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Full-Year Result

2022

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SANOMA CORPORATION, FULL-YEAR RESULT 2022

Net sales continued to grow and operational EBIT was affected by inflation

Q4 2022

- The Group's net sales grew to EUR 260 million (2021: 252). The positive impact of the acquisition of Pearson Italy and Germany was partially offset by lower advertising sales. The Group's comparable growth was -3% (2021: 6%).
- Operational EBIT excl. PPA was seasonally negative and amounted to EUR -2 million (2021: -5).
- EBIT was EUR -21 million (2021: -19). Items affecting comparability (IACs) increased to EUR -8 million (2021: -5) and were mainly related to recent acquisitions in Learning. Purchase price allocation adjustments and amortisations (PPAs) grew to EUR 11 million (2021: 8) as a result of the acquisition of the Italian and German business.
- Operational EPS was EUR -0.07 (2021: -0.06).
- EPS was EUR -0.13 (2021: -0.09).
- On 16 December 2022, Sanoma received a payment decision regarding tax audits for 2019–2021 concerning the VAT treatment of magazine distribution in Media Finland, from which it will appeal. Based on the decision received, Sanoma paid EUR 11 million of VAT, penalties and interests at year end 2022 in order to avoid further interest accumulation. For dividend calculation purposes, the Group's free cash flow will be adjusted for the prepayment.
- On 7 November 2022, Sanoma signed a EUR 300 million syndicated revolving credit facility replacing its earlier facility of the same size, and syndicated its EUR 250 million 4-year term loan used for the acquisition of Pearson Italy and Germany with a group of ten relationship banks.
- On 26 October, the Board of Directors decided the record date and payment date of the second dividend instalment of EUR 0.27 per share. The dividend record date was 28 October and the payment date 4 November.
- On 4 October, Sanoma divested Eduarte, a Dutch student administration system provider for vocational education, in line with the strategy to harmonise its digital offering across the learning business.

FY 2022

- The Group's net sales grew to EUR 1,298 million (2021: 1,252) mainly driven by the acquisition of the Italian and German learning business from Pearson. The Group's comparable net sales growth was 1% (2021: 7%).
- Operational EBIT excl. PPA declined to EUR 189 million (2021: 197), corresponding to a margin of 14.6% (2021: 15.8%). Earnings were stable in Learning and declined in Media Finland mainly due to lower advertising sales and higher paper costs.
- EBIT was EUR 112 million (2021: 142). IACs increased to EUR -38 million (2021: -16) mainly due to transaction and integration costs of recent acquisitions as well as impairments in Learning. PPAs were EUR 39 million (2021: 39).
- Operational EPS was EUR 0.65 (2021: 0.69).
- EPS was EUR 0.47 (2021: 0.62).
- Free cash flow declined to EUR 112 million (2021: 140) mainly due to lower earnings, as well as higher working capital, investments and taxes. It includes a significant positive contribution from the working capital of the acquired Italian and German businesses due to the timing of the acquisition.
- Net debt/Adj. EBITDA increased to 3.2 (2021: 2.4) mainly as a result of the acquisition in Italy and Germany.
- On 31 August, Sanoma completed the acquisition of Pearson's local K12 learning content business in Italy and its small exam preparation business in Germany.
- On 7 June, Sanoma announced its strategic growth ambition to increase the Group's net sales to over EUR 2 billion by 2030, with at least 75% coming from the learning business.
- The Board proposes a dividend of 0.37 € per share (2021: 0.54), corresponding to 93% of the underlying free cash flow. The dividend will be paid in three instalments, EUR 0.13 on 28 April, EUR 0.13 in September and EUR 0.11 in November.

Outlook for 2023

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.

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

Definitions of key IFRS indicators and APMs are available on p. 40. Reconciliations are available on p. 20–22. More information on the discontinued operations result and cash flow in 2021 is available on p. 38.

Key indicators for continuing operations

EUR million	Q4 2022	Q4 2021	Change	FY 2022	FY 2021	Change
Net sales	259.5	252.4	3%	1,298.3	1,251.6	4%
Operational EBITDA ¹⁾	45.3	42.1	7%	355.4	361.0	-2%
Margin ¹⁾	17.4%	16.7%		27.4%	28.8%	
Operational EBIT excl. PPA ²⁾	-2.3	-5.2	56%	189.3	197.2	-4%
Margin ²⁾	-0.9%	-2.1%		14.6%	15.8%	
EBIT	-20.8	-18.5	-13%	112.0	142.4	-21%
Result for the period	-21.1	-13.9	-52%	77.0	101.4	-24%
Operational EPS, EUR ¹⁾	-0.07	-0.06	-12%	0.65	0.69	-6%
EPS, EUR	-0.13	-0.09	-48%	0.47	0.62	-24%
Average number of employees (FTE)				5,018	4,885	3%
Number of employees at the end of the period (FTE)				5,079	4,822	5%

Key indicators incl. continuing and discontinued operations ³⁾

EUR million	Q4 2022	Q4 2021	Change	FY 2022	FY 2021	Change
Result for the period	-21.1	-14.0	-50%	77.0	101.2	-24%
Free cash flow	64.2	55.2	16%	111.7	139.7	-20%
Equity ratio ⁴⁾				35.8%	40.6%	
Net debt				823.4	616.4	34%
Net debt / Adj. EBITDA				3.2	2.4	35%
Operational EPS, EUR ¹⁾	-0.07	-0.07	-10%	0.65	0.69	-6%
EPS, EUR	-0.13	-0.09	-47%	0.47	0.61	-24%
Free cash flow per share, EUR	0.39	0.34	16%	0.68	0.86	-20%
Dividend per share, EUR ⁵⁾				0.37	0.54	

¹⁾ Excluding IACs

²⁾ Excluding IACs and purchase price allocation adjustments and amortisations (PPAs)

³⁾ In 2021, discontinued operations included certain Learning operations that were under strategic review. More information on discontinued operations' financial performance is available on p. 38.

