

Interim Report

# Q3 2023

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## SANOMA CORPORATION, INTERIM REPORT JANUARY–SEPTEMBER 2023

# Solid growth in net sales and operational EBIT in Learning

## Q3 2023

- The Group's net sales grew to EUR 580 million (2022: 515). In Learning, net sales grew driven by the curriculum renewals in Spain and Poland, successfully implemented price increases across learning content businesses and the Italian and German business acquired in August 2022. In Media Finland, net sales declined slightly mainly due to lower advertising sales. The Group's organic net sales growth was 6% (2022: 1%), being 9% in Learning and -3% in Media Finland.
- The Group's operational EBIT excl. PPA increased to EUR 179 million (2022: 148). In Learning, earnings were supported by the strong growth in learning content sales as well as the solid positive contribution of the acquired Italian business, while lower advertising sales had an adverse impact on earnings in Media Finland.
- EBIT increased to EUR 147 million (2022: 116) as a result of the operational earnings improvement. Items affecting comparability (IACs) were stable at EUR -22 million (2022: -22) and mainly consisted of restructuring expenses related to Program Solar. Purchase price allocation adjustments and amortisations (PPAs) amounted to EUR 10 million (2022: 10).
- Operational EPS increased to EUR 0.70 (2022: 0.61).
- EPS was EUR 0.59 (2022: 0.52).
- The Group's Outlook for 2023 is narrowed: In 2023, Sanoma expects that the Group's reported net sales will be EUR 1.38–1.4 billion (2022: 1.3). The Group's operational EBIT excl. PPA is expected to be EUR 165–175 million (2022: 189).
- On 26 October, Sanoma announced that Sanoma Learning's operational EBIT margin excl. PPA is estimated to reach its long-term target level of 23% in 2026 (approx. 18% in FY 2023) supported by new process and efficiency improvement program, Solar. Annual operational efficiencies from Solar are estimated to amount to approx. EUR 55 million from 2026 onwards.
- On 25 October, the Board of Directors decided the record date and the payment date of the third dividend instalment of EUR 0.11 per share. The dividend record date will be 27 October and the payment date 3 November.
- On 18 October, Sanoma announced it has signed a new EUR 100 million term loan, which together with other existing funding facilities will be used to repay the EUR 200 million bond maturing in March 2024.
- On 4 September, the Board of Directors decided the record date and the payment date of the second dividend instalment of EUR 0.13 per share. The dividend record date was 15 September and the payment date 22 September.

## Q1–Q3 2023

- The Group's net sales grew to EUR 1,139 million (2022: 1,039). In Learning, significant net sales growth was mainly attributable to the acquired Italian and German business as well strong growth of learning content sales particularly in Spain and Poland. Net sales declined slightly in Media Finland due to lower advertising sales. The Group's organic net sales growth was 3% (2022: 2%), being 7% in Learning and -3% in Media Finland.
- The Group's operational EBIT excl. PPA increased to EUR 202 million (2022: 192). In Learning, earnings improvement resulted from strong organic growth and contribution of the acquired Italian business. Lower advertising sales had a significant adverse impact on earnings in Media Finland. In both SBUs, earnings were affected by the inflation impact on paper, personnel and fixed costs.
- EBIT decreased to EUR 103 million (2022: 133). IACs increased to EUR -68 million (2022: -30) mainly due to the booking of the VAT claim in Media Finland during Q2 2023. PPAs grew to EUR 31 million (2022: 29) as a result of the acquisition in Italy and Germany.
- Operational EPS decreased to EUR 0.61 (2022: 0.72) and was adversely impacted by clearly higher financial expenses and the interest booked for the hybrid bond.
- EPS was EUR 0.26 (2022: 0.60).
- Free cash flow was EUR 35 million (2022: 48). The positive impact of higher net sales and active working capital management in Learning was not sufficient to offset the impact of the seasonally negative operating cash flow of the acquired Italian and German business.
- Net debt/Adj. EBITDA was 2.8 (2022: 3.3), being at the long-term target level of 'below 3.0'.

- On 8 June, Sanoma announced that the Administrative Court has rejected its appeal that concerned the VAT payment decision regarding the tax audits at Sanoma Media Finland for years 2015–2018. Based on the Administrative Court's decision, the VAT claims for years 2015–2018 and 2019–2021, amounting to EUR 36 million, were booked as IACs in Media Finland's Q2 2023 result. This was partially offset by a positive EUR 5 million adjustment to the income taxes. The court decision had no impact on Sanoma's free cash flow as the VAT claims were pre-paid in 2021 and 2022. Sanoma has applied for a permission to appeal the decision to the Supreme Administrative Court. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.
- On 9 March, Sanoma announced that it will issue a EUR 150 million hybrid bond to strengthen its balance sheet to increase the financial flexibility and support the execution of the strategic plan. The hybrid bond was issued on 16 March.

## Outlook for 2023 (narrowed)

In 2023, Sanoma expects that the Group's reported net sales will be EUR 1.38–1.4 billion (2022: 1.3). The Group's operational EBIT excl. PPA is expected to be EUR 165–175 million (2022: 189).

Regarding the operating environment, Sanoma expects that:

- The advertising market in Finland will decline slightly in the fourth quarter.
- The economies in the Group's operating countries, particularly in Finland, will continue to experience a mild recession.

## Previous outlook (given 10 February)

In 2023, Sanoma expects that the Group's reported net sales will be EUR 1.35–1.4 billion (2022: 1.3). The Group's operational EBIT excl. PPA is expected to be EUR 150–180 million (2022: 189).

Regarding the operating environment, Sanoma expects that:

- The economies in the Group's operating countries, particularly in Finland, will experience a mild recession.
- The advertising market in Finland will decline slightly, with most of the decline during the first half of the year.

## Alternative performance measures and discontinued operations

Sanoma presents certain financial performance measures on a non-IFRS basis as alternative performance measures (APMs). Sanoma considers that these alternative performance measures provide useful and relevant supplemental information to the management and investors on Sanoma's financial performance, financial position or cash flows. Certain 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.

Definitions of key IFRS indicators and APMs are available on p. 36. Reconciliations are available on p. 18-20.

## Key indicators

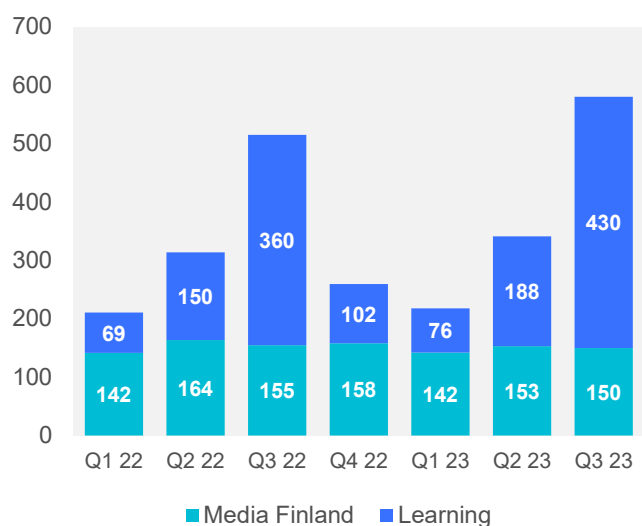
EUR million	Q3 2023	Q3 2022	Change	Q1-Q3 2023	Q1-Q3 2022	Change	FY 2022
Net sales	580.3	514.9	13%	1,139.4	1,038.8	10%	1,298.3
Operational EBITDA <sup>1)</sup>	220.9	188.4	17%	330.5	310.1	7%	355.4
Margin <sup>1)</sup>	38.1%	36.6%		29.0%	29.9%		27.4%
Operational EBIT excl. PPA <sup>2)</sup>	179.4	148.4	21%	202.4	191.6	6%	189.3
Margin <sup>2)</sup>	30.9%	28.8%		17.8%	18.4%		14.6%
EBIT	146.7	116.3	26%	103.2	132.8	-22%	112.0
Result for the period	99.7	85.6	16%	48.7	98.1	-50%	77.0
Free cash flow	118.5	146.9	-19%	34.6	47.5	-27%	111.7
Equity ratio <sup>3)</sup>				39.5%	33.0%		35.8%
Net debt				691.4	837.6	-17%	823.4
Net debt / Adj. EBITDA				2.8	3.3	-15%	3.2
Operational EPS, EUR <sup>1)</sup>	0.70	0.61	14%	0.61	0.72	-16%	0.65
EPS, EUR	0.59	0.52	13%	0.26	0.60	-56%	0.47
Free cash flow per share, EUR	0.73	0.90	-19%	0.21	0.29	-27%	0.68
Average number of employees (FTE)				5,141	4,996	3%	5,018
Number of employees at the end of the period (FTE)				5,095	5,135	-1%	5,079

<sup>1)</sup> Excluding IACs

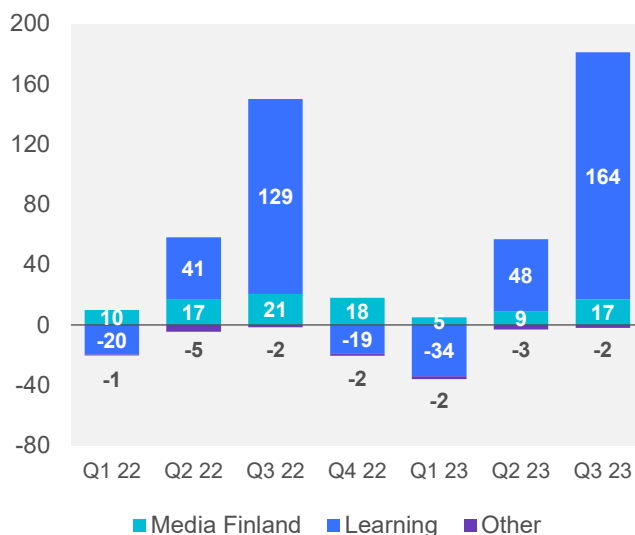
<sup>2)</sup> Excluding IACs and purchase price allocation adjustments and amortisations (PPAs)

<sup>3)</sup> Advances received included in the formula of equity ratio were EUR 174.1 million in Q1-Q3 2023 (2022: 164.2).

### Net sales, m€



### Operational EBIT excl. PPA, m€



## President and CEO Susan Duinhoven:

"Our performance during the third quarter high season in Learning was solid. The successful second year of the LOMLOE curriculum renewal in Spain, a minor curriculum renewal in Poland and the successful implementation of the inflation mitigating price increases across our operating countries led to strong 7% organic growth for the whole Learning SBU and 10% for the learning content business in January–September. In Spain, the growth in the final phase of the LOMLOE curriculum renewal included some shift from 2024, and the third quarter sales were further accelerated by a much earlier sales cycle compared to the previous year. In the Netherlands, solid growth in learning content sales was offset by the planned discontinuation of loss-making distribution contracts. In Italy, both the integration and the high season sales and financial performance proceeded successfully and in accordance with our plans.

