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Leading K12 learning company capturing further growth in an attractive global market

Sanoma Investor Relations
September 2022



We have an ambitious strategy for sustainable, profitable growth...

We are one of the global leaders in K12 education serving 25 million students

- Producing inclusive learning materials and platforms to promote equal learning opportunities
- Strengthening our #1 position in European K12 learning services
- Aiming for selective growth globally through M&A

We are Finland's #1 cross-media company with a weekly reach of 97%

- Providing trusted Finnish journalism and inspiring entertainment
- Continuing our successful digital transformation towards higher margin
- Increasing share of B2C provides sustainable future opportunities

Growing through M&A while paying an increasing dividend

- Supporting our growth strategy in learning with a solid balance sheet
- Growing our dividend with an attractive yield
- Investing in further digital growth and in our people

Our purpose

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

Our ambition

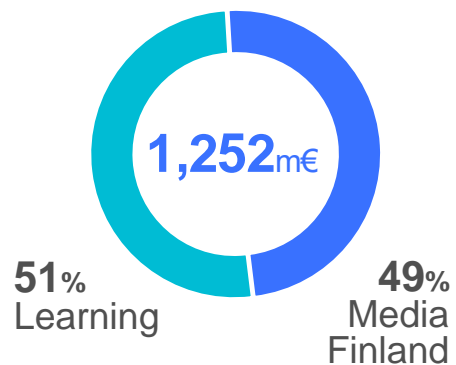
Group net sales over **2bn€** by 2030 at least **75%** from Learning

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... based on a well-balanced portfolio with clear long-term targets

Year 2021 at a glance

Net sales



More than

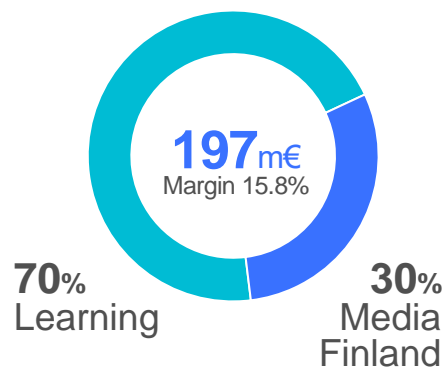
85%

of customers pay for digital services

Free cash flow

140m€

Operational EBIT excl.PPA



Operating in

11

European countries*

More than

5,000

employees

*Operating in 12 countries after closing of the acquisition of Pearson Italy and Germany on 31 Aug 2022



Our key long-term targets

(FY 2021 in brackets)

Net debt /
Adj. EBITDA

< 3.0

(2.4)

Equity
ratio

35–45%

(40.6%)

Increasing
dividend

40–60%

of free cash flow
(55%)

**Carbon
neutral**

by 2030
(77 gCO₂e / € net sales)

Employee Experience
Index

>7.5

by 2030
(7.3)

Management
gender balance

50/50

by 2030
(39 women / 61 men)

We are #1 in K12 learning services in Europe...

- **We focus on K12**, which is primary, secondary and vocational education (ie. 6–18 year-olds)
 - Supporting more than 25m students in 12 European countries
 - Having a ~16% market share
- **Teachers and schools are our primary customers**
 - Teachers are key decision-makers on which learning content to use
 - In our operating countries, learning content is largely publicly funded and typically represents 1–3% of public education spend
- **Our learning services provide the teachers everything they need**
 - Printed and digital learning content created together with teachers and matching the local curriculum
 - Digital learning platforms, either linked to our content or open
 - Content distribution services
- **Our content has a positive impact on learning outcomes**
 - Inclusive learning materials promote equal learning opportunities and support diversity and differentiation