⁴⁾ Advances received included in the formula of equity ratio were EUR 142.0 million in FY 2022 (2021: 155.2).

⁵⁾ 2022 is a proposal of the Board of Directors to the AGM.

President and CEO Susan Duinhoven:

"In light of the significant changes in the world around us, 2022 was another solid year of transformation for Sanoma – although being very different from what we expected twelve months ago, just coming out of the coronavirus pandemic. In Learning, one of the highlights in 2022 was the acquisition of two established learning businesses in Italy and Germany from Pearson. We were happy to welcome these strong teams to Sanoma at the end of August. The acquired businesses fit well in our learning portfolio and strategy, and the acquisition had already a modest positive contribution to our net sales growth and operational EBIT, and due to the timing of the acquisition also a significant one to the free cash flow. The integration has started according to our plans and playbook and we expect the separation from Pearson and integration into Sanoma to be a sizable project over the next 18–24 months.

Net sales of Learning grew by 7% driven by the acquired Italian and German businesses. Organic growth was good across our operating countries except – in line with our expectations – in Poland, where the latest curriculum renewal ended in 2021. In Spain, the implementation of the major educational reform and curriculum renewal, LOMLOE, started a bit more fragmented than we had anticipated. However, it created solid growth in the demand for learning content in 2022, which is expected to continue also in 2023 extending most likely even into 2024. The inflationary cost increases impacted the earnings in Learning, as we typically can set our prices only once a year. Now for 2023, we have been able to adapt the prices for our products and services and we expect that it will take 1–2 years to fully mitigate the cost increases in most of our markets. Especially the higher personnel costs that in most of our businesses will impact us only from 2023 onwards, will take some time to mitigate. Despite the inflationary cost increases, the operational earnings remained stable in most of our businesses. The main exception was the Dutch distribution business that suffered during the summer period from labour shortage and related sharp increase in hiring costs, delays due to supply chain issues with our main supplier and the general inflationary cost pressures.

In Media Finland, net sales were stable, while operational earnings declined driven by lower advertising sales and significantly higher paper costs. The active cost containment by the teams across fixed cost categories was not able to fully offset the adverse inflationary impact on Media Finland's operational earnings. One of the highlights of the year was the clear growth in the number of visits to all our digital news platforms, especially Ilta-Sanomat, as well as solid growth in the digitally active subscription base of both Helsingin Sanomat and the regional news media titles. Subscription sales were stable, while the total number of subscribers declined slightly towards the end of the year reflecting the weakening consumer confidence in Finland. During the second half of the year, advertising sales declined year-on-year compared to the strong demand in 2021 that was driven by the recovery from the coronavirus pandemic.

Sustainability is at the core of both our learning and media business. During the year, we continued our actions towards our targets by focusing on improving diversity, equality and inclusion across Sanoma and sending our climate targets for validation to the Science-Based Targets initiative. Our progressive and holistic approach to sustainability was reflected in continued improvement in key ESG ratings and inclusion into the Nasdaq OMX Sustainability Finland Index. We were delighted to also see that our Employee Experience Index remained stable at the good level of 7.3, even in a year that put quite some challenges and hardship for our teams, and we continued to exceed the European benchmark that was 7.1.

Compared to last year, our free cash flow declined significantly. The main reasons for this were higher investments in digital development in Learning, adaptation of our offices to the hybrid way of working as well as lower EBITDA and costs related to the recent acquisition in Learning. This was mostly compensated by the working capital that came with the acquired businesses due to the timing of the acquisition. Without a similar benefit from the Italian and German acquisition as seen in 2022, we expect the Group's 2023 free cash flow to temporarily decline, being impacted by the lower earnings expected in our Finnish media business, continued investments in our digital platforms and integration of the recently acquired businesses together with significantly higher financial expenses.

The Board proposes a dividend of EUR 0.37 (2021: 0.54), corresponding to a yield of 3.8% on the end of 2022 share price and 93% of the underlying free cash flow. This proposal balances the capital use between the dividend and our continuing investments in growing the business further.

We expect the challenging operating environment to continue, leading to a mild recession in most of our operating countries. This will be impacting our performance in 2023, and thus our Outlook for 2023 shows growth in net sales with slightly lower operational EBIT. In 2023, we will focus on further building the long-term strengths of our businesses around learning content, harmonisation of digital learning platforms and leading offering in digital news and entertainment, and thus coming out of the recession even stronger than we went in. At the same time, we will intensify our thoughtful cost management and highly selective approach to growth investments. We remain fully committed to our growth strategy as well as our long-term financial targets. We are aiming for the Group net sales to be above EUR 2 billion, with at least 75% coming from the learning business, which we aim to achieve through organic growth and further acquisitions within K12 learning services. Also in the shorter term, we continue to be interested in value creating acquisitions in K12 learning content, especially in-market

acquisitions, even though our main focus this year will be on integrations and gaining the scale benefits that our European portfolio can offer.

I would like to extend my great thanks to all Sanoma employees for their excellent work, tenacity and strong commitment to supporting our customers in these more challenging times. Thanks to our teams, we were able to continue our growth, operational development and solid financial performance throughout the year 2022. I also want to thank our customers and shareholders for their continued support and interest in selecting Sanoma as their partner and investment respectively. Together we will continue on our strategic path with an aim to grow and further strengthen our positions and improve our performance in the years ahead.”

Financial review Q4 2022

Net sales by SBU

EUR million	Q4 2022	Q4 2021	Change
Learning	101.6	88.5	15%
Media Finland	158.0	164.1	-4%
Other operations and eliminations	-0.1	-0.1	-7%
Group total	259.5	252.4	3%

The Group's net sales grew to EUR 260 million (2021: 252). In Learning, net sales growth was attributable to the acquisition of Pearson Italy and Germany. In Media Finland, net sales declined slightly due to lower advertising sales. The Group's comparable net sales growth was -3% (2021: 6%).