In Learning, we have initiated a segment-wide process and efficiency improvement programme, named 'Solar', to ensure that we use the benefits from our increased scale and the best practices from our recent acquisitions in an optimal way. First implementation phase of Solar is already underway with focus on the post-curriculum optimisation especially in Spain and Poland. Supported by Program Solar, Learning's operational EBIT margin excl. PPA is expected to reach its long-term target level in 2026.

In Media Finland, comparable subscription sales grew modestly as a result of price increases, while the subscription base declined slightly. The team continued to launch good initiatives to extend our customer offering across the business. Cooperation with Elisa, started in September, is an example of a joint initiative of two strong Finnish players to enhance the local VOD content. It is further enhancing Ruutu's offering and strengthening its position as the go-to local VOD service. In the challenging operating environment, decline in advertising demand continued, and had an expected adverse impact on Media Finland's earnings.

Higher comparable sales in Learning and active working capital management across the businesses had a sizable positive impact on our free cash flow, while it was adversely impacted by the acquired Italian business, which has a seasonally negative operating cash flow during the first three quarters of the year. For the full year 2023, we expect the free cash flow excluding the acquired Italian and German businesses to be somewhat higher compared to 2022, and thus better than earlier indicated.

Our leverage improved compared to the end of June 2023, and at 2.8 was within our long-term target of below 3.0. The improvement was in line with the annual seasonality of the learning business, supported by the hybrid bond issued in March. In October, we announced the signing of an EUR 100 million term loan that, in conjunction with our existing funding facilities, will be used to repay the EUR 200 million bond in March 2024. In the current interest rate environment, we consider this as the most flexible and efficient option to refinance the bond. We have also extended the maturity of our EUR 300 million Revolving Credit Facility by one year to November 2026. We are pleased with the wide variety of options for this refinancing offered by our relationship banks, indicating their solid support to our K12 learning services growth strategy.

With our solid performance during the first nine months and the high season in Learning mostly behind us, we are now in a position to narrow the range of our Outlook for 2023 to the upper end of the original range. The advertising market in Finland remains challenging with relatively low visibility, but thanks to the strong performance of our teams in implementing successful mitigation actions, we expect Media Finland's full year earnings to meet the expectations indicated earlier. Together, Program Solar in Learning and continuing optimisations in Media Finland will be the centre of our success in the coming 2–3 years, combined with small in-market acquisitions and deleveraging of the balance sheet.

I would like to extend my warmest thanks to all Sanoma employees for their great work in supporting our customers, creating unique and impactful content as well as constantly improving our ways of working, thus ensuring solid financial performance under the current complex economic environment."

## Financial review Q3 2023

### Net sales by SBU

EUR million	Q3 2023	Q3 2022	Change
Learning	430.4	360.3	19%
Media Finland	149.9	154.8	-3%
Other operations and eliminations	0.0	-0.1	86%
<b>Group total</b>	<b>580.3</b>	<b>514.9</b>	<b>13%</b>

The Group's net sales grew to EUR 580 million (2022: 515). In Learning, net sales grew driven by the curriculum renewals in Spain and Poland, successfully implemented price increases and the Italian and German business acquired in August 2022. In Media Finland, net sales declined slightly mainly due to lower advertising sales. The Group's comparable net sales growth was 6% (2022: 1%).

### Operational EBIT excl. PPA by SBU

EUR million	Q3 2023	Q3 2022	Change
Learning	164.3	129.4	27%
Media Finland	16.8	20.6	-19%
Other operations and eliminations	-1.7	-1.6	-3%
<b>Group total</b>	<b>179.4</b>	<b>148.4</b>	<b>21%</b>

Operational EBIT excl. PPA increased to EUR 179 million (2022: 148). In Learning, earnings were supported by the strong growth in learning content sales as well as the solid positive contribution of the acquired Italian business. In Media Finland, lower advertising sales led to negative earnings development.

### IACs, PPAs and reconciliation of operational EBIT excl. PPA

EUR million	Q3 2023	Q3 2022
<b>EBIT</b>	<b>146.7</b>	<b>116.3</b>
<b>Items affecting comparability (IACs)</b>		
Restructuring expenses	-17.4	-11.2
Impairments	-6.0	-10.6
Capital gains/losses	1.1	
<b>IACs total</b>	<b>-22.3</b>	<b>-21.7</b>
<b>Purchase price allocation adjustments and amortisations (PPAs)</b>	<b>-10.4</b>	<b>-10.4</b>
<b>Operational EBIT excl. PPA</b>	<b>179.4</b>	<b>148.4</b>

A detailed reconciliation on SBU level is presented on p. 18.

EBIT increased to EUR 147 million (2022: 116). IACs were stable at EUR -22 million (2022: -22). The restructuring expenses consisted of EUR 15 million of cost related to Program Solar as well as integration costs of recent acquisitions. Impairments were related to rental book fixed assets. PPAs amounted to EUR 10 million (2022: 10).

Net financial items increased to EUR -9 million (2022: -4) mainly as a result of significant increase in interest rates.

Result before taxes increased to EUR 138 million (2022: 113) due to higher operational earnings. Income taxes increased to EUR 38 million (2022: 27) due to write-down of certain deferred tax assets. Result for the period was EUR 100 million (2022: 86).

Operational earnings per share increased to EUR 0.70 (2022: 0.61) and earnings per share to EUR 0.59 (2022: 0.52).

## Financial review Q1–Q3 2023

### Net sales by SBU

EUR million	Q1–Q3 2023	Q1–Q3 2022	Change
Learning	694.8	579.4	20%
Media Finland	444.8	460.1	-3%
Other operations and eliminations	-0.1	-0.7	80%
<b>Group total</b>	<b>1,139.4</b>	<b>1,038.8</b>	<b>10%</b>

The Group's net sales grew to EUR 1,139 million (2022: 1,039). In Learning, significant net sales growth was mainly attributable to the acquired Italian and German business as well as strong growth of learning content sales particularly in Spain and Poland driven by curriculum renewals. In Media Finland, net sales declined slightly due to lower advertising sales. The Group's comparable net sales growth was 3% (2022: 2%).

### Operational EBIT excl. PPA by SBU

EUR million	Q1–Q3 2023	Q1–Q3 2022	Change
Learning	179.1	150.7	19%
Media Finland	30.5	47.7	-36%
Other operations and eliminations	-7.2	-6.9	-4%
<b>Group total</b>	<b>202.4</b>	<b>191.6</b>	<b>6%</b>

Operational EBIT excl. PPA increased to EUR 202 million (2022: 192). In Learning, earnings improvement resulted mainly from strong organic growth and the contribution of the acquired Italian business. In Media Finland, earnings decreased significantly driven by lower advertising sales. Earnings in both SBUs were also affected by higher paper, personnel and fixed costs.

### IACs, PPAs and reconciliation of operational EBIT excl. PPA

EUR million	Q1–Q3 2023	Q1–Q3 2022
<b>EBIT</b>	<b>103.2</b>	<b>132.8</b>
<b>Items affecting comparability (IACs)</b>		
Restructuring expenses	-28.3	-19.7
Impairments	-8.3	-10.6
Capital gains/losses	4.6	0.4
VAT claims for years 2015–2018 and 2019–2021	-35.9	
<b>IACs total</b>	<b>-68.0</b>	<b>-29.9</b>
<b>Purchase price allocation adjustments and amortisations (PPAs)</b>	<b>-31.3</b>	<b>-28.8</b>
<b>Operational EBIT excl. PPA</b>	<b>202.4</b>	<b>191.6</b>

A detailed reconciliation on SBU level is presented on p. 18.

EBIT decreased to EUR 103 million (2022: 133) mainly due to the booking of the VAT claim as an IAC in Media Finland in Q2 2023 (more information on p. 13). Consequently, the Group's IACs increased to EUR -68 million (2022: -30). The restructuring expenses mainly included EUR 18 million of costs related to Program Solar and integration costs of recent acquisitions. The impairments and capital gains were mainly related to rental book fixed assets, selling of a minor property in Finland and recent minor M&As in Media Finland (more information is available on p. 32). PPAs increased to EUR 31 million (2022: 29) due to the acquisition in Italy and Germany.

Net financial items increased to EUR -23 million (2022: -7) as a result of significant increase in interest rates. The average interest rate of external loans was 3.6% (2022: 1.1%).

Result before taxes decreased to EUR 79 million (2022: 126) due to lower reported earnings and higher net financial expenses. Income taxes were EUR 30 million (2022: 28) and included a positive EUR 5 million adjustment related to the

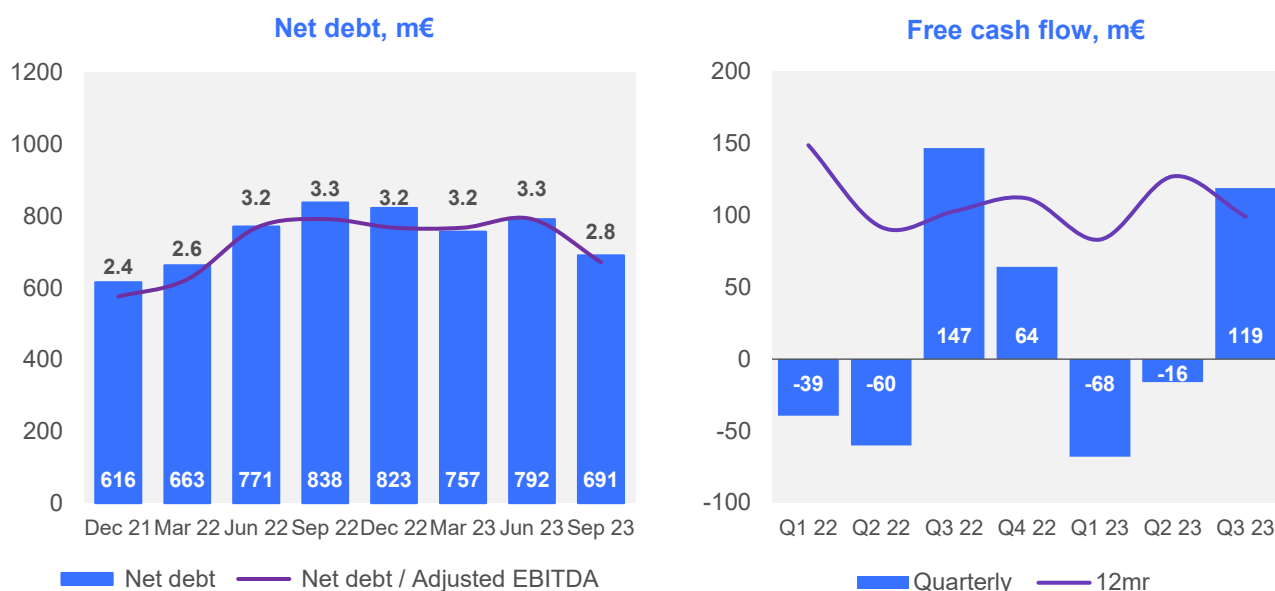
VAT claims in Q2 2023 and write-down of certain deferred tax assets in Q3 2023. Result for the period was EUR 49 million (2022: 98).