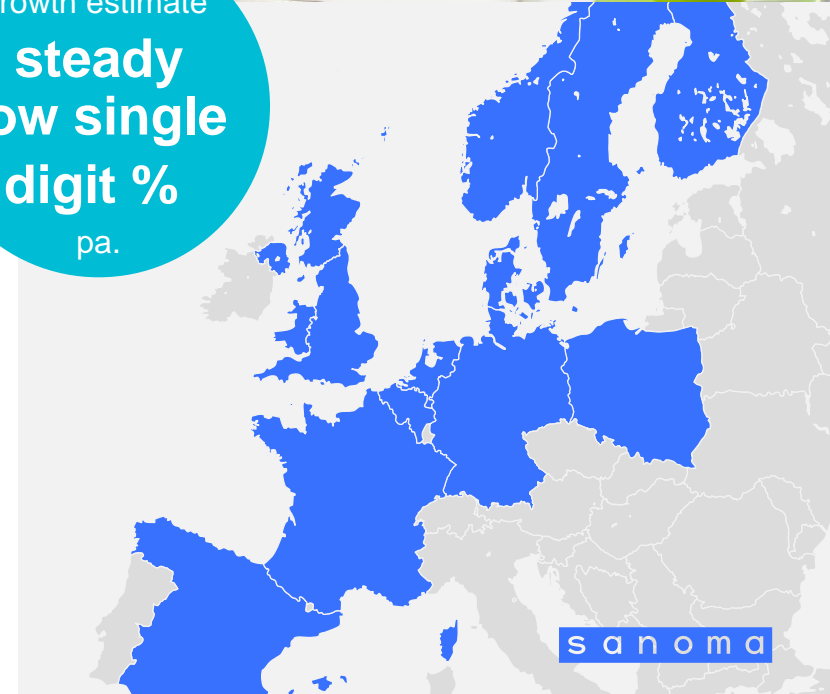


...and are leading the way in consolidating the market

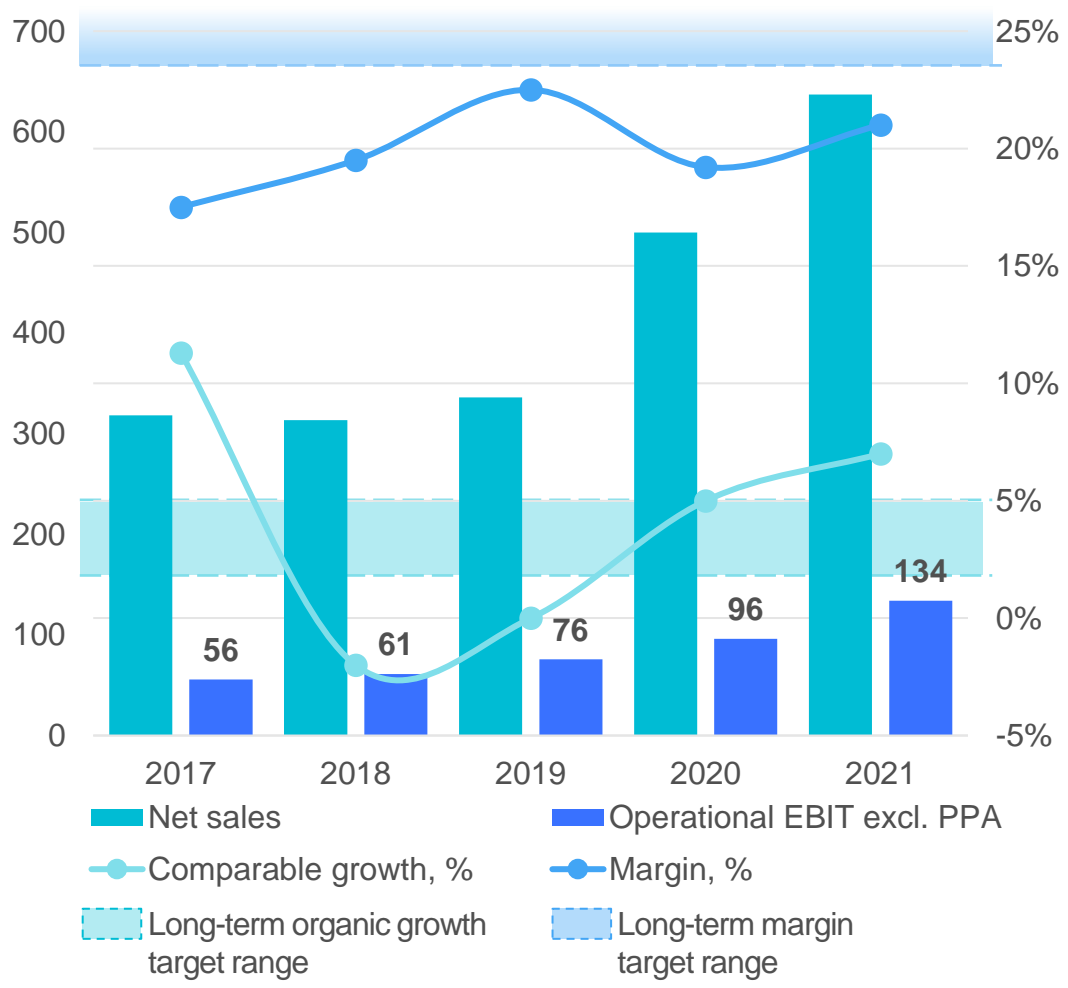
- K12 is a **stable and resilient market**
 - Stable population of approx. 75 million students in Europe, corresponding to a market size of 4–5bn€
 - Public spending on education is increasing, spend per student varies between countries
 - Significant fragmentation and high barriers to entry due to localised nature
 - Stability and predictability as teachers typically consider changing the learning materials only every 4–8 years
- Our **best-in-class digital platforms and footprint in highly digitalised countries** with high-quality learning outcomes give us unique benefits of scale
- **Digitalisation** within education is accelerating
 - Helping to drive market consolidation
 - Generating more stable revenue streams and higher profitability
 - Offering better scalability



