before financing</b>	<b>-40.9</b>	<b>-52.2</b>	<b>142.3</b>
<b>FINANCING</b>			
Purchase of treasury shares			-5.0
Change in loans with short maturity	51.9	-5.0	-15.4
Drawings of other loans	0.1	199.3	199.4
Repayments of other loans	0.0	-200.0	-250.2
Payment of lease liabilities	-7.5	-8.0	-30.4
Acquisitions of non-controlling interests			-15.2
Dividends paid			-87.9
<b>Cash flow from financing</b>	<b>44.4</b>	<b>-13.7</b>	<b>-204.7</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT</b>	<b>3.6</b>	<b>-66.0</b>	<b>-62.3</b>
Effect of exchange rate differences on cash and cash equivalents	0.0	-0.1	0.1
<b>Net change in cash and cash equivalents</b>	<b>3.6</b>	<b>-66.0</b>	<b>-62.2</b>
Cash and cash equivalents at the beginning of the period	52.4	114.6	114.6
Cash and cash equivalents at the end of the period	56.0	48.5	52.4
<b>FREE CASH FLOW (Cash flow from operations – Capital expenditure)</b>	<b>-39.3</b>	<b>-48.4</b>	<b>139.7</b>

Includes continuing and discontinued operations.

At the end of March, cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 0.1 million (2021: 0.0).

## Segment information

Sanoma reports two operating segments, which are its two strategic business units Sanoma Learning and Sanoma Media Finland. This is aligned with the way Sanoma manages the businesses.

Sanoma Learning is the leading European learning company serving over 20 million students in 11 countries. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education, and we aim to continue to grow our business in Europe and beyond. We develop our methodologies based on deep teacher and student insight and truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact.

Sanoma Media Finland is the leading cross-media company in Finland, reaching 97% of all Finns weekly. We provide information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. We have leading brands and services, such as Helsingin Sanomat, Ilta-Sanomat, Aamulehti, Me Naiset, Aku Ankka, Nelonen, Ruutu, Supla and Radio Suomipop. For advertisers, we are a trusted partner with insight, impact and reach.

In addition to the Group eliminations, the column other operations/eliminations includes non-core operations, head office functions and items not allocated to segments. Segment assets do not include cash and cash equivalents, interest-bearing receivables, tax receivables or deferred tax receivables. Transactions between segments are based on market prices.

### Segment information 1 January–31 March 2022

EUR million	Learning	Media Finland	Other operations/eliminations	Continuing operations
External net sales	69.3	141.4		210.6
Internal net sales		0.3	-0.3	
<b>Net sales, total</b>	<b>69.3</b>	<b>141.6</b>	<b>-0.3</b>	<b>210.6</b>
<b>EBIT</b>	<b>-27.7</b>	<b>7.5</b>	<b>-1.8</b>	<b>-22.0</b>
<b>Operational EBIT excl. PPA</b>	<b>-19.7</b>	<b>9.9</b>	<b>-0.6</b>	<b>-10.4</b>
Share of results in associated companies		0.1		0.1
Financial income			1.1	1.1
Financial expenses			-4.4	-4.4
<b>Result before taxes</b>				<b>-25.2</b>
Income taxes				6.9
<b>Result for the period from continuing operations</b>				<b>-18.3</b>
<b>Result for the period</b>				<b>-18.3</b>
<b>Segment assets</b>	<b>1,562.3</b>	<b>429.0</b>	<b>-141.8</b>	<b>1,849.5</b>

## Segment information 1 January–31 March 2021

EUR million	Learning	Media Finland	Other operations/ eliminations	Continuing operations
External net sales	68.2	142.0		210.1
Internal net sales		0.2	-0.2	
<b>Net sales, total</b>	<b>68.2</b>	<b>142.2</b>	<b>-0.2</b>	<b>210.1</b>
<b>EBIT</b>	<b>-28.7</b>	<b>7.5</b>	<b>-2.6</b>	<b>-23.8</b>
<b>Operational EBIT excl. PPA</b>	<b>-20.0</b>	<b>11.3</b>	<b>-1.3</b>	<b>-10.0</b>
Share of results in associated companies		-0.1		-0.1
Financial income			1.1	1.1
Financial expenses			-4.8	-4.8
<b>Result before taxes</b>				<b>-27.6</b>
Income taxes				3.2
<b>Result for the period from continuing operations</b>				<b>-24.4</b>
Result for the period from discontinued operations				-0.1
<b>Result for the period</b>				<b>-24.5</b>
<b>Segment assets</b>	<b>1,590.9</b>	<b>413.8</b>	<b>-130.9</b>	<b>1,873.8</b>

## Net sales

### Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products/services lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's two operating segments, which are also its strategic business units.