Operational earnings per share decreased to EUR 0.61 (2022: 0.72) and earnings per share to EUR 0.26 (2022: 0.60), being adversely impacted by clearly higher financial expenses and the interest booked for the hybrid bond.

## Financial position

At the end of September 2023, net debt declined to EUR 691 million (2022: 838). The net debt also declined compared to the end of June 2023 in line with the annual seasonality of the learning business. The Group's committed Revolving Credit Facility of EUR 300 million was fully unused. In March, part of the debt financing was replaced with a EUR 150 million hybrid bond that is recognised as equity. Net debt to adjusted EBITDA ratio improved to 2.8 (2022: 3.3), being at the long-term target of below 3.0. Equity ratio improved to 39.5% (2022: 33.0%), being within the long-term target range of 35–45%. More information on the hybrid bond is available on p. 13 under Events during the reporting period.

At the end of September 2023, the Group's equity totalled EUR 829 million (2022: 733) and the consolidated balance sheet amounted to EUR 2,274 million (2022: 2,381).



## Cash flow

The Group's free cash flow declined to EUR 35 million (2022: 48) as the impact of higher sales and active working capital management that brought operating cash flow forward in Learning were not sufficient to offset the seasonally negative operating cash flow of the acquired Italian and German business. Free cash flow was stable in Media Finland as the earnings impact was offset by active working capital management. In addition, lower taxes paid and capital expenditure supported the free cash flow, but higher interest paid on external debt had an adverse impact. The Group's free cash flow per share was EUR 0.21 (2022: 0.29).

Capital expenditure included in the Group's free cash flow decreased to EUR 31 million (2022: 38) and mainly consisted of growth investments in digital platforms and ICT in Learning.



## Learning

Sanoma Learning is one of the global leaders in K12 education, serving over 25 million students in 12 European 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 content 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	Q3 2023	Q3 2022	Change	Q1–Q3 2023	Q1–Q3 2022	Change	FY 2022
Net sales	430.4	360.3	19%	694.8	579.4	20%	681.0
Operational EBITDA <sup>1)</sup>	186.4	150.7	24%	243.1	208.0	17%	212.8
Operational EBIT excl. PPA <sup>2)</sup>	164.3	129.4	27%	179.1	150.7	19%	131.8
Margin <sup>2)</sup>	38.2%	35.9%		25.8%	26.0%		19.4%
EBIT	132.4	98.4	35%	121.6	101.2	20%	67.2
Capital expenditure	6.0	7.7	-22%	23.7	27.8	-15%	40.4
Average number of employees (FTE)				2,863	2,674	7%	2,717

<sup>1)</sup> Excluding IACs

<sup>2)</sup> Excluding IACs of EUR -23.2 million in Q3 2023 (2022: -22.3), EUR -31.1 million in Q1–Q3 2023 (2022: -25.9) and EUR -32.2 million in FY 2022 as well as PPA adjustments and amortisations of EUR 8.7 million in Q3 2023 (2022: 8.7), EUR 26.3 million in Q1–Q3 2023 (2022: 23.6) and EUR 32.5 million in FY 2022.

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 18.

### Net sales by country

EUR million	Q3 2023	Q3 2022	Change	Q1–Q3 2023	Q1–Q3 2022	Change	FY 2022
The Netherlands	117.3	109.4	7%	191.9	192.4	0%	223.4
Poland	90.1	77.8	16%	106.9	94.4	13%	109.0
Spain	99.3	84.6	17%	139.5	114.5	22%	129.7
Italy	57.6	19.4		94.3	19.4		30.8
Finland	8.8	9.4	-6%	52.6	51.0	3%	59.7
Belgium	41.0	49.0	-16%	73.9	77.2	-4%	83.7
Other countries and eliminations <sup>1)</sup>	16.3	10.7	53%	35.7	30.5	17%	44.7
<b>Net sales total</b>	<b>430.4</b>	<b>360.3</b>	<b>19%</b>	<b>694.8</b>	<b>579.4</b>	<b>20%</b>	<b>681.0</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 acquisitions completed in Spain and Italy in 2020–2022 have further increased the overall seasonality and 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.

### Q3 2023

Net sales of Learning grew significantly to EUR 430 million (2022: 360). Organic growth was strong at 9% (2022: 2%) driven by the ending curriculum renewals in Spain and Poland as well as successfully implemented price increases across the learning content business. In Spain, growth was accelerated by successful implementation of the final phase of the LOMLOE curriculum renewal, including some shift from 2024, and an earlier sales cycle compared to the previous year. Sales grew

in the Netherlands driven by learning content, while distribution sales were lower as loss-making contracts were discontinued as planned. In Finland and Belgium, net sales were affected by different phasing between quarters compared to the previous year. The acquired Italian and German business made a EUR 62 million (2022: 21) contribution to the net sales. The October 2022 divestment of Eduarte, a Dutch student administration system provider for vocational education reduced net sales slightly.

Operational EBIT excl. PPA grew and amounted to EUR 164 million (2022: 129). Earnings improvement was mainly attributable to strong growth in learning content sales. The acquired Italian business had a solid positive contribution on earnings.

EBIT grew to EUR 132 million (2022: 98). IACs amounted to EUR -23 million (2022: -22) and consisted of restructuring expenses related to Program Solar, integration costs of recent acquisitions and impairments related to rental book fixed assets. PPAs were stable at EUR 9 million (2022: 9).

Capital expenditure amounted to EUR 6 million (2022: 8) and consisted of growth investments in digital platforms and ICT.

### Q1–Q3 2023

Net sales of Learning grew significantly and amounted to EUR 695 million (2022: 579). Growth of learning content sales was particularly strong in Spain and Poland driven by curriculum renewals. In the Netherlands, sales of learning content increased, while distribution sales declined as loss-making contracts were discontinued as planned. In conjunction with successfully implemented price increases that started to have an impact on the third quarter, this resulted in strong organic net sales growth of 7% (2022: 2%). The acquired Italian and German business made a EUR 104 million (2022: 21) contribution to the net sales. The October 2022 divestment of Eduarte, a Dutch student administration system provider for vocational education reduced net sales.

Operational EBIT excl. PPA increased to EUR 179 million (2022: 151). Strong organic growth, largely driven by price increases, was the main contributor to the good earnings improvement. Earnings improvement was partly offset by inflation impact particularly in paper, printing and personnel costs. The acquired Italian business had a solid positive contribution on earnings.

EBIT grew to EUR 122 million (2022: 101) as a result of solid operational earnings performance. IACs increased to EUR -31 million (2022: -26) and consisted of restructuring expenses related to Program Solar, integration costs of recent acquisitions and impairments related to rental book fixed assets. PPAs increased to EUR 26 million (2022: 24) as a result of the acquisition in Italy and Germany.

Capital expenditure amounted to EUR 24 million (2022: 28) and mainly 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, Iltä-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	Q3 2023	Q3 2022	Change	Q1–Q3 2023	Q1–Q3 2022	Change	FY 2022
Net sales	149.9	154.8	-3%	444.8	460.1	-3%	618.1
Operational EBITDA <sup>1)</sup>	35.9	39.2	-8%	93.8	108.6	-14%	150.2
Operational EBIT excl. PPA <sup>2)</sup>	16.8	20.6	-19%	30.5	47.7	-36%	65.8
Margin <sup>2)</sup>	11.2%	13.3%		6.9%	10.4%		10.6%
EBIT	14.6	18.2	-20%	-13.5	40.4	-133%	54.3
Capital expenditure	1.3	2.6	-49%	6.7	6.6	1%	8.9
Average number of employees (FTE)				2,148	2,178	-1%	2,160

<sup>1)</sup> Excluding IACs

<sup>2)</sup> Excluding IACs of EUR -0.5 million in Q3 2023 (2022: -0.7), EUR -39.0 million in Q1–Q3 2023 (2022: -2.1) and EUR -4.6 million in FY 2022 as well as PPA adjustments and amortisations of EUR 1.6 million in Q3 2023 (2022: 1.7), EUR 5.0 million in Q1–Q3 2023 (2022: 5.2) and EUR 6.9 million in FY 2022.

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 18.

### Net sales by category

EUR million	Q3 2023	Q3 2022	Change	Q1–Q3 2023	Q1–Q3 2022	Change	FY 2022
Print	65.7	71.9	-9%	203.4	222.2	-8%	297.6
Non-print	84.2	82.9	2%	241.4	237.9	1%	320.6
<b>Net sales total</b>	<b>149.9</b>	<b>154.8</b>	<b>-3%</b>	<b>444.8</b>	<b>460.1</b>	<b>-3%</b>	<b>618.1</b>

EUR million	Q3 2023	Q3 2022	Change	Q1–Q3 2023	Q1–Q3 2022	Change	FY 2022
Advertising sales	47.2	52.3	-10%	156.2	170.6	-8%	235.7
Subscription sales	61.3	61.7	-1%	182.6	184.3	-1%	247.4
Single copy sales	10.0	10.1	-2%	28.9	29.4	-2%	39.3
Other	31.4	30.6	2%	77.1	75.8	2%	95.8
<b>Net sales total</b>	<b>149.9</b>	<b>154.8</b>	<b>-3%</b>	<b>444.8</b>	<b>460.1</b>	<b>-3%</b>	<b>618.1</b>

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

### Q3 2023

Net sales of Media Finland declined slightly and amounted to EUR 150 million (2022: 155). Challenges in the advertising markets continued resulting in 10% lower advertising sales. The majority of the decline was attributable to newsprint and TV. Comparable subscription sales grew modestly, as price increases offset the slight decline in the subscription base. The divestment of Supla's audiobook operations during the first quarter had a small adverse impact on the reported subscription sales. Modest growth in other sales resulted from a solid performance of the events and festival business during its high season.