Market growth estimate
**steady
low single
digit %**
pa.

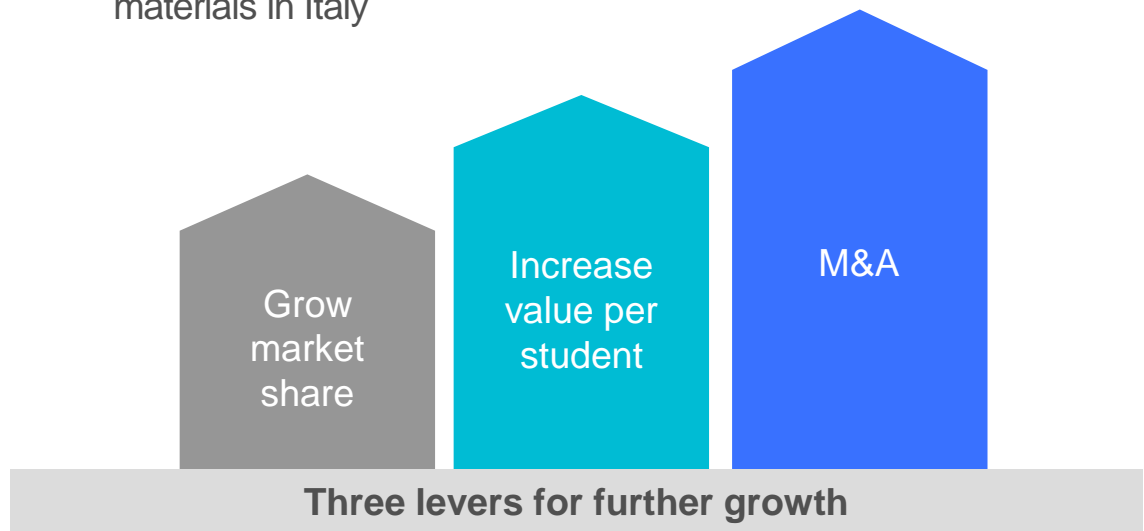


In Learning, we have a successful track record and ambitious plan for profitable growth



M&A has accelerated our transformation

- 2019: Four acquisitions in K12 learning services
- 2020: Santillana, leading provider of K12 learning content in Spain
- 2022: Pearson Italy, the third largest provider of K12 learning materials in Italy



Long-term financial targets in Learning

Organic growth	Operational EBIT margin excl. PPA
2-5%	> 23%*

* with current portfolio

M&A strategy: Focus on growth opportunities in K12 learning business



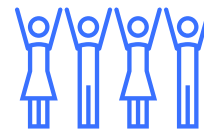
We aim to grow in K12 learning content by

- Strengthening our position in current operating countries
- Entering new geographies where spending on education is stable or increasing
- Expanding also outside Europe as long as it fits our criteria