Operational EBIT excl. PPA by SBU

EUR million	Q4 2022	Q4 2021	Change
Learning	-18.9	-20.6	8%
Media Finland	18.1	19.1	-6%
Other operations and eliminations	-1.5	-3.8	61%
Group total	-2.3	-5.2	56%

Operational EBIT excl. PPA amounted to EUR -2 million (2021: -5). In Learning, the seasonally negative earnings impact of the acquired Pearson Italy and Germany was more than offset by positive earnings development in most major learning content markets and by delayed deliveries from the high season in the Dutch distribution business. In Media Finland, earnings were mainly impacted by lower advertising sales. The improvement in Other operations' earnings was mainly driven by reduction in personnel expenses as a result of adjustments of short-term and long-term bonuses.

IACs, PPAs and reconciliation of operational EBIT excl. PPA

EUR million	Q4 2022	Q4 2021
EBIT	-20.8	-18.5
Items affecting comparability (IACs)		
Restructuring expenses	-7.4	-3.8
Impairments	-1.1	-1.8
Capital gains/losses	0.5	0.8
IACs total	-8.0	-4.9
Purchase price allocation adjustments and amortisations (PPAs)	-10.5	-8.4
Operational EBIT excl. PPA	-2.3	-5.2

A detailed reconciliation on SBU level is presented on p. 20.

EBIT was EUR -21 million (2021: -19). The IACs increased to EUR -8 million (2021: -5). The restructuring expenses consisted of integration costs of recent acquisitions as well as strategic business development costs. Impairments were related to rental book inventory in Spain. PPAs increased to EUR 11 million (2021: 8) due to the acquisition of Pearson Italy and Germany.

Net financial items amounted to EUR -6 million (2021: 1) mainly as a result of the funding to acquire Pearson Italy and Germany and higher interest rates.

Result before taxes declined to EUR -27 million (2021: -17) due to higher IACs and net financial expenses. Income taxes amounted to EUR 6 million (2021: 3). Result for the period was EUR -21 million (2021: -14) and EUR -21 million (2021: -14) including discontinued operations.

Operational earnings per share were EUR -0.07 (2021: -0.06) and earnings per share were EUR -0.13 (2021: -0.09).

Financial review FY 2022

Net sales by SBU

EUR million	FY 2022	FY 2021	Change
Learning	681.0	637.3	7%
Media Finland	618.1	615.3	0%
Other operations and eliminations	-0.8	-0.9	10%
Group total	1,298.3	1,251.6	4%

The Group's net sales grew to EUR 1,298 million (2021: 1,252) mainly as a result of the acquisition of Pearson Italy and Germany. The Group's comparable net sales growth was 1% (2021: 7%).

Operational EBIT excl. PPA by SBU

EUR million	FY 2022	FY 2021	Change
Learning	131.8	133.9	-2%
Media Finland	65.8	73.5	-11%
Other operations and eliminations	-8.4	-10.2	18%
Group total	189.3	197.2	-4%

Operational EBIT excl. PPA declined to EUR 189 million (2021: 197), corresponding to a margin of 14.6% (2021: 15.8%). Earnings were stable in Learning. The acquired Pearson business had a positive earnings impact as did the solid growth in the learning content business in all major markets except Poland. This was offset by the loss-making Dutch distribution business and inflationary costs, especially paper costs. In Media Finland, earnings declined mainly due to lower advertising sales and higher paper costs. The improvement in Other operations' earnings was mainly driven by changes in adjustments of short-term and long-term bonuses.

IACs, PPAs and reconciliation of operational EBIT excl. PPA

EUR million	FY 2022	FY 2021
EBIT	112.0	142.4
Items affecting comparability (IACs)		
Restructuring expenses	-27.2	-15.2
Impairments	-11.6	-4.3
Capital gains/losses	0.9	3.7
IACs total	-37.9	-15.8
Purchase price allocation adjustments and amortisations (PPAs)	-39.3	-39.0
Operational EBIT excl. PPA	189.3	197.2

A detailed reconciliation on SBU level is presented on p. 20.

EBIT was EUR 112 million (2021: 142). The IACs increased to EUR -38 million (2021: -16). The restructuring expenses consisted mainly of transaction and integration costs of recent acquisitions as well as strategic business development costs. Impairments were related to harmonisation of digital learning platforms and rental book inventory in Spain. PPAs amounted to EUR 39 million (2021: 39).

Net financial items increased to EUR -13 million (2021: -9). Interest expenses increased mainly due to the funding to acquire Pearson Italy and Germany at the end of August and higher interest rates. The average interest rate of external loans was 1.5% (2021: 1.1%). The net financial items also included a positive EUR 3 million impact from revised valuation related to M&A liabilities in Q2 2022.

Result before taxes declined to EUR 99 million (2021: 134) due to weaker operational result as well as higher IACs and financing costs. Income taxes declined to EUR 22 million (2021: 32) mainly due to lower earnings and changes in deferred

taxes. Result for the period was EUR 77 million (2021: 101) and EUR 77 million (2021: 101) including discontinued operations.

Operational earnings per share were EUR 0.65 (2021: 0.69) and EUR 0.65 (2021: 0.69) including discontinued operations. Earnings per share were EUR 0.47 (2021: 0.62) and EUR 0.47 (2021: 0.61) including discontinued operations.

Financial position

At the end of December 2022, net debt amounted to EUR 823 million (2021: 616), and net debt to adjusted EBITDA ratio was 3.2 (2021: 2.4) being slightly above the long-term target of below 3.0. Net debt and leverage ratio increased as a result of the acquisition of Pearson Italy and Germany, which was completed during the third quarter and funded with a new EUR 250 million 4-year term loan. Equity ratio was 35.8% (2021: 40.6%) being within the long-term target range of 35–45%.

At the end of December 2022, the Group's equity totalled EUR 702 million (2021: 721) and the consolidated balance sheet amounted to EUR 2,104 million (2021: 1,933).