According to the Finnish Advertising Trends survey for September 2023 by Kantar TNS, the advertising market in Finland declined by 6% year-on-year on a net basis in Q3 2023. Advertising was stable in radio, but decreased by 14% in newspapers, by 17% in magazines, by 5% in TV and by 2% online (excluding search and social media).

Operational EBIT decreased to EUR 17 million (2022: 21) driven by lower advertising sales. Lower paper, printing and distribution costs as well as active cost containment actions improved profitability, while personnel costs increased due to salary inflation and normalised bonus provisions in comparison to the lower previous year levels.

EBIT declined to EUR 15 million (2022: 18) as a result of lower operational earnings. IACs were EUR -1 million (2022: -1). PPAs were EUR 2 million (2022: 2).

Capital expenditure amounted to EUR 1 million (2022: 3) and included mainly investments in technology.

## Personnel

In January-September 2023, the average number of employees in full-time equivalents (FTE) was 5,141 (2022: 4,996). The average number of employees (FTE) per SBU was as follows: Learning 2,863 (2022: 2,674), Media Finland 2,148 (2022: 2,178) and Other operations 130 (2022: 144). The increase in the number of employees in Learning was mainly due to the acquired Italian and German business.

At the end of September, the number of employees (FTE) of the Group was 5,095 (2022: 5,135).

Employee benefit expenses grew to EUR 304 million (2022: 264) due to salary inflation and the increase in the number of employees resulting from the Italian acquisition and insourcing of certain support operations.

## Acquisitions and divestments

There were no major acquisitions or divestments in January–September 2023. Information on acquisitions and divestments conducted in 2022 and earlier is available at [www.sanoma.com/en/investors/sanoma-as-an-investment/](http://www.sanoma.com/en/investors/sanoma-as-an-investment/).

## Events after the reporting period

On 26 October, Sanoma announced that Sanoma Learning's operational EBIT margin excl. PPA is estimated to reach its long-term target level of 23% in 2026 (approx. 18% in FY 2023) supported by new process and efficiency improvement program, Solar. Annual operational efficiencies from Solar are estimated to amount to approx. EUR 55 million from 2026 onwards. Solar consists of several workstreams across the learning business and operations, including organisational optimisation post curriculum renewals especially in Spain and Poland, process improvements in publishing operations across learning material businesses in seven countries, continuing harmonisation of digital learning platforms started in 2022, and overhead and other optimisation across the SBU. In Q3 2023, Sanoma has booked EUR 15 million of costs related to Solar as items affecting comparability (IACs) in Sanoma Learning's result. In 2024, Solar-related costs booked as IACs are estimated to amount to approx. EUR 30 million. All organisational optimisation actions are subject to works council negotiations and other local legal procedures.

On 18 October, Sanoma announced it has signed a new EUR 100 million term loan facility agreement with OP Corporate Bank. Maturity of the new term loan is twelve months from the drawdown plus an extension option of ten months at the discretion of Sanoma. Sanoma will withdraw the loan in March 2024 and use the funds, together with its other existing funding facilities to repay the EUR 200 million bond, expiring on 18 March 2024. In addition, the maturity of Sanoma's EUR 300 million syndicated Revolving Credit Facility (RCF) has been extended by one year to November 2026. The RCF is provided by a group of ten relationship banks and is currently fully unused.

## Events during the reporting period

On 16 June, Sanoma announced the composition of its Shareholders' Nomination Committee. The four largest shareholders have appointed the following members to the Shareholders' Nomination Committee: Juhani Mäkinen (Vice Chair of the Board, Jane and Aatos Erkko Foundation), Antti Herlin (Chair of the Board, Holding Manutas), Robin Langenskiöld (3<sup>rd</sup> largest shareholder in Sanoma) and Rafaela Seppälä (4<sup>th</sup> largest shareholder in Sanoma). In its meeting on 16 June 2023, the Committee elected Juhani Mäkinen as a Chair of the Committee and invited Pekka Ala-Pietilä, Chair of Sanoma's Board of Directors, to serve as an expert in the Committee.

On 8 June, Sanoma announced that the Administrative Court had rejected Sanoma's appeal that concerned the VAT payment decision regarding the tax audits at Sanoma Media Finland Oy for years 2015–2018, received from the Finnish Tax Adjustment Board on 29 April 2021. The case concerned the treatment of VAT of certain magazines that were printed in multiple locations in Europe, and processed in and distributed through a centralised logistics centre in Norway. Based on the payment decision by the Tax Adjustment Board, Sanoma paid approx. EUR 25 million of VAT, penalties and interests in Q3 2021. According to the Administrative Court's decision and pursuant to the Tax Assessment Procedure Act, no tax will be refunded to Sanoma. On 16 December 2022, Sanoma announced it had received a similar payment decision based on the tax audits for years 2019–2021, and paid approx. EUR 11 million of VAT, penalties and interests in December 2022. Sanoma also considered these claims for years 2019–2021 fully unjustified and appealed the decision to the Finnish Tax Adjustment Board, where the process is still ongoing. Based on the Administrative Court's decision on 8 June 2023, the VAT claims for years 2015–2018 and 2019–2021, amounting to EUR 36 million, were booked as IACs in Media Finland's Q2 2023 result, and a positive EUR 5 million adjustment to the income taxes. The court decision had no impact on Sanoma's free cash flow as the VAT claims were pre-paid already in 2021 and 2022. Sanoma has applied for a permission to appeal

the decision to the Supreme Administrative Court. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.

On 9 March, Sanoma announced that it will issue a EUR 150 million hybrid bond. The funds are used for general corporate purposes, including strengthening of the balance sheet to increase the financial flexibility to support the execution of the strategic plan. The issue date was 16 March. The hybrid bond bears a fixed coupon interest of 8.000% p.a. until 16 March 2026 payable annually, and, from the Reset Date, a floating interest rate as defined in the terms and conditions of the hybrid bond. Paying the interest on the hybrid bond is at the discretion of the company, however an obligation to pay the interest arises if the company decides to distribute dividends. Following the AGM's decision on 19 April 2023 to distribute dividends, the obligation to pay the interest arose and the full annual interest of EUR 12 million was deducted from equity in Q2 2023. The interest will be paid in March 2024. The hybrid bond does not have a specified maturity date, but Sanoma is entitled to redeem it at its nominal amount in whole on the Reset Date or on any interest payment date thereafter. The hybrid bond is subordinated to the company's other debt obligations and treated as equity in Sanoma's consolidated financial statements prepared in accordance with the IFRS. It does not confer to its holders the rights of a shareholder and does not dilute the holdings of the current shareholders.

On 2 March 2023, Sanoma signed a Sustainability Side Letter to add sustainability-linked KPIs to its EUR 300 million Revolving Credit Facility signed in November 2022 with ten banks. With the addition, a minor part of the pricing of the loan will be linked to Sanoma's sustainability performance in reducing greenhouse gas emissions in line with Sanoma's commitment to Science Based Targets and developing inclusive learning solutions, more specifically accessibility of digital learning content and platforms. The KPIs will be measured annually and the progress will be reported in Sanoma's Sustainability Report as well as directly to the lenders.

## Sustainability

Sanoma continued to implement its Sustainability strategy, which focuses on six topics: Inclusive learning, Sustainable media, Trustworthy data, Valued people, Vital environment and Responsible business practices. In September, Sanoma celebrated the UN Literacy Day for the fifth time by joining the Read Hour campaign, raising awareness of the importance of reading and literacy. In August, Sanoma received the ISS ESG Corporate rating for excellence in management of environmental, societal and governance (ESG) aspects and maintained its Prime C+ rating. ISS ESG is a scientific based rating concept, analysing companies' management of ESG issues based on up to 100 rating criteria.

During the third quarter, the Group continued preparations for the EU's upcoming Corporate Social Reporting Directive (CSRD) and the reporting requirements of the related European Sustainability Reporting Standards (ESRS). Members of the Board of Directors and the Group's executive management were trained on the impact of the CSRD on sustainability management and reporting, and especially on the roles and responsibilities of the supervisory bodies, by the company's auditor, PwC.

## Share capital and shareholders

At the end of September 2023, Sanoma's registered share capital was EUR 71 million (2022: 71), and the total number of shares was 163,565,663 (2022: 163,565,663), including 298,045 (2022: 387,895) of its own shares. Own shares represented 0.2% (2022: 0.2%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 163,267,618 (2022: 163,177,768).

In March 2023, Sanoma delivered a total of 89,850 (2022: 291,719) of its own shares (without consideration and after taxes) as part of its long-term share-based incentive plans.

Sanoma had 24,466 (2022: 23,331) registered shareholders at the end of September 2023.

## Flagging notification

On 8 May, Sanoma received an announcement from Rafaela Seppälä, in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the total holding of Sanoma Corporation's shares and voting rights owned by Rafaela Seppälä fell below the level of 5% of the share capital of Sanoma Corporation as a result of share transactions concluded on 4 May 2023. The total holding of Rafaela Seppälä fell to 7,654,746 shares, corresponding to 4.68% of Sanoma's shares and voting rights.

## Share trading and performance

At the end of September 2023, Sanoma's market capitalisation was EUR 1,136 million (2022: 2,001) with Sanoma's share closing at EUR 6.96 (2022: 12.26). In January–September 2023, the volume-weighted average price of Sanoma's share on

Nasdaq Helsinki Ltd. was EUR 7.81 (2022: 12.99), with a low of EUR 5.91 (2022: 11.66) and a high of EUR 10.30 (2022: 14.78).

In January–September 2023, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 121 million (2022: 122). The trading volume of 15.5 million shares (2022: 9.4) equalled an average daily turnover of 82,000 shares (2022: 49,000). The traded shares accounted for some 10% (2022: 6%) of the average number of shares. Sanoma's share turnover, including alternative trading venues, CBOE DXE, Turquoise and Frankfurt, was 19 million shares (2022: 11). Nasdaq Helsinki represented 82% (2022: 82%) of the share turnover. (Source: Euroland)

## Decisions of the Annual General Meeting

Sanoma Corporation's Annual General Meeting (AGM) was held on 19 April 2023 in Helsinki. For the purposes of expanding the opportunities for shareholders' participation, the opportunity was reserved for the shareholders to exercise their rights by voting in advance.

The meeting adopted the Financial Statements, the Board of Directors' Report and the Auditor's Report for the year 2022 as well as discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2022. 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 on EUR 0.37 per share shall be paid. The dividend shall be paid in three instalments. The first instalment of EUR 0.13 per share was paid to a shareholder who was registered in the shareholder register of the Company maintained by Euroclear Finland Ltd on the dividend record date 21 April 2023. The payment date for this instalment was 28 April 2023.