#### Disaggregation of revenue 1 January–31 March 2022

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
Finland	6.6	141.6	-0.3	148.0
The Netherlands	35.1			35.1
Poland	7.4			7.4
Spain	6.1			6.1
Belgium	6.2			6.2
Other companies and eliminations	7.9			7.9
<b>Primary geographical markets</b>	<b>69.3</b>	<b>141.6</b>	<b>-0.3</b>	<b>210.6</b>
Learning solutions	61.9			61.9
Advertising		53.9	-0.2	53.7
Subscription		61.6	0.0	61.6
Single copy		9.2		9.2
Other	7.4	16.9	-0.1	24.3
<b>Major product lines/services</b>	<b>69.3</b>	<b>141.6</b>	<b>-0.3</b>	<b>210.6</b>
Recognition at a point-in-time	29.7	39.6	-0.3	69.0
Recognition over-time	39.6	102.0		141.6
<b>Timing of revenue recognition</b>	<b>69.3</b>	<b>141.6</b>	<b>-0.3</b>	<b>210.6</b>

## Disaggregation of revenue 1 January–31 March 2021

EUR million	Learning	Media Finland	Other operations/eliminations	Total
Finland	5.7	142.2	-0.2	147.7
The Netherlands	34.1			34.1
Poland	7.1			7.1
Spain	7.4			7.4
Belgium	5.8			5.8
Other companies and eliminations	8.0			8.0
<b>Primary geographical markets</b>	<b>68.2</b>	<b>142.2</b>	<b>-0.2</b>	<b>210.1</b>
Learning solutions	59.0			59.0
Advertising		53.7	-0.2	53.5
Subscription		63.8	0.0	63.8
Single copy		9.8		9.8
Other	9.1	15.0	0.0	24.1
<b>Major product lines/services</b>	<b>68.2</b>	<b>142.2</b>	<b>-0.2</b>	<b>210.1</b>
Recognition at a point-in-time	28.1	38.6		66.7
Recognition over-time	40.1	103.6	-0.2	143.4
<b>Timing of revenue recognition</b>	<b>68.2</b>	<b>142.2</b>	<b>-0.2</b>	<b>210.1</b>

## Changes in property, plant and equipment and right of use assets

EUR million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Carrying amount at 1 Jan	212.4	260.6	260.6
Increases	5.8	2.7	16.0
Acquisitions of operations	0.3		0.1
Decreases	-0.6	-0.1	-6.5
Disposal of operations	-1.1		
Depreciation for the period	-12.8	-13.2	-55.4
Impairment losses for the period	0.0	0.0	-2.2
Exchange rate differences and other changes	-0.1	-0.1	-0.2
<b>Carrying amount at the end of the period</b>	<b>203.9</b>	<b>249.8</b>	<b>212.4</b>

## Acquisitions and divestments

### Acquisitions in Q1 2022

In Q1 2022, Sanoma invested EUR 5.0 million in business acquisitions. The effect of the acquisitions since the acquisition date on the Group's Q1 2022 net sales and operating profit was minor.

On 28 January 2022 Sanoma Media Finland acquired radio frequencies from Huittisten Sanomalehti Oy and began broadcasting Hitmix channel in Satakunta. Acquisition accounting is disclosed in this interim reporting as provisional and subject to changes.

On 16 March 2022 Sanoma Learning acquired Geluuskoffer Scholen B.V. in the Netherlands. The company is engaged in developing and publishing learning materials aimed at social emotional well-being of children. Acquisition accounting for Geluuskoffer Scholen B.V. is disclosed in Q1 interim reporting as provisional and subject to changes.

On 18 March 2022 Sanoma Media Finland acquired Videolle Production Oy. Videolle is a digital video marketing office, established in 2014. The acquisition strengthens the range of services offered by Sanoma to its B2B customers. Videolle Production Oy's 24 employees joined Sanoma. Acquisition accounting is disclosed in this interim reporting as provisional and subject to changes.