Cash flow

In 2022, the Group's free cash flow declined to EUR 112 million (2021: 140) or EUR 0.68 per share (2021: 0.86). The acquired business in Italy and Germany had a significant positive impact on the free cash flow due to the timing of the acquisition, which was near the end of its annual high season, and thus the cash and receivables included in the acquisition were on a high level. In addition, the net impact of the VAT claim pre-payments related to magazine distribution (more details below under Events during the reporting period) had a positive impact on free cash flow. Lower earnings including transaction and integration costs of recent acquisitions, together with higher working capital, increased investments particularly in learning content creation and digital learning platforms, as well as higher taxes paid for strong 2021 result reduced free cash flow. For dividend calculation purposes, the Group's free cash flow will be adjusted for the VAT pre-payment of EUR 11 million and the operational cash flow of the acquired Italian and German businesses of EUR 58 million.

In 2022, capital expenditure included in the Group's free cash flow amounted to EUR 53 million (2021: 42) and mainly consisted of growth investments in digital platforms and ICT in Learning as well as maintenance investments.

Acquisitions and divestments

On 4 October, Sanoma divested Eduarte, a Dutch student administration system provider for vocational education, in line with the strategy to harmonise its digital offering across the learning business. Net sales of the divested business were EUR 9 million in 2021 and the company employed 45 people who transferred to the buyer with the divestment.

On 7 June 2022, Sanoma announced the acquisition of Pearson's local K12 learning content business in Italy and its small exam preparation business in Germany. Net sales of the acquired businesses were EUR 117 million and adjusted EBITDA was EUR 30 million in 2021. The agreed enterprise value is EUR 190 million, corresponding to a multiple of 6.4x (EV / adjusted EBITDA 2021). The acquisition marks Sanoma's entry into Italy, one of the largest K12 learning services markets in Europe. The acquired businesses have 251 employees and they became employees of Sanoma Learning at the closing of the acquisition. The transaction was completed on 31 August 2022 and EUR 5 million of transaction costs were booked as IACs in the third quarter. After closing, the acquired businesses are reported as part of Sanoma Learning SBU.

On 3 January 2022, Sanoma sold its newspaper printing facility Savon Paino, located in Varkaus, Finland, to media company Keskiuomalainen. 36 employees of Savon Paino were transferred to Keskiuomalainen with the divestment. Printing of certain Sanoma products continue at Savon Paino with long-term contracts. The transaction did not have a material financial impact on the Group.

Information on acquisitions and divestments conducted in 2021 and earlier is available at www.sanoma.com/en/investors/sanoma-as-an-investment/.

Events during the reporting period

On 16 December, Sanoma received a payment decision from the Finnish Tax Administration regarding the tax audits at Sanoma Media Finland Oy for years 2019–2021, concerning the treatment of value added tax (VAT) of certain magazines that were printed in multiple locations in Europe, and processed in and distributed through a centralised logistic centre in Norway. Sanoma considers the claim wholly unjustified and has appealed from the decision. Based on the decision received, Sanoma paid EUR 11 million of VAT, penalties and interests at year end 2022 in order to avoid interest accumulation. The decision is in line with the earlier decision concerning years 2015–2018 by the Finnish Tax Adjustment Board, as a result of which Sanoma paid EUR 25 million of VAT, penalties or interests in 2021. Sanoma considers the claim wholly unjustified and has appealed from the decision to the administrative court, where the process is still ongoing. No provisions related to

the matters have been made. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.

Starting 1 December 2022, Sanoma's share was included in the Nasdaq OMX Sustainability Finland Index. The inclusion followed Sanoma's Prime C+ rating from ISS ESG Corporate Rating.

On 7 November 2022, Sanoma signed a EUR 300 million syndicated revolving credit facility with a group of ten relationship banks. The new facility replaced the revolving credit facility of the same size, which would have expired in February 2024. The new facility has a maturity of three years and includes two one-year extension options at the discretion of the lenders. The facility will be used for general corporate purposes. At the same time, Sanoma's EUR 250 million 4-year term-loan, signed on 7 June 2022 and used for the financing of the acquisition of Pearson Italy and Germany at the end of August, was syndicated to the same banking group. As a result, the total syndicated amount was EUR 550 million.

On 21 June 2022, Sanoma announced the composition of its Shareholders' Nomination Committee, which was resolved to be established at the Annual General Meeting on 7 April 2022. The four largest shareholders have appointed the following members to the Shareholders' Nomination Committee: Juhani Mäkinen (Vice Chair of the Board, Jane and Aatos Erkkö Foundation), Antti Herlin (Chair of the Board, Holding Manutas), Robin Langenskiöld (3rd largest shareholder in Sanoma) and Rafaela Seppälä (4th largest shareholder in Sanoma). In its meeting on 21 June 2022, 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 13 June 2022, Sanoma changed its trading code from SAA1V to SANOMA and issuer code from SAA to SANOMA.

On 7 June 2022, Sanoma announced its strategic growth ambition to increase the Group's net sales to over EUR 2 billion by 2030, with at least 75% coming from the learning business. Growth levers include organic growth in-line with Sanoma Learning's long-term target of 2–5% p.a. and growth through acquisitions within K12 learning business. Sanoma may consider funding also through equity if it would create value for all shareholders. Sanoma's long-term financial targets and dividend policy, according to which Sanoma aims to pay an increasing dividend equal to 40–60% of annual free cash flow, remain unchanged.

Events after the reporting period

On 2 February 2023, the Shareholders' Nomination Committee proposed to the Annual General Meeting 2023 that Pekka Ala-Pietilä, Julian Drinkall, Rolf Grisebach, Anna Herlin, Mika Ihamuotila, Nils Ittonen, Denise Koopmans and Sebastian Langenskiöld be re-elected as members of the Board of Directors. Rafaela Seppälä has informed that she does not stand for re-election to the Board. Consequently, the Nomination Committee proposes that Eugenie van Wiechen be elected as a new member of the Board. In addition, the Shareholders' Nomination Committee has proposed that Pekka Ala-Pietilä be elected as the Chair and Nils Ittonen as the Vice Chair of the Board of Directors. The proposed Board members have all given their consent to being elected. The term of all the Board members ends at the end of the Annual General Meeting 2024. The Shareholders' Nomination Committee also proposed that the monthly remuneration payable as well as the meeting fees of the members of the Board of Directors remain unchanged. Essential biographical information on all Board member candidates is available at www.sanoma.com.