The second instalment of EUR 0.13 per share was paid to a shareholder who was registered in the shareholder register of the Company maintained by Euroclear Finland Ltd on the dividend record date 15 September 2023. The payment date for the instalment was 22 September 2023.

The third instalment of EUR 0.11 per share is paid to a shareholder who is registered in the shareholder register of the Company maintained by Euroclear Finland Ltd on the dividend record date. In its meeting on 25 October 2023, the Board of Directors decided that the dividend record date is 27 October and the payment date 3 November.

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 and Sebastian Langenskiöld were re-elected as members, and Eugenie van Wiechen was elected as a new member of the Board of Directors. Pekka Ala-Pietilä was elected as the Chair of the Board and Nils Ittonen as the Vice Chair. The term of all Board members ends at the end of the AGM 2024.

The AGM resolved that the remuneration payable to the members of the Board of Directors remains unchanged. The monthly remunerations are EUR 12,000 for the Chair of the Board of Directors, EUR 7,000 for the Vice Chair of the Board of Directors, and EUR 6,000 for the members of the Board of Directors.

The meeting fees are:

- For Board members who reside outside Finland: 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 Chairs of Board of Directors' Committees: EUR 3,500 / Committee meeting participated;
- For Committee members who reside outside Finland: EUR 2,500 / Committee meeting where the member was present and EUR 1,500 / Committee meeting participated; and
- For Committee members who reside in Finland: EUR 1,500 / Committee meeting participated.

The meeting fees of the Shareholders' Nomination Committee remain unchanged and are:

- For the Chair of the Shareholders' Nomination Committee: EUR 3,500 / Committee meeting participated;
- For members of the Shareholders' Nomination Committee who reside outside Finland: EUR 2,500 / Committee meeting where the member was present and EUR 1,500 / Committee meeting participated; and
- For members of the Shareholders' Nomination Committee who reside in Finland: EUR 1,500 / Committee meeting participated.

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 2024 and it terminates the corresponding authorisation granted by the AGM 2022.

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 21,000,000 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 2024 and it will replace the corresponding authorisation granted by the AGM 2022.

The AGM resolved that § 10 of the Company's Articles of Association is amended to enable holding a general meeting of shareholders entirely without a meeting venue as a so-called remote meeting and that the notice to the meeting may be published only on the Company's website. Furthermore, §§ 11–12 will be abolished (as the substantive contents is incorporated into the revised § 10).

## Seasonal fluctuation

Seasonal fluctuations in both Learning and Media Finland influence the Group's net sales and EBIT. 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 acquisitions in Italy and Spain, completed in 2020–2022, have further increased the overall seasonality and 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 2023, Sanoma arranged 13 festivals which equals the number of festivals arranged in 2022.

## 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 or long term. Sanoma divides its key risks into four main categories: strategic, operational, non-financial and financial risks. A comprehensive overview of 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 2022, on pages 107–116. These risks still apply. Main updates and the most significant near-term risks and uncertainties are summarised in each Interim Report and are described below.

Changes in the general economic conditions may be reflected in Sanoma's operational and financial performance. Cost inflation, especially salary inflation, is expected to continue to have an impact on Sanoma's operating costs during the rest of 2023 and in the first half of 2024. In the current macroeconomic environment, visibility to the development of advertising demand in Finland remains low and is reflected as an uncertainty related to Media Finland's financial performance. Weakening confidence among Finnish consumers, impacted by the war in Ukraine as well as increasing inflation and interest rates, may have an adverse impact on the demand for Media Finland's products and services. Moreover, the consumer confidence may affect the demand for learning content in some of Sanoma's operating countries and/or in product segments where the parents or students themselves pay for learning content, although such segments constitute a smaller part of Learning's business. Sanoma has been able to partially mitigate these impacts on its financial performance e.g. through active costs management actions and price increases, and the net earnings impact is reflected in the 2023 Outlook. The possible weakening of the economy in the Group's operating countries may increase the Group's credit risk, although potential concentrations of credit risk are offset by the Group's diversified operations and the fact that no individual customer or group of customers is material to the Group. In addition, the weakening of the euro against main currencies, incl. the US dollar, may increase the cost of the goods and services Sanoma buys in currencies other than euro (e.g. hosting and TV



content) and poses a risk to Sanoma's financial performance. Part of the currency transaction risk is hedged with forward contracts, while hedge accounting is not applied.

Changes in the geopolitical situation globally, including the continuing war in Ukraine and the increased unrest in the Middle-East, could have an impact in the demand of the Group's products and services and the availability and price of the key supplies used by the Group. Changes in the geopolitical situation particularly in relation to Finland could increase the risk of certain indirect impacts, such as usability and accessibility of internet connections and global applications as well as cyber-attacks, which may potentially cause disruption in Sanoma's daily business activities for an unknown period of time.

The Group's interest rate risk is mainly related to changes in the reference rates and loan margins of floating rate loans in the Group's loan portfolio. Thus a significant rise in interest rates would lead to an increase in financial expenses. A failure to manage interest rate risk may have an adverse effect on the Group's financial performance and position.

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. Sanoma booked a total net amount of EUR 31 million of VAT claims for years 2015–2018 and 2019–2021 concerning the treatment of VAT of certain magazines that were printed in multiple locations in Europe, and processed in and distributed through a centralised logistics centre in Norway, as IACs in Media Finland's Q2 2023 result. Sanoma has applied for permission to appeal the decision to the Supreme Administrative Court. The VAT regulations have changed as of 1 July 2021 and thus further claims related to the matter are not expected. More information on the matter is available on p. 13.

At the end of September 2023, Sanoma's consolidated balance sheet included EUR 1,546 million (2022: 1,566) of goodwill, immaterial rights and other intangible assets. The majority of these are related to the learning business. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis or more frequently if there is any indication of impairment. Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity and equity-related ratios. Further, as Sanoma's strategic aim is to grow through acquisitions, material amounts of goodwill, immaterial rights and other intangible assets might be recorded on Sanoma's balance sheet in connection with the completions of acquisitions and may be impaired in the future.

## Financial reporting in 2024

Sanoma will publish the following financial reports during 2024:

Full-Year Result 2023	Wednesday, 7 February 2024
Interim Report 1 January–31 March 2024	Wednesday, 8 May 2024
Interim Report 1 January–30 June 2024	Wednesday, 24 July 2024
Interim Report 1 January–30 September 2024	Thursday, 31 October 2024

Sanoma's Financial Statements and Directors' Report for 2023 will be published during week 10, which starts on 4 March 2024. The Annual General Meeting 2024 is planned to be held on Wednesday, 17 April 2024 in Helsinki. To use the shareholders' right to have matters dealt with by the General Meeting a written request should be sent to the Board of Directors on Wednesday 10 January 2024 at the latest.

Helsinki, 25 October 2023

Board of Directors  
Sanoma Corporation

## Reconciliation of operational EBIT excl. PPA

EUR million	Q3 2023	Q3 2022	Q1–Q3 2023	Q1–Q3 2022	FY 2022
<b>EBIT</b>	<b>146.7</b>	<b>116.3</b>	<b>103.2</b>	<b>132.8</b>	<b>112.0</b>
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations</b>					
<b>Learning</b>					
Impairments	-6.0	-10.6	-6.0	-10.6	-11.6
Capital gains/losses					0.5
Restructuring expenses	-17.2	-11.8	-25.1	-15.4	-21.1
PPA adjustments and amortisations	-8.7	-8.7	-26.3	-23.6	-32.5
<b>Media Finland</b>					
Impairments			-2.3		
Capital gains/losses			1.6	0.4	0.4
Restructuring expenses	-0.5	-0.7	-2.4	-2.5	-5.0
VAT claims for years 2015-2018 and 2019-2021			-35.9		
PPA adjustments and amortisations	-1.6	-1.7	-5.0	-5.2	-6.9
<b>Other operations</b>					
Capital gains/losses	1.1		2.9		
Restructuring expenses	0.3	1.4	-0.8	-1.9	-1.1
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations total</b>	<b>-32.7</b>	<b>-32.1</b>	<b>-99.3</b>	<b>-58.8</b>	<b>-77.2</b>
<b>Operational EBIT excl. PPA</b>	<b>179.4</b>	<b>148.4</b>	<b>202.4</b>	<b>191.6</b>	<b>189.3</b>
Depreciation of buildings and structures	-6.6	-6.8	-19.8	-19.5	-26.6
Depreciation of rental books	-2.0	-3.1	-6.4	-8.8	-11.5
Amortisation of film and TV broadcasting rights	-12.3	-11.4	-42.0	-39.3	-54.2
Amortisation of prepublication rights	-10.6	-7.2	-29.7	-17.6	-31.6
Other depreciations, amortisations and impairments	-15.9	-22.0	-38.6	-43.9	-53.2
Items affecting comparability in depreciation, amortisation and impairments	6.0	10.6	8.3	10.6	11.1
<b>Operational EBITDA</b>	<b>220.9</b>	<b>188.4</b>	<b>330.5</b>	<b>310.1</b>	<b>355.4</b>

## Items affecting comparability (IACs) in results of associated companies

EUR million	Q3 2023	Q3 2022	Q1–Q3 2023	Q1–Q3 2022	FY 2022
<b>Media Finland</b>					
Fair value remeasurement of previously held equity interest			-1.0		

## Reconciliation of operational EPS

EUR million	Q3 2023	Q3 2022	Q1–Q3 2023	Q1–Q3 2022	FY 2022
<b>Result for the period attributable to the equity holders of the Parent Company</b>	<b>99.3</b>	<b>85.4</b>	<b>48.0</b>	<b>97.6</b>	<b>76.2</b>
Accrued interest on the hybrid bond net of tax	-2.4		-5.2		
Items affecting comparability	22.3	21.7	69.0	29.9	37.9
Tax effect of items affecting comparability	-5.6	-7.7	-12.2	-9.5	-7.8
<b>Operational result for the period attributable to the equity holders of the Parent Company</b>	<b>113.6</b>	<b>99.4</b>	<b>99.6</b>	<b>118.1</b>	<b>106.3</b>
Weighted average number of shares on the market	163,267,618	163,177,768	163,248,200	163,114,723	163,130,613
<b>Operational EPS</b>	<b>0.70</b>	<b>0.61</b>	<b>0.61</b>	<b>0.72</b>	<b>0.65</b>