### Impact of business acquisitions on Group's assets and liabilities

EUR million	Q1 2022	FY 2021
Property, plant and equipment	0.0	
Right-of-use assets	0.3	0.1
Intangible assets	0.2	0.9
Other non-current assets		0.3
Inventories	0.0	
Other current assets	0.5	0.6
<b>Assets, total</b>	<b>1.1</b>	<b>2.0</b>
Non-current liabilities	-0.2	-0.2
Current liabilities	-0.7	-1.3
<b>Liabilities, total</b>	<b>-0.9</b>	<b>-1.5</b>
Fair value of acquired net assets	0.2	0.4
Acquisition cost	5.0	0.6
Fair value of previously held interest		0.6
Fair value of acquired net assets	-0.2	-0.4
<b>Goodwill from the acquisitions</b>	<b>4.8</b>	<b>0.8</b>

### Acquisitions of non-controlling interests

EUR million	Q1 2022	FY 2021
Acquisition cost		10.8
Book value of the acquired interest		-0.3
<b>Impact on consolidated equity</b>		<b>-11.1</b>

## Cash paid to obtain control, net of cash acquired

EUR million	Q1 2022	FY 2021
Acquisition cost	5.0	0.6
Cash and cash equivalents of acquired operations	-0.3	-0.2
Decrease (+) / increase (-) in acquisition liabilities	-2.6	5.3
<b>Cash paid to obtain control, net of cash acquired</b>	<b>2.1</b>	<b>5.7</b>
Acquisition cost		10.8
Decrease (+) / increase (-) in acquisition liabilities		4.4
<b>Cash paid on acquisitions of non-controlling interests</b>		<b>15.2</b>

## Divestments in Q1 2022

On 3 January 2022 Sanoma Media Finland sold its newspaper printing facility Savon Paino to media company Keski-suomalainen. 36 employees of Savon Paino were transferred to Keski-suomalainen with the divestment.

## Impact of divestments on Group's assets and liabilities

EUR million	Q1 2022	FY 2021
Property, plant and equipment	1.1	
Inventories	0.3	
Trade and other receivables	0.3	
Cash and cash equivalents	1.7	
<b>Assets, total</b>	<b>3.3</b>	
Deferred tax liabilities	-0.2	
Trade and other payables	-1.1	
<b>Liabilities, total</b>	<b>-1.4</b>	
Net assets	2.0	
Sales price	2.3	
<b>Net result from sale of operations</b>	<b>0.4</b>	

## Cash flow from sale of operations

EUR million	Q1 2022	FY 2021
Sales price	2.3	
Cash and cash equivalents of divested operations	-1.7	
Decrease (+) / increase (-) in receivables from divestment	-0.3	
<b>Cash flow from sale of operations</b>	<b>0.3</b>	

## Discontinued operations

There are no discontinued operations in the Group in 2022. In 2021, discontinued operations included certain Learning operations that were under strategic review.

The consolidated income statement has been represented to show the discontinued operations separately from continuing operations. The elimination of transactions between the continuing operations and the discontinued operations is attributed in a way that reflects the continuance of these transactions subsequent to the disposal.

The discontinued operations' income statement and cash flow statement are presented in the following two tables.

### Income statement of discontinued operations

EUR million	Q1 2022	Q1 2021	FY 2021
<b>Net sales</b>		<b>0.1</b>	<b>0.3</b>
Materials and services		-0.1	0.0
Employee benefit expenses		-0.4	-1.2
Other operating expenses		0.0	-0.2
<b>EBIT</b>		<b>-0.3</b>	<b>-1.1</b>
Financial expenses		0.0	0.0
<b>Result before taxes</b>		<b>-0.3</b>	<b>-1.1</b>
Income taxes		0.1	0.9
<b>Result for the period from discontinued operations</b>		<b>-0.1</b>	<b>-0.2</b>

### Cash flows related to discontinued operations

EUR million	Q1 2022	Q1 2021	FY 2021
Cash flow from operations		0.2	-0.4
Cash flow from investments		-0.2	-0.1
Cash flow from financing		0.0	0.5

### Assets held for sale and discontinued operations

EUR million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Current trade and other receivables		0.2	
<b>Total</b>		<b>0.2</b>	