Key impacts of the war in Ukraine

Sanoma remains shocked and appalled by the continuing war and atrocities in Ukraine. So far, the war has had a limited direct impact on Sanoma's businesses. In February 2022, Sanoma discontinued sourcing of newsprint paper from Russia and has managed to organise a complementary supply mainly from Central Europe and Finland. Sanoma has also discontinued co-operation with a smaller Russian technology provider. Sanoma expects that the changing economic environment will have some impact on its operating costs and customer demand. This is reflected in the Outlook for 2023. More information on Sanoma's short-term risks and uncertainties is available on p. 18.

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 materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education, and we aim to continue to grow our business in Europe and beyond. We develop our methodologies based on deep teacher and student insight and truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact.

Key indicators

EUR million	Q4 2022	Q4 2021	Change	FY 2022	FY 2021	Change
Net sales	101.6	88.5	15%	681.0	637.3	7%
Operational EBITDA ¹⁾	4.8	3.0	59%	212.8	213.1	0%
Operational EBIT excl. PPA ²⁾	-18.9	-20.6	8%	131.8	133.9	-2%
Margin ²⁾	-18.6%	-23.3%		19.4%	21.0%	
EBIT	-34.0	-31.6	-8%	67.2	90.5	-26%
Capital expenditure	12.5	9.7	29%	40.4	33.7	20%
Average number of employees (FTE)				2,717	2,599	5%

¹⁾ Excluding IACs

²⁾ Excluding IACs of EUR -6.3 million in Q4 2022 (2021: -4.4) and EUR -32.2 million in FY 2022 (2021: -11.1) as well as PPA adjustments and amortisations of EUR 8.8 million in Q4 2022 (2021: 6.6) and EUR 32.5 million in FY 2022 (2021: 32.2).

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 20.

Net sales by country

EUR million	Q4 2022	Q4 2021	Change	FY 2022	FY 2021	Change
The Netherlands	31.1	30.8	1%	223.4	210.9	6%
Poland	14.6	15.9	-8%	109.0	127.6	-15%
Spain	15.2	15.2	0%	129.7	119.0	9%
Italy	11.4			30.8		
Finland	8.7	8.6	1%	59.7	57.5	4%
Belgium	6.5	8.0	-19%	83.7	78.1	7%
Other countries and eliminations ¹⁾	14.2	9.9	44%	44.7	44.1	1%
Net sales total	101.6	88.5	15%	681.0	637.3	7%

¹⁾ 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 of Santillana, completed on 31 December 2020, and Pearson Italy and Germany, completed on 31 August 2022, have further increased the importance of the third quarter, when the new school year starts, for the business. Shifts of single orders between quarters may have a material impact when comparing quarterly net sales and earnings on a year-on-year basis, and therefore year-to-date figures typically provide a more comprehensive picture of Learning's business performance and development than quarterly figures.

Q4 2022

Net sales of Learning grew to EUR 102 million (2021: 89). The acquired Pearson Italy and Germany made a EUR 15 million contribution to the net sales growth. Comparable net sales were stable driven by the good development in the Netherlands, Spain and Finland, while sales declined somewhat in Belgium and Poland during the seasonally small quarter.

Operational EBIT excl. PPA was seasonally negative, while improving to EUR -19 million (2021: -21). Earnings developed somewhat positively in most major learning content markets. In addition, earnings improvement was supported by delayed

deliveries from the high season in the Dutch distribution business. In line with the typical seasonality of the business, Pearson Italy and Germany had a slightly negative contribution to earnings.

EBIT was EUR -34 million (2021: -32). IACs totalled EUR -6 million (2021: -4) and mainly consisted of integration costs of recent acquisitions as well as impairment of the rental book inventory in Spain. PPAs increased to EUR 9 million (2021: 7) as a result of the acquisition of Pearson Italy and Germany.

Capital expenditure increased to EUR 13 million (2021: 10) mainly as a result of higher growth investments in digital platforms and ICT.

FY 2022

Net sales of Learning grew to EUR 681 million (2021: 637). The acquired Pearson Italy and Germany made a EUR 37 million contribution to the net sales growth for September-December. Comparable net sales growth of Learning was 1% (2021: 7%) with strongest growth in Spain and the Netherlands. In Spain, growth was driven by the first year of the curriculum renewal, which will continue in 2023–2024. In the Netherlands, growth was mainly attributable to increase in content sales driven by both market demand and market share gains. Modest growth was achieved also in all other content businesses as well as in the Dutch distribution business. In Poland, net sales declined as expected following the ending of the latest curriculum renewal in 2021.

Operational EBIT excl. PPA was stable and amounted to EUR 132 million (2021: 134). The acquired Pearson business had a positive impact on earnings. Earnings in learning content businesses improved slightly in all major markets, partially offsetting the decline in Poland. The Dutch distribution business was loss-making due to inflationary cost pressures, shortage of labour, late deliveries from publishers and tight competitive situation during the third quarter high season, even though its earnings improved in the fourth quarter. Inflationary costs, especially paper, had an adverse impact on earnings.

EBIT declined to EUR 67 million (2021: 91). IACs increased to EUR -32 million (2021: -11) and mainly consisted of the transaction and integration costs of recent acquisitions as well as impairments related to harmonisation of digital platforms and rental book inventory in Spain. PPAs were EUR 33 million (2021: 32).

Capital expenditure increased to EUR 40 million (2021: 34) mainly as a result of higher growth investments in digital platforms and ICT.