## Reconciliation of net debt

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current financial liabilities	349.7	573.1	599.4
Current financial liabilities	255.9	217.2	100.1
Non-current lease liabilities	130.8	117.6	119.6
Current lease liabilities	29.5	44.1	45.3
Cash and cash equivalents	-74.4	-114.4	-41.0
<b>Net debt</b>	<b>691.4</b>	<b>837.6</b>	<b>823.4</b>

## Reconciliation of adjusted EBITDA

EUR million	Q1–Q3 2023	Q1–Q3 2022	FY 2022
12-month rolling operational EBITDA	375.8	352.2	355.4
Impact of acquired and divested operations	-0.6	19.1	17.2
Impact of programming rights	-61.5	-53.4	-54.3
Impact of prepublication rights	-56.1	-55.1	-55.4
Impact of rental books	-8.7	-7.6	-7.5
<b>Adjusted EBITDA</b>	<b>248.9</b>	<b>255.3</b>	<b>255.4</b>

## Reconciliation of comparable net sales growth

EUR million	Q3 2023	Q3 2022	Q1–Q3 2023	Q1–Q3 2022
<b>Group</b>				
Net sales	580.3	514.9	1,139.4	1,038.8
Impact of acquired and divested operations	-39.0	-3.4	-81.1	-8.4
<b>Comparable net sales</b>	<b>541.3</b>	<b>511.6</b>	<b>1,058.3</b>	<b>1,030.4</b>
<b>Learning</b>				
Net sales	430.4	360.3	694.8	579.4
Impact of acquired and divested operations	-38.4	-2.2	-80.0	-6.0
<b>Comparable net sales</b>	<b>392.0</b>	<b>358.1</b>	<b>614.8</b>	<b>573.4</b>
<b>Media Finland</b>				
Net sales	149.9	154.8	444.8	460.1
Impact of acquired and divested operations	-0.6	-1.2	-1.2	-2.4
<b>Comparable net sales</b>	<b>149.3</b>	<b>153.6</b>	<b>443.6</b>	<b>457.7</b>

## Income statement by quarter

EUR million	Q1 2023	Q2 2023	Q3 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
<b>NET SALES</b>	<b>217.8</b>	<b>341.3</b>	<b>580.3</b>	<b>210.6</b>	<b>313.2</b>	<b>514.9</b>	<b>259.5</b>	<b>1,298.3</b>
Other operating income	7.3	5.5	6.0	4.7	2.6	5.2	8.5	21.0
Materials and services	-73.5	-101.9	-227.8	-65.0	-91.2	-212.5	-89.3	-458.0
Employee benefit expenses	-97.2	-102.6	-104.2	-87.7	-92.0	-84.2	-92.3	-356.2
Other operating expenses	-43.0	-87.9	-50.1	-36.7	-45.3	-46.4	-48.8	-177.2
Share of results in joint ventures	0.2	0.2	0.3	0.1	0.1	0.2	0.0	0.5
Depreciation, amortisation and impairment losses	-54.7	-55.1	-57.9	-48.0	-49.0	-60.9	-58.6	-216.5
<b>EBIT</b>	<b>-43.1</b>	<b>-0.5</b>	<b>146.7</b>	<b>-22.0</b>	<b>38.5</b>	<b>116.3</b>	<b>-20.8</b>	<b>112.0</b>
Share of results in associated companies	-1.0	0.0	0.0	0.1	0.0	-0.2	-0.2	-0.4
Financial income	2.4	6.2	-0.3	1.1	4.1	3.4	0.9	9.5
Financial expenses	-8.8	-14.4	-8.4	-4.4	-4.0	-6.9	-6.7	-22.0
<b>RESULT BEFORE TAXES</b>	<b>-50.6</b>	<b>-8.7</b>	<b>138.0</b>	<b>-25.2</b>	<b>38.6</b>	<b>112.6</b>	<b>-26.8</b>	<b>99.2</b>
Income taxes	10.8	-2.5	-38.3	6.9	-7.7	-27.0	5.6	-22.2
<b>RESULT FOR THE PERIOD</b>	<b>-39.8</b>	<b>-11.2</b>	<b>99.7</b>	<b>-18.3</b>	<b>30.8</b>	<b>85.6</b>	<b>-21.1</b>	<b>77.0</b>
<b>Result attributable to:</b>								
Equity holders of the Parent Company	-40.0	-11.4	99.3	-18.5	30.7	85.4	-21.4	76.2
Non-controlling interests	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.7
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>								
Earnings per share, EUR	-0.25	-0.08	0.59	-0.11	0.19	0.52	-0.13	0.47
Diluted earnings per share, EUR	-0.25	-0.08	0.59	-0.11	0.19	0.52	-0.13	0.47

## Net sales by SBU

EUR million	Q1 2023	Q2 2023	Q3 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Learning	76.3	188.0	430.4	69.3	149.8	360.3	101.6	681.0
Media Finland	141.5	153.4	149.9	141.6	163.7	154.8	158.0	618.1
Other operations and eliminations	-0.1	-0.1	0.0	-0.3	-0.3	-0.1	-0.1	-0.8
<b>Total</b>	<b>217.8</b>	<b>341.3</b>	<b>580.3</b>	<b>210.6</b>	<b>313.2</b>	<b>514.9</b>	<b>259.5</b>	<b>1,298.3</b>

## EBIT by SBU

EUR million	Q1 2023	Q2 2023	Q3 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Learning	-43.8	33.1	132.4	-27.7	30.5	98.4	-34.0	67.2
Media Finland	1.5	-29.5	14.6	7.5	14.6	18.2	13.9	54.3
Other operations and eliminations	-0.7	-4.1	-0.3	-1.8	-6.7	-0.3	-0.7	-9.4
<b>Total</b>	<b>-43.1</b>	<b>-0.5</b>	<b>146.7</b>	<b>-22.0</b>	<b>38.5</b>	<b>116.3</b>	<b>-20.8</b>	<b>112.0</b>

## Operational EBIT excl. PPA by SBU

EUR million	Q1 2023	Q2 2023	Q3 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Learning	-33.5	48.3	164.3	-19.7	41.0	129.4	-18.9	131.8
Media Finland	5.1	8.7	16.8	9.9	17.2	20.6	18.1	65.8
Other operations and eliminations	-2.3	-3.3	-1.7	-0.6	-4.6	-1.6	-1.5	-8.4
<b>Total</b>	<b>-30.7</b>	<b>53.7</b>	<b>179.4</b>	<b>-10.4</b>	<b>53.6</b>	<b>148.4</b>	<b>-2.3</b>	<b>189.3</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 30 September 2023. 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 the Annual Report 2022. 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.

On 16 March 2023, Sanoma issued a hybrid bond of EUR 150 million, which is treated as equity in the accounting. The hybrid bond does not have a specified maturity date, but Sanoma is entitled to redeem it at its nominal amount on the reset date of 16 March 2026, or on each interest payment date thereafter. The hybrid bond is subordinated to the company's other debt instruments, but senior to other equity instruments. Paying the interest on the hybrid bond is at the discretion of the company, however an obligation to pay the interest arises if the Group decides to distribute dividends. Following the AGM's decision on 19 April 2023 to distribute dividends, the obligation to pay the interest arose and the full annual interest of EUR 12 million was deducted from equity in Q2 2023. The interest will be paid in March 2024.

Hybrid bond holders have no control over the Group and no right to vote at shareholders' meetings. When calculating earnings per share (EPS), unpaid interest net of tax is adjusted in the result for the period. For the period January–September 2023 the result was adjusted by EUR 5.2 million, which is the accumulated unpaid interest net of tax since the hybrid bond issuance on 16 March 2023 until the end of the reporting period 30 September 2023.

## Consolidated income statement

EUR million	Q3 2023	Q3 2022	Q1–Q3 2023	Q1–Q3 2022	FY 2022
<b>NET SALES</b>	<b>580.3</b>	<b>514.9</b>	<b>1,139.4</b>	<b>1,038.8</b>	<b>1,298.3</b>
Other operating income	6.0	5.2	18.9	12.5	21.0
Materials and services	-227.8	-212.5	-403.2	-368.7	-458.0
Employee benefit expenses	-104.2	-84.2	-304.0	-263.9	-356.2
Other operating expenses	-50.1	-46.4	-181.0	-128.4	-177.2
Share of results in joint ventures	0.3	0.2	0.7	0.5	0.5
Depreciation, amortisation and impairment losses	-57.9	-60.9	-167.7	-157.9	-216.5
<b>EBIT</b>	<b>146.7</b>	<b>116.3</b>	<b>103.2</b>	<b>132.8</b>	<b>112.0</b>
Share of results in associated companies	0.0	-0.2	-1.0	-0.2	-0.4
Financial income	-0.3	3.4	8.2	8.6	9.5
Financial expenses	-8.4	-6.9	-31.7	-15.3	-22.0
<b>RESULT BEFORE TAXES</b>	<b>138.0</b>	<b>112.6</b>	<b>78.7</b>	<b>125.9</b>	<b>99.2</b>
Income taxes	-38.3	-27.0	-30.0	-27.8	-22.2
<b>RESULT FOR THE PERIOD</b>	<b>99.7</b>	<b>85.6</b>	<b>48.7</b>	<b>98.1</b>	<b>77.0</b>
<b>Result attributable to:</b>					
Equity holders of the Parent Company	99.3	85.4	48.0	97.6	76.2
Non-controlling interests	0.3	0.2	0.7	0.5	0.7
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>					
Earnings per share, EUR	0.59	0.52	0.26	0.60	0.47
Diluted earnings per share, EUR	0.59	0.52	0.26	0.60	0.47

## Statement of comprehensive income

EUR million	Q3 2023	Q3 2022	Q1–Q3 2023	Q1–Q3 2022	FY 2022
<b>Result for the period</b>	<b>99.7</b>	<b>85.6</b>	<b>48.7</b>	<b>98.1</b>	<b>77.0</b>
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Change in translation differences	-0.7	-2.0	-0.7	-3.0	2.3
<b>Items that will not be reclassified to profit or loss</b>					
Defined benefit plans	9.9	16.1	4.9	6.7	-6.9
Income tax related to defined benefit plans	-2.0	-3.2	-1.0	-1.3	1.3
<b>Other comprehensive income for the period, net of tax</b>	<b>7.2</b>	<b>10.9</b>	<b>3.2</b>	<b>2.4</b>	<b>-3.3</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>106.9</b>	<b>96.5</b>	<b>51.9</b>	<b>100.5</b>	<b>73.6</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Parent Company	106.5	96.3	51.2	100.0	72.9
Non-controlling interests	0.3	0.2	0.7	0.5	0.7