### Liabilities related to assets held for sale and discontinued operations

EUR million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Deferred tax liabilities		0.2	
Non-current financial liabilities and lease liabilities		0.0	
Current financial liabilities and lease liabilities		0.0	
Current trade and other payables		0.3	
Contract liabilities		0.2	
<b>Total</b>		<b>0.7</b>	

## Contingent liabilities

EUR million	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>Contingencies for own commitments</b>			
Pledges	0.9	0.8	0.8
Other items	25.1	24.8	24.8
Contingencies for own commitments total	25.9	25.6	25.6
<b>Other commitments</b>			
Royalties	1.1	2.1	1.3
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	42.7	21.5	24.6
Other items	26.4	35.2	27.6
Other commitments total	70.2	58.8	53.4
<b>Total</b>	<b>96.1</b>	<b>84.4</b>	<b>79.0</b>

## Derivative instruments

EUR million	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>Fair values</b>			
<b>Currency derivatives</b>			
Forward contracts (positive fair values)	0.1	0.1	0.2
Forward contracts (negative fair values)			0.0
<b>Nominal values</b>			
<b>Currency derivatives</b>			
Forward contracts	11.7	3.3	7.8

The fair value of the foreign currency forward contracts is determined using forward exchange market rates at the balance sheet date.

## Disputes and litigations

In April 2021, the Finnish Tax Adjustment Board accepted a claim based on tax audits at Sanoma Media Finland in 2015–2018 about the treatment of VAT of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway. Sanoma considers the claims completely unjustified and has appealed the decisions. The same business model continues to be in use. On 1 July 2021, Sanoma paid the required VAT, the related penalty and interests of EUR 25 million in order to avoid further interest accumulation. Sanoma considers this payment to be a deposit with the tax authority while the dispute is ongoing and consequently reports the amount paid as a receivable. On August 2021, the tax authorities made an ex officio decision on a corporate income tax adjustment as a consequence of value added tax adjustment and refunded EUR 3 million of corporate income tax to Sanoma. Sanoma considers this refund to be a liability towards the tax authority while the dispute is ongoing and consequently reports the amount received as a liability. A tax audit for years 2019–2021 is currently ongoing.

## Definitions of key indicators

KPI	Definition	Reason to use
Comparable net sales (growth)	= Net sales (growth) adjusted for the impact of acquisitions and divestments	Complements reported net sales by reflecting the underlying business performance and enhancing comparability between reporting periods
Items affecting comparability (IACs)	= Gains/losses on sale, restructuring or efficiency program expenses and impairments that exceed EUR 1 million	Reflects the underlying business performance and enhances comparability between reporting periods
Operational EBITDA	= Operating profit + depreciation, amortisation and impairments - IACs	Measures the profitability before non-cash based depreciation and amortisation, reflects the underlying business performance and enhances comparability between reporting periods
Operational EBIT excl. PPA	= EBIT – IACs – Purchase price allocation adjustments and amortisations (PPAs)	Measures the profitability excl. acquisition-related PPA adjustments and amortisations, reflects the underlying business performance and enhances comparability between reporting periods
Equity ratio, %	= $\frac{\text{Equity total}}{\text{Balance sheet total} - \text{advances received}} \times 100$	One of Sanoma's long-term financial targets, measures the relative proportion of equity to total assets
Free cash flow	= Cash flow from operations – capital expenditure	Basis for Sanoma's dividend policy
Free cash flow / share	= $\frac{\text{Free cash flow}}{\text{Adjusted average number of shares on the market}}$	Basis for Sanoma's dividend policy
Net debt	= Interest-bearing liabilities – cash and cash equivalents	Measures Sanoma's net debt position
Net debt / Adj. EBITDA	= $\frac{\text{Net debt}}{\text{The adjusted EBITDA used in this ratio is the 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash flow basis}}$	One of Sanoma's long-term financial targets, provides investors information on Sanoma's ability to service its debt
EPS	= $\frac{\text{Result for the period attributable to the equity holders of the Parent Company}}{\text{Weighted average number of shares on the market}}$	Measures Sanoma's result for the period per share
Operational EPS	= $\frac{\text{Result for the period attributable to the equity holders of the Parent Company} - \text{IACs}}{\text{Weighted average number of shares on the market}}$	In addition to EPS, reflects the underlying business performance and enhances comparability between reporting periods