Media Finland

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

Key indicators

EUR million	Q4 2022	Q4 2021	Change	FY 2022	FY 2021	Change
Net sales	158.0	164.1	-4%	618.1	615.3	0%
Operational EBITDA ¹⁾	41.7	41.9	-1%	150.2	155.0	-3%
Operational EBIT excl. PPA ²⁾	18.1	19.1	-6%	65.8	73.5	-11%
Margin ²⁾	11.4%	11.7%		10.6%	11.9%	
EBIT	13.9	15.7	-12%	54.3	60.6	-10%
Capital expenditure	2.3	1.1	104%	8.9	4.9	83%
Average number of employees (FTE)				2,160	2,072	4%

¹⁾ Excluding IACs

²⁾ Excluding IACs of EUR -2.5 million in Q4 2022 (2021: -1.7) and EUR -4.6 million in FY 2022 (2021: -6.1) as well as PPA adjustments and amortisations of EUR 1.7 million in Q4 2022 (2021: 1.7) and EUR 6.9 million in FY 2022 (2021: 6.8).

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 20.

Net sales by category

EUR million	Q4 2022	Q4 2021	Change	FY 2022	FY 2021	Change
Print	75.4	79.7	-5%	297.6	311.0	-4%
Non-print	82.7	84.4	-2%	320.6	304.2	5%
Net sales total	158.0	164.1	-4%	618.1	615.3	0%

EUR million	Q4 2022	Q4 2021	Change	FY 2022	FY 2021	Change
Advertising sales	65.1	72.8	-11%	235.7	245.8	-4%
Subscription sales	63.1	63.6	-1%	247.4	250.5	-1%
Single copy sales	9.9	10.1	-2%	39.3	41.1	-4%
Other	20.0	17.6	14%	95.8	77.9	23%
Net sales total	158.0	164.1	-4%	618.1	615.3	0%

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

Q4 2022

Net sales of Media Finland decreased to EUR 158 million (2021: 164) due to lower advertising sales especially in TV and newspapers and compared to an exceptionally strong fourth quarter in 2021. Subscription sales remained stable supported by good sales development in the SVOD service Ruutu+, while total number of subscribers was lower across titles. Other sales grew, driven by higher paper prices applied for external printing services.

According to the Finnish Advertising Trends survey for December 2022 by Kantar TNS, the advertising market in Finland declined by 7% year-on-year on a net basis in the fourth quarter. Advertising declined by 20% in magazines, by 13% in newspapers, by 7% in radio, by 5% in TV and by 1% in online (excluding search and social media).

Operational EBIT excl. PPA was EUR 18 million (2021: 19). Earnings were negatively impacted by lower advertising sales in a challenging market environment and higher paper costs. Savings in fixed costs and lower personnel expenses contributed positively to the earnings development.

EBIT amounted to EUR 14 million (2021: 16). IACs totalled EUR -3 million (2021: -2) and mainly consisted of costs related to strategic business development. PPAs were EUR 2 million (2021: 2).

Capital expenditure totalled EUR 2 million (2021: 1) and consisted mainly of investments in ICT maintenance.

FY 2022

Net sales of Media Finland were stable and amounted to EUR 618 million (2021: 615). Sales of digital and radio advertising grew, while print and TV advertising sales declined in line with the long-term trend. This led to a decline in total advertising sales. Subscription sales were stable with continued growth in digital subscription sales and decline in print. Other sales grew driven by events and higher paper prices applied for external printing services.

According to the Finnish Advertising Trends survey for December 2022 by Kantar TNS, the advertising market in Finland was stable year-on-year on a net basis in 2022, partially due to the strong development in outdoor advertising, in which Media Finland is not active in. Advertising grew by 5% in online excluding search and social media (10% including search and social media) and by 4% in radio. Advertising declined by 11% in magazines, by 7% in newspapers and by 3% in TV.

Operational EBIT excl. PPA declined to EUR 66 million (2021: 74). Earnings were mainly impacted by different sales mix with lower advertising sales and higher sales in the lower margin external printing and events businesses. In addition, higher paper costs had a negative impact on earnings despite being partially offset by savings in fixed costs resulting from continued active cost management actions.

EBIT amounted to EUR 54 million (2021: 61). IACs totalled EUR -5 million (2021: -6) and mainly consisted of costs related to strategic business development. PPAs were EUR 7 million (2021: 7).

Capital expenditure totalled EUR 9 million (2021: 5) and consisted of maintenance investments. The increase was due to the transfer of certain technology and real estate operations from Other operations to Media Finland as well as investments in adapting offices to the hybrid way of working.

Personnel

In 2022, the average number of employees in full-time equivalents (FTE) was 5,018 (2021: 4,885). The average number of employees (FTE) per SBU was as follows: Learning 2,717 (2021: 2,599), Media Finland 2,160 (2021: 2,072) and Other operations 141 (2021: 214). The increase in Learning was mainly due to the acquisition of Pearson in Italy and Germany. The transfer of certain technology and real estate teams from Other operations to Media Finland affected the distribution of employees between these two units.

At the end of December, the number of employees (FTE) of the Group was 5,079 (2021: 4,822).

Employee benefit expenses remained relatively stable and amounted to EUR 356 million (2021: 351).

Changes in management

On 21 December 2021, Alex Green was appointed Chief Financial Officer of Sanoma as of 1 March 2022. Sanoma's former CFO & COO Markus Holm continued to work for Sanoma until 1 July 2022 with focus on the hand-over and strategic development projects.

Executive Management Team

As of 31 December 2022, Sanoma's Executive Management Team consists of the following members: Susan Duinhoven, President and CEO; Alex Green, CFO; Pia Kalsta, CEO of Sanoma Media Finland and Rob Kolkman, CEO of Sanoma Learning.

Sustainability

In 2022, Sanoma continued to implement its Sustainability strategy. Sanoma's Sustainability strategy focuses on six topics: Inclusive learning, Sustainable media, Valued people, Trustworthy data, Vital environment and Responsible business practices. It is designed to maximise Sanoma's positive impact on society and minimise its environmental footprint. Sanoma measures its sustainability performance against the long-term targets.