## Consolidated balance sheet

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
<b>ASSETS</b>			
Property, plant and equipment	42.5	54.4	49.2
Right-of-use assets	151.4	154.8	156.5
Investment property	2.9	5.2	5.2
Goodwill	813.1	813.2	812.1
Other intangible assets	732.6	752.3	739.0
Equity-accounted investees	3.4	4.2	4.1
Other investments	3.8	3.7	3.7
Deferred tax receivables	3.6	9.4	10.7
Non-current receivables	23.6	37.6	20.8
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>1,777.1</b>	<b>1,834.8</b>	<b>1,801.3</b>
Inventories	75.2	82.8	71.2
Income tax receivables	15.9	15.8	10.4
Contract assets	1.6	1.6	0.6
Trade and other receivables	329.5	331.9	179.1
Cash and cash equivalents	74.4	114.4	41.0
<b>CURRENT ASSETS, TOTAL</b>	<b>496.7</b>	<b>546.4</b>	<b>302.3</b>
<b>ASSETS, TOTAL</b>	<b>2,273.8</b>	<b>2,381.3</b>	<b>2,103.6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	71.3	71.3	71.3
Treasury shares	-4.1	-5.2	-5.2
Fund for invested unrestricted equity	209.8	209.8	209.8
Other equity	400.3	449.9	419.2
Hybrid bond	148.9		
Total equity attributable to the equity holders of the Parent Company	826.2	725.7	695.1
Non-controlling interests	2.5	6.8	7.0
<b>EQUITY, TOTAL</b>	<b>828.6</b>	<b>732.5</b>	<b>702.1</b>
Deferred tax liabilities	116.0	124.6	121.4
Pension obligations	6.1	7.2	4.1
Provisions	1.8	0.5	0.1
Financial liabilities	349.7	573.1	599.4
Lease liabilities	130.8	117.6	119.6
Contract liabilities	1.7	3.0	2.5
Trade and other payables	2.5	3.6	2.8
<b>NON-CURRENT LIABILITIES, TOTAL</b>	<b>608.6</b>	<b>829.5</b>	<b>850.0</b>
Provisions	14.6	2.9	1.7
Financial liabilities	255.9	217.2	100.1
Lease liabilities	29.5	44.1	45.3
Income tax liabilities	31.1	42.0	12.9
Contract liabilities	171.4	161.1	139.3
Trade and other payables	334.1	352.0	252.2
<b>CURRENT LIABILITIES, TOTAL</b>	<b>836.5</b>	<b>819.3</b>	<b>551.5</b>
<b>LIABILITIES, TOTAL</b>	<b>1,445.2</b>	<b>1,648.8</b>	<b>1,401.5</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>2,273.8</b>	<b>2,381.3</b>	<b>2,103.6</b>

## Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company							Equity, total
	Share capital	Treasury shares	Fund for invested unrestricted equity	Other equity	Hybrid bond	Total	Non-controlling interests	
<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				100.0		100.0	0.5	100.5
Share-based compensation				-0.4		-0.4		-0.4
Shares delivered		2.3		-2.3				
Dividends				-88.1		-88.1	-1.0	-89.1
Acquisitions and other changes in non-controlling interests				0.7		0.7	0.0	0.7
<b>Equity at 30 Sep 2022</b>	<b>71.3</b>	<b>-5.2</b>	<b>209.8</b>	<b>449.9</b>		<b>725.7</b>	<b>6.8</b>	<b>732.5</b>
<b>Equity at 1 Jan 2023</b>	<b>71.3</b>	<b>-5.2</b>	<b>209.8</b>	<b>419.2</b>		<b>695.1</b>	<b>7.0</b>	<b>702.1</b>
Comprehensive income for the period				51.2		51.2	0.7	51.9
Share-based compensation				1.7		1.7		1.7
Shares delivered		1.1		-1.1				
Dividends				-60.4		-60.4	-0.7	-61.1
Acquisitions and other changes in non-controlling interests				1.7		1.7	-4.5	-2.8
Interest on hybrid bond				-12.0		-12.0		-12.0
Issuance of hybrid bond (net of issuance costs)					148.9	148.9		148.9
<b>Equity at 30 Sep 2023</b>	<b>71.3</b>	<b>-4.1</b>	<b>209.8</b>	<b>400.3</b>	<b>148.9</b>	<b>826.2</b>	<b>2.5</b>	<b>828.6</b>

## Consolidated cash flow statement

EUR million	Q1–Q3 2023	Q1–Q3 2022	FY 2022
<b>OPERATIONS</b>			
Result for the period	48.7	98.1	77.0
Adjustments			
Income taxes	30.0	27.8	22.2
Financial income and expenses	23.5	6.7	12.5
Share of results in equity-accounted investees	0.3	-0.3	-0.2
Depreciation, amortisation and impairment losses	167.7	157.9	216.5
Gains/losses on sales of non-current assets	-4.9	-0.7	-3.3
Other adjustments	5.6	0.2	2.1
Adjustments, total	222.2	191.5	249.9
Change in working capital	-68.0	-84.4	4.4
Acquisitions of broadcasting rights, prepublication costs and rental books	-99.0	-84.0	-111.2
Dividends received	0.3	0.6	0.6
Interest paid and other financial items	-21.3	-10.4	-13.2
Taxes paid	-17.2	-25.5	-42.8
<b>Cash flow from operations</b>	<b>65.6</b>	<b>85.9</b>	<b>164.6</b>
<b>INVESTMENTS</b>			
Capital expenditure	-31.0	-38.4	-52.9
Operations acquired	-0.8	-204.7	-204.9
Proceeds from sale of tangible and intangible assets	7.0	1.4	1.4
Operations sold	3.5	0.6	7.7
Loans granted	0.0	-1.5	-3.2
Repayments of loan receivables		0.4	0.4
Interest received	1.3	0.3	0.8
<b>Cash flow from investments</b>	<b>-19.9</b>	<b>-241.8</b>	<b>-250.7</b>
<b>Cash flow before financing</b>	<b>45.7</b>	<b>-155.9</b>	<b>-86.2</b>
<b>FINANCING</b>			
Proceeds from issue of hybrid bond (net of issuance costs)	148.9		
Change in loans with short maturity	-40.0	137.9	69.7
Drawings of other loans	0.6	250.2	250.3
Repayments of other loans	-50.3	-100.3	-124.7
Payment of lease liabilities	-22.8	-23.7	-30.5
Acquisitions of non-controlling interests	-7.1	-1.0	-1.0
Dividends paid	-41.2	-45.0	-89.1
<b>Cash flow from financing</b>	<b>-12.0</b>	<b>217.9</b>	<b>74.6</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT</b>	<b>33.7</b>	<b>62.0</b>	<b>-11.6</b>
Effect of exchange rate differences on cash and cash equivalents	-0.3	0.0	0.2
<b>Net change in cash and cash equivalents</b>	<b>33.4</b>	<b>62.0</b>	<b>-11.4</b>
Cash and cash equivalents at the beginning of the period	41.0	52.4	52.4
Cash and cash equivalents at the end of the period	74.4	114.4	41.0
<b>FREE CASH FLOW (Cash flow from operations – Capital expenditure)</b>	<b>34.6</b>	<b>47.5</b>	<b>111.7</b>

At the end of September 2023, cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 0.0 million (2022: 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 25 million students in 12 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–30 September 2023

EUR million	Learning	Media Finland	Other operations/eliminations	Total
External net sales	694.8	444.6		1,139.4
Internal net sales	0.0	0.1	-0.1	
<b>Net sales, total</b>	<b>694.8</b>	<b>444.8</b>	<b>-0.1</b>	<b>1,139.4</b>
<b>EBIT</b>	<b>121.6</b>	<b>-13.5</b>	<b>-5.0</b>	<b>103.2</b>
<b>Operational EBIT excl. PPA</b>	<b>179.1</b>	<b>30.5</b>	<b>-7.2</b>	<b>202.4</b>
Share of results in associated companies		-1.0		-1.0
Financial income			8.2	8.2
Financial expenses			-31.7	-31.7
<b>Result before taxes</b>				<b>78.7</b>
Income taxes				-30.0
<b>Result for the period</b>				<b>48.7</b>
<b>Segment assets</b>	<b>1,928.5</b>	<b>388.2</b>	<b>-136.8</b>	<b>2,179.8</b>

## Segment information 1 January–30 September 2022

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
External net sales	579.4	459.4		1,038.8
Internal net sales	0.0	0,7	-0,7	
<b>Net sales, total</b>	<b>579.4</b>	<b>460.1</b>	<b>-0.7</b>	<b>1,038.8</b>
<b>EBIT</b>	<b>101.2</b>	<b>40.4</b>	<b>-8.7</b>	<b>132.8</b>
<b>Operational EBIT excl. PPA</b>	<b>150.7</b>	<b>47.7</b>	<b>-6.9</b>	<b>191.6</b>
Share of results in associated companies		-0.2		-0.2
Financial income			8.6	8.6
Financial expenses			-15.3	-15.3
<b>Result before taxes</b>				<b>125.9</b>
Income taxes				-27.8
<b>Result for the period</b>				<b>98.1</b>
<b>Segment assets</b>	<b>1,953.1</b>	<b>424.0</b>	<b>-136.8</b>	<b>2,240.3</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–30 September 2023

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
Finland	52.6	444.8	-0.1	497.2
The Netherlands	191.9			191.9
Poland	106.9			106.9
Spain	139.5			139.5
Italy	94.3			94.3
Belgium	73.9			73.9
Other companies and eliminations	35.7			35.7
<b>Primary geographical markets</b>	<b>694.8</b>	<b>444.8</b>	<b>-0.1</b>	<b>1,139.4</b>
Learning solutions	568.2		0.0	568.2
Advertising		156.2	-0.1	156.1
Subscription		182.6	0.0	182.6
Single copy		28.9		28.9
Other	126.6	77.1	0.0	203.6
<b>Major product lines/services</b>	<b>694.8</b>	<b>444.8</b>	<b>-0.1</b>	<b>1,139.4</b>
Recognition at a point-in-time	576.7	139.9	-0.1	716.4
Recognition over-time	118.1	304.9		423.0
<b>Timing of revenue recognition</b>	<b>694.8</b>	<b>444.8</b>	<b>-0.1</b>	<b>1,139.4</b>

## Disaggregation of revenue 1 January–30 September 2022

EUR million	Learning	Media Finland	Other operations/eliminations	Total
Finland	51.0	460.1	-0.7	510.4
The Netherlands	192.4			192.4
Poland	94.4			94.4
Spain	114.5			114.5
Italy	19.4			19.4
Belgium	77.2			77.2
Other companies and eliminations	30.5			30.5
<b>Primary geographical markets</b>	<b>579.4</b>	<b>460.1</b>	<b>-0.7</b>	<b>1,038.8</b>
Learning solutions	462.8		0.0	462.8
Advertising		170.6	-0.5	170.1
Subscription		184.3	0.0	184.3
Single copy		29.4		29.4
Other	116.6	75.8	-0.2	192.2
<b>Major product lines/services</b>	<b>579.4</b>	<b>460.1</b>	<b>-0.7</b>	<b>1,038.8</b>
Recognition at a point-in-time	457.3	146.4	-0.7	603.0
Recognition over-time	122.1	313.8		435.8
<b>Timing of revenue recognition</b>	<b>579.4</b>	<b>460.1</b>	<b>-0.7</b>	<b>1,038.8</b>

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

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Carrying amount at 1 Jan	205.7	212.4	212.4
Increases	34.7	32.7	48.8
Acquisitions of operations	0.1	9.0	9.0
Decreases	-4.5	-1.5	-6.2
Disposal of operations		-1.1	-1.1
Depreciation for the period	-36.4	-39.0	-52.7
Impairment losses for the period	-6.0	-3.0	-4.2
Exchange rate differences and other changes	0.2	-0.4	-0.3
<b>Carrying amount at the end of the period</b>	<b>193.9</b>	<b>209.2</b>	<b>205.7</b>

## Acquisitions and divestments

### Acquisitions in 2023

In Q1-Q3 2023, Sanoma invested EUR 4.4 million in business acquisitions. The effect of the acquisitions since the acquisition date on the Group's Q1-Q3 2023 net sales and operating profit was minor.