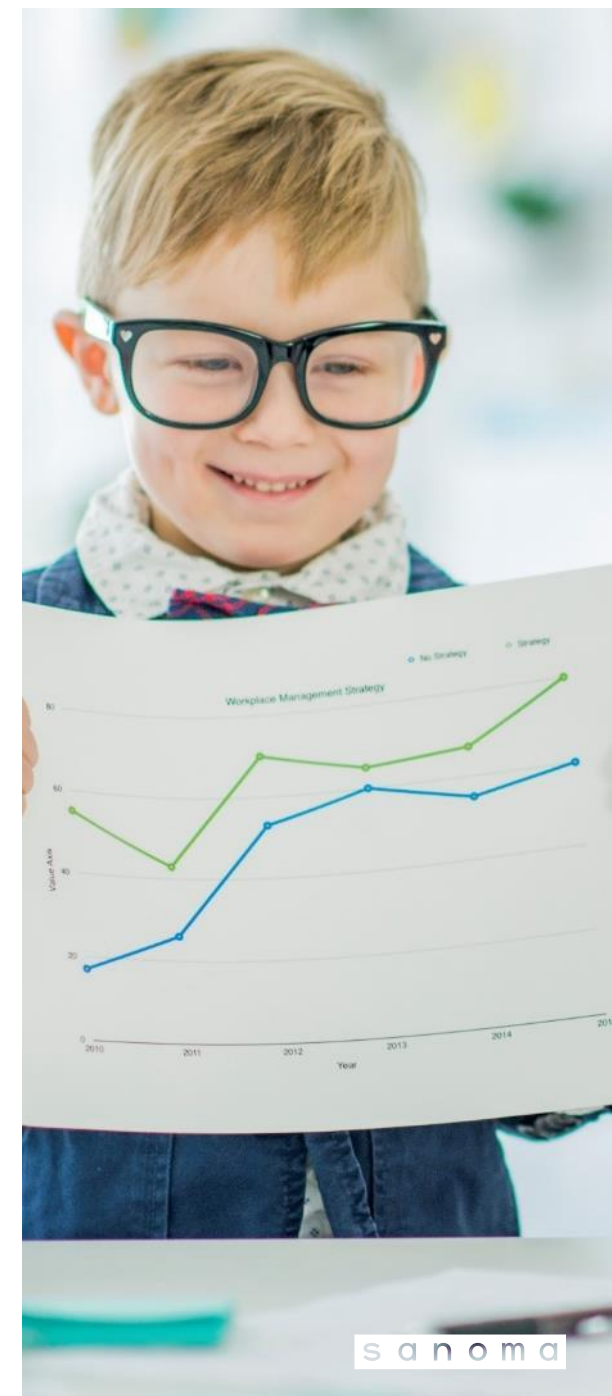
We aim to acquire companies that

- Focus on K12 learning content
- Have leading #1–3 market positions
- Operate in markets with high barriers to entry
- Are growing, profitable and cash generative
- Provide opportunities for synergies



Our M&A pipeline is healthy

- Market consolidation driven by accelerating digitalisation
- Majority of potential target companies owned by families, foundations or private equity
- Experienced in complex separations and integrations

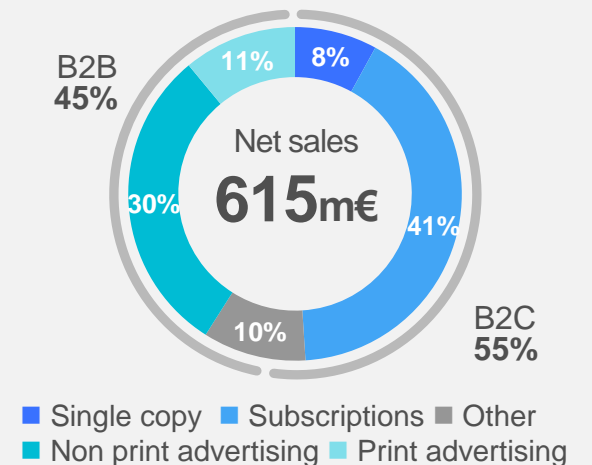


We are Finland's #1 cross-media company...

- **Independent and trusted media** is essential for an open and democratic society
- We **reach 97% of all Finns** every week by providing trusted Finnish journalism and inspiring entertainment
- Our **strategy focuses** on
 - News & feature
 - Entertainment
 - B2B marketing solutions
- We consider selective opportunities for synergistic bolt-on acquisitions that support growth in our strategic focus areas
- Our business is **transforming towards digital B2C**, supported by digital advertising
 - Share of stable B2C income has already increased to 55%
 - Digital transformation supports margins