During 2022, the structured approach and improved transparency of sustainability reporting further improved Sanoma's ESG ratings. Sanoma's share was included in the Nasdaq OMX Sustainability Finland Index as of 1 December 2022. The inclusion followed the Prime C+ rating from ISS ESG Corporate Rating Sanoma was awarded in August 2022 for its excellence in management of environmental, social and governance (ESG) aspects. Sanoma's performance is among the highest decile in the industry. In addition, Sanoma was awarded with a leadership level score of A- in the global CDP Climate Change rating. In addition, Sanoma received a solid CDP Forest rating of B. In the MSCI ESG Ratings assessment, Sanoma received a rating of AA, meaning that it is one of the leading companies in its industry in managing the most significant ESG risks and opportunities. From Sustainalytics, Sanoma received a risk rating of 10.9, corresponding to a low risk. The slight decline in the risk rating was mainly due to updated methodology by Sustainalytics.

Sanoma's key ESG ratings

Rating	Sanoma score	Scale	Change to previous score	Rating within industry	Last update
MSCI ESG rating	AA	CCC to AAA	Unchanged	Above industry average level	Q3 2022
ISS Corporate Rating	Prime C+	D to A+	Improved from C- to Prime C+	Among the highest decile in the industry	Q3 2022
Sustainalytics Risk Rating	10.9	100-0	Declined by 1.1	Above industry average level	Q4 2022
CDP Climate Change and Forest	Climate A- Forest B	D- to A	Climate improved from B to A-, Forest unchanged	Among industry leaders in climate	Q4 2022
Upright Net Impact	AA+	CC to AAA	New rating	Among highest decile in the industry	Q1 2022

The EU Taxonomy provides a common system to define environmental sustainability of economic activities. The Taxonomy Regulation (2020/852) of the European Union entered into force in July 2020. For FY 2022, public interest entities are, for the first time, required to report the proportion of the Taxonomy-eligible and non-eligible as well as Taxonomy-aligned and non-aligned activities in their total turnover, capital expenditure and operating expenditure for two environmental objectives, climate change mitigation and climate change adaptation. Sanoma's Taxonomy disclosure as well as the overall progress towards its long-term sustainability targets will be reported in the Annual Report 2022, which will include both the Sustainability Report and the disclosure in-line with the Non-Financial Reporting Directive (NFRD). The Sustainability Report will be prepared according to the most relevant Global Reporting Initiative (GRI) standards, Sustainability Accounting Standard Board's (SASB) standards and Task Force on Climate Related Disclosure (TCFD) guidelines.

Share capital and shareholders

At the end of December 2022, Sanoma's registered share capital was EUR 71 million (2021: 71), and the total number of shares was 163,565,663 (2021: 163,565,663), including 387,895 (2021: 679,614) of its own shares. Own shares represented 0.2% (2021: 0.4%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 163,177,768 (2021: 162,886,049).

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

Sanoma had 23,482 (2021: 23,308) registered shareholders at the end of December 2022.

Share trading and performance

At the end of December 2022, Sanoma's market capitalisation was EUR 1,602 million (2021: 2,219) with Sanoma's share closing at EUR 9.82 (2021: 13.62). In January–December 2022, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 12.56 (2021: 14.54), with a low of EUR 9.48 (2021: 12.80) and a high of EUR 14.78 (2021: 17.12).

In January–December 2022, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 156 million (2021: 237). The trading volume of 12 million shares (2021: 16) equalled an average daily turnover of 49,000 shares (2021: 65,000). The traded shares accounted for some 8% (2021: 10%) of the average number of shares. Sanoma's share turnover, including alternative trading venues, CBOE DXE, Turquoise and Frankfurt, was 15 million shares (2021: 16). Nasdaq Helsinki represented 83% (2021: 80%) of the share turnover. (Source: Euroland)

Decisions of the Annual General Meeting

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

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

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

The second instalment of EUR 0.27 per share was paid to a shareholder who was registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the dividend record date 28 October 2022. The payment date for this instalment was 4 November 2022.

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

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

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

The AGM resolved that a Shareholders' Nomination Committee is established for the Company and its Charter was adopted. The Committee is established until further notice until otherwise decided by the General Meeting of the shareholders and it consists of up to four members who represent the Company's four largest shareholders who, on 31 May preceding the next year's Annual General Meeting, hold the largest number of votes calculated of all shares in the Company. The composition of the Shareholders' Nomination Committee and a Chair elected by the Committee from among its members were announced on 21 June 2022 (more information is available on p. 10). The term of all members of the Committee expires annually upon the appointment of the next Shareholders' Nomination Committee (to be appointed after the next Annual General Meeting following the appointment).

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

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

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

Seasonal fluctuation

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

In the media business, net sales and earnings are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published each quarter, which varies annually. TV advertising in Finland is usually strongest in the second and fourth quarters. The events business in Finland is typically focused on the second and third quarters. In 2022, Sanoma arranged 13 festivals compared to the 11 festivals organised during in 2021. Four festivals were organised in June, while the rest nine were held in July.

Seasonal fluctuations in both businesses influence the Group's net sales and EBIT. Due to the seasonality in the learning business, the first and fourth quarters are traditionally the smallest in terms of net sales, and loss-making. With the acquisitions of Pearson Italy and Germany as well as Santillana in Spain, the learning business is even more geared towards the end of the third quarter, when the new school year starts.

Significant near-term risks and uncertainties

Sanoma is exposed to numerous risks and opportunities that may arise from its own operations or the changing operating environment in the short-term or long-term. Sanoma divides its key risks into four main categories: strategic, operational, non-financial and financial risks. The full review of the most significant risks that could have a negative impact on Sanoma's business, performance, or financial status are described in the Report of the Board of Directors, part of the Annual Report 2021, on pages 99–105. These risks still apply. Main updates to the risks and opportunities since the publication of the report are related to general economic conditions as well as certain political, legislative and financial risks, and are described below. Annual Report 2022, including an updated risk review as part of the Report of the Board of Directors, will be published on week 10.