On 30 August 2023 Sanoma Media Finland acquired 100% of the shares of Marva Media Oy and Rauman Suorajakelu Oy. Marva Media publishes the newspaper Länsi-Suomi and the city paper Raumalainen. The transaction strengthens the reach of Sanoma's regional newsmedia and the customer base at Satakunta area.

On 3 April 2023 Sanoma Learning acquired the rest of the shares of Tutorhouse Oy.

On 31 March 2023, Sanoma Learning acquired the rest of the shares of Clickedu and increased its ownership from 67% to 100%.

On 17 February 2023, Sanoma Media Finland acquired the rest of the shares of Valopilkku and increased its ownership to 100%.

On 10 February 2023, Sanoma Media Finland increased its ownership in Kaiku Entertainment Oy to 100%.

On 31 August 2022, Sanoma acquired Pearson's local K12 learning content business in Italy and its small exam preparation business in Germany. Acquisition accounting for Sanoma Italy was disclosed in the 2022 financial statements as provisional. The purchase price allocation was finalized during Q3 2023 resulting in EUR 0.5 million decrease in goodwill. The purchase price has been allocated to identified net assets which include trademarks, customer relationships, ELT (English language teaching) distribution agreement and inventory.

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

EUR million	Q1-Q3 2023	Italy and Germany	Other	FY 2022
Property, plant and equipment	0.0	2.0	0.0	2.0
Right-of-use assets	0.1	6.7	0.3	7.0
Intangible assets	2.0	86.5	3.1	89.6
Other non-current assets	0.1	15.5	0.0	15.5
Inventories		34.8	0.0	34.8
Other current assets	3.3	85.0	0.5	85.4
<b>Assets, total</b>	<b>5.5</b>	<b>230.5</b>	<b>3.9</b>	<b>234.4</b>
Non-current liabilities	-2.3	-29.6	-1.0	-30.6
Current liabilities	-2.5	-44.3	-0.7	-44.9
<b>Liabilities, total</b>	<b>-4.8</b>	<b>-73.9</b>	<b>-1.7</b>	<b>-75.5</b>
Fair value of acquired net assets	0.7	156.6	2.3	158.9
Acquisition cost	1.6	212.1	5.0	217.0
Fair value of previously held interest	0.2			
Fair value of acquired net assets	-0.7	-156.6	-2.3	-158.9
<b>Goodwill from the acquisitions</b>	<b>1.1</b>	<b>55.5</b>	<b>2.7</b>	<b>58.2</b>

### Acquisitions of non-controlling interests

EUR million	Q1-Q3 2023	FY 2022
Acquisition cost	2.8	
Book value of the acquired interest	1.1	
<b>Impact on consolidated equity</b>	<b>-1.7</b>	



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

EUR million	Q1–Q3 2023	Italy and Germany	Other	FY 2022
Acquisition cost	1.6	212.1	5.0	217.0
Cash and cash equivalents of acquired operations	-1.5	-9.9	-0.3	-10.2
Decrease (+) / increase (-) in acquisition liabilities	0.7		-2.0	-2.0
<b>Cash paid to obtain control, net of cash acquired</b>	<b>0.8</b>	<b>202.2</b>	<b>2.7</b>	<b>204.9</b>
Acquisition cost	2.8			
Decrease (+) / increase (-) in acquisition liabilities	4.3		1.0	1.0
<b>Cash paid on acquisitions of non-controlling interests</b>	<b>7.1</b>		<b>1.0</b>	<b>1.0</b>

## Divestments in 2023

On 22 February 2023, Sanoma Media Finland sold audio service Supla's audiobook operations to BookBeat.

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

EUR million	Q1–Q3 2023	FY 2022
Property, plant and equipment		1.1
Other intangible assets		11.1
Inventories		0.3
Trade and other receivables		0.4
Cash and cash equivalents		1.7
<b>Assets, total</b>		<b>14.6</b>
Deferred tax liabilities		-3.0
Trade and other payables		-2.1
<b>Liabilities, total</b>		<b>-5.1</b>
Net assets		9.5
Sales price		11.5
Transaction fees paid		-1.1
<b>Net result from sale of operations</b>	<b>1.6</b>	<b>0.9</b>

## Cash flow from sale of operations

EUR million	Q1–Q3 2023	FY 2022
Sales price	1.6	11.5
Cash and cash equivalents of divested operations		-1.7
Decrease (+) / increase (-) in receivables from divestment	1.9	-2.1
<b>Cash flow from sale of operations</b>	<b>3.5</b>	<b>7.7</b>

## Contingent liabilities

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
<b>Contingencies for own commitments</b>			
Pledges	0.9	0.9	0.9
Other items	24.3	25.1	24.3
Contingencies for own commitments total	25.2	25.9	25.2
<b>Other commitments</b>			
Royalties	0.9	0.3	0.2
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	48.0	38.3	41.0
Other items <sup>1</sup>	92.1	22.3	91.3
Other commitments total	141.0	60.9	132.5
<b>Total</b>	<b>166.2</b>	<b>86.8</b>	<b>157.7</b>

<sup>1</sup> Other items include commitments of contracts. In 2022 a new significant contract was signed with an external operator.

## Derivative instruments

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
<b>Fair values</b>			
<b>Currency derivatives</b>			
Forward contracts (positive fair values)	0.1	0.2	0.0
Forward contracts (negative fair values)		0.0	-0.1
<b>Nominal values</b>			
<b>Currency derivatives</b>			
Forward contracts	11.7	16.0	15.0

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

## Interest on hybrid bond

On 16 March 2023, Sanoma issued a hybrid bond of EUR 150 million. As of 30 September 2023, the unpaid interest was EUR 12 million as the obligation to pay the interest for the full interest cycle (12 months) arose when the AGM held on 19 April 2023 decided to distribute dividends.

## Disputes and litigations

On 8 June, Sanoma announced that the Administrative Court had rejected Sanoma's appeal that concerned the VAT payment decisions regarding the tax audits at Sanoma Media Finland Oy for years 2015–2018. The case concerned the treatment of VAT of certain magazines that were printed in multiple locations in Europe, and processed in and distributed through a centralised logistic centre in Norway.

Based on the payment decision from the Finnish Tax Adjustment Board on 16 December 2022, Sanoma paid EUR 11 million of VAT, penalties and interests in December 2022 in order to avoid interest accumulation. Sanoma considers these claims fully unjustified and appealed of the decision to the Finnish Tax Adjustment Board, where the process is still ongoing. Sanoma considered this payment to be a deposit with the tax authority, and reported the amount paid as a receivable. In March 2023, the tax authorities made an ex officio decision on a corporate income tax adjustment as a consequence of value added tax and refunded EUR 2 million of corporate income tax to Sanoma. Sanoma considered this refund to be a liability towards the tax authority, and reported the amount received as a liability.

Based on the decision from the Finnish Tax Adjustment Board on 29 April 2021, Sanoma paid EUR 25 million of VAT, penalties and interests in July 2021 in order to avoid further interest accumulation. Sanoma considered this payment to be a deposit with the tax authority while the dispute was ongoing, and consequently reported 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 considered this refund to be a liability towards the tax authority while the dispute was ongoing, and consequently reported the amount received as

a liability. According to the Administrative Court's decision on 8 June 2023 and pursuant to the Tax Assessment Procedure Act, no tax will be refunded to Sanoma.

Based on the Administrative Court's decision given on 8 June 2023, the VAT claims for both the years 2015–2018 and 2019–2021 amounting to EUR 36 million were booked as IACs in Media Finland's Q2 2023 result and a positive EUR 5 million adjustment to the income taxes.

Sanoma has applied for a permission to appeal of the decision to the Supreme Administrative Court. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.

## Definitions of key indicators

KPI	Definition	Reason to use
Comparable (or organic) 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 incl. transaction and integration costs of acquisitions 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
Purchase price allocation adjustments and amortisations (PPAs)	= Purchase price allocation amortisations and cost impact of the inventory fair value adjustments	A component used in the calculation of KPIs (incl. operational EBIT excl. PPA)
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	= $\frac{\text{Free cash flow}}{\text{Weighted average number of shares on the market}}$	Basis for Sanoma's dividend policy
Net debt	= Interest-bearing liabilities (short or long-term liabilities which have separately determined interest cost) – cash and cash equivalents	Measures Sanoma's net debt position
Net debt / Adj. EBITDA	= 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
Net financial items	= Financial income – financial expenses	Measures Sanoma's net financing cost
EPS	= $\frac{\text{Result for the period attributable to the equity holders of the Parent Company} - \text{tax adjusted interest on hybrid loan}}{\text{Weighted average number of shares on the market}}$	Measures Sanoma's result for the period per share
Operational EPS	= $\frac{\text{Result for the period attributable to the equity holders of the Parent Company} - \text{tax adjusted interest on hybrid loan} - \text{IACs} - \text{tax effect of IACs} - \text{non-controlling interests' share of IACs}}{\text{Weighted average number of shares on the market}}$	In addition to EPS, reflects the underlying business performance and enhances comparability between reporting periods