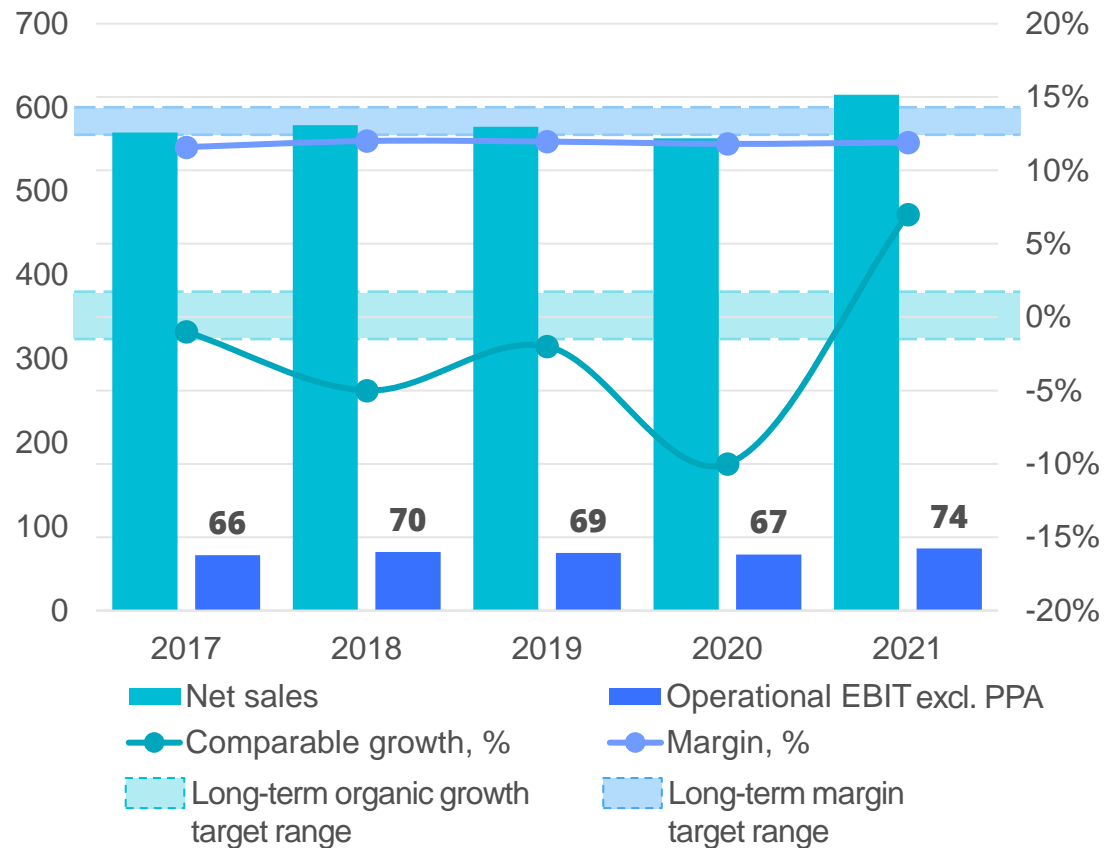


Share of stable B2C income in Media Finland increasing



...delivering solid, stable earnings and cash flow

In Media Finland, stable net sales and profitability development continued during the pandemic



- Sustainable performance in the **digital era requires scale**
 - We have **1.4** million subscriptions in total
 - **~55%** pay for digital component
- Switching from a single print news subscription to a digital news subscription will
 - Decrease net sales per subscriber
 - **Increase profit contribution**

Long-term financial targets in Media Finland

Organic growth
+/-2%

Operational EBIT margin excl. PPA
12-14%

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

97% 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

EEI 7.3

Vital environment

Target: Carbon-neutral by 2030

54% decline in our own operations greenhouse gas emissions

Growing through M&A while paying an increasing dividend



Solid balance sheet supporting M&A

- Implementing our clear growth strategy in Learning
- Maintaining the Group long-term leverage target of < 3.0



Growing dividend with an attractive yield

- Our policy is to pay an increasing dividend, equal to 40–60% of annual free cash flow
- For 2021, dividend proposal 55% of FCF



Investing in further digital growth

- Harmonising and developing our digital learning platforms
- Aiming for best-in-class digital user experience in media
- Ensuring the development and well-being of our people



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- We aim to grow through M&A while paying an increasing dividend

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The Sanoma logo consists of the word "sanoma" in a lowercase, blue, sans-serif font. The letters are widely spaced and are contained within a white rectangular box that is centered horizontally on the slide.

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