Changes in the general economic conditions may be reflected in Sanoma's operational and financial performance. The cost inflation, especially salary inflation and continuing high paper prices, is expected to continue to have an impact on Sanoma's operating costs. The availability of newsprint paper, the most used paper quality by Sanoma, has remained on its normal level since the second quarter of 2022, but could be negatively impacted by the availability and prices of energy, particularly gas in Central Europe. 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. In addition, 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, albeit part of the currency transaction risk is hedged with forward contracts. Sanoma has been able to partially mitigate the said impacts on its financial performance e.g. through active costs management actions, however the higher operating expenses are expected to have an adverse impact on earnings also in 2023.

In Learning, the phasing and manner of the educational reform implementation in Spain in 2022–2023, extending even to 2024, is still partially uncertain. 12 of 17 regions in Spain implemented the new curriculum at least partially in 2022, yet with fewer subjects than was earlier expected. The uncertainty and outcome related to the continuation of the implementation may influence Sanoma's commercial propositions, content investment needs or financial performance.

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. On 16 December, Sanoma received a payment decision from the Finnish Tax Administration regarding the tax audits at Sanoma Media Finland Oy for years 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 logistic centre in Norway. Sanoma considers the claim wholly unjustified and has appealed from the decision. Based on the decision received, Sanoma paid EUR 11 million of VAT, penalties and interests at year end 2022 in order to avoid interest accumulation. The decision is in line with the earlier decision concerning years 2015–2018 by the Finnish Tax Adjustment Board, as a result of which Sanoma paid EUR 25 million of VAT, penalties or interests in 2021. Sanoma considers the claim wholly unjustified and has appealed from the decision to the Administrative Court, where the process is still ongoing. No provisions related to the matters have been made. In case the decision of the Administrative Court is negative, the case will be appealed to the Supreme Administrative Court. In case of a negative decision of the Administrative Court, the net amount of 2015–2021 VAT claims, approx. EUR 30 million, currently booked as receivables, would be recognised as IACs. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.

Future adverse developments either in the financial markets or general economic conditions may adversely affect Sanoma's ability to borrow additional funds as well as the cost and other terms of the funding. Sanoma's external loan portfolio consists of both fixed and floating rate loans, and increasing interest rates may pose a risk on the Group's net financing expenses.

At the end of December 2022, Sanoma's consolidated balance sheet included EUR 1,551 million (2021: 1,426) of goodwill, immaterial rights and other intangible assets. After the acquisitions of Pearson Italy and Germany, Santillana and Iddink, most of this is 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 whenever there is any indication of impairment. Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity-related ratios. The company carefully monitored any impairment triggers caused by the coronavirus pandemic during the year and performed the annual impairment tests during the fourth quarter according to the normal annual schedule. The impairment losses on goodwill, immaterial rights and other intangible assets for continued and discontinued operations in 2022 totalled EUR 8 million (2021: 5).

Dividend proposal

On 31 December 2022, Sanoma Corporation's distributable funds were EUR 456 million, of which profit for the year made up EUR 123 million. Including the fund for non-restricted equity of EUR 210 million, the distributable funds amounted to EUR 665 million. The Board of Directors proposes to the Annual General Meeting that:

- A dividend of EUR 0.37 per share shall be paid for the year 2022. The dividend shall be paid in three instalments. The first instalment of EUR 0.13 per share shall be paid to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the dividend record date 21 April 2023. The payment date for this instalment is 28 April 2023. Record date for the second instalment of EUR 0.13 per share will be decided by the Board of Directors in September, and the estimated payment date will be in September 2023. Record date for the third instalment of EUR 0.11 per share will be decided by the Board of Directors in October, and the estimated payment date will be in November 2023.
- The amount left in equity shall be EUR 605 million.

According to its dividend policy, Sanoma aims to pay an increasing dividend, equal to 40–60% of the annual free cash flow. When proposing a dividend to the AGM, the Board of Directors looks at the general macro-economic environment, Sanoma's current and target capital structure, Sanoma's future business plans and investment needs, as well as both previous year's cash flows and expected future cash flows affecting capital structure.

Financial reporting in 2023

Sanoma will publish the following financial reports during 2023:

Interim Report 1 January–31 March 2023	Thursday, 4 May 2023
Interim Report 1 January–30 June 2023	Wednesday, 26 July 2023
Interim Report 1 January–30 September 2023	Thursday, 26 October 2023

Sanoma's Annual Report 2022, which in addition to the Financial statements and Directors' Report for 2022 includes the company's Sustainability Report, Corporate Governance Statement and Remuneration Report, will be published during week 10, which starts on 6 March 2023. The Annual General Meeting 2023 is planned to be held on Wednesday, 19 April 2023 in Helsinki.

Helsinki, 9 February 2023

Board of Directors
Sanoma Corporation

Reconciliation of operational EBIT excl. PPA

EUR million	Q4 2022	Q4 2021	FY 2022	FY 2021
EBIT	-20.8	-18.5	112.0	142.4
Items affecting comparability (IACs) and PPA adjustments and amortisations				
Learning				
Impairments	-1.1	-1.2	-11.6	-3.1
Capital gains/losses	0.5		0.5	
Restructuring expenses	-5.7	-3.2	-21.1	-8.0
PPA adjustments and amortisations	-8.8	-6.6	-32.5	-32.2
Media Finland				
Impairments		-0.6		-0.6
Capital gains/losses			0.4	
Restructuring expenses	-2.5	-1.1	-5.0	-5.5
PPA adjustments and amortisations	-1.7	-1.7	-6.9	-6.8
Other operations				
Impairments				-0.6
Capital gains/losses		0.8		3.7
Restructuring expenses	0.8	0.4	-1.1	-1.7
Items affecting comparability (IACs) and PPA adjustments and amortisations total	-18.5	-13.2	-77.2	-54.9
Operational EBIT excl. PPA	-2.3	-5.2	189.3	197.2
Depreciation of buildings and structures	-7.1	-5.8	-26.6	-24.9
Depreciation of rental books	-2.7	-4.1	-11.5	-16.0
Amortisation of film and TV broadcasting rights	-14.9	-14.9	-54.2	-54.0
Amortisation of prepublication rights	-13.9	-7.5	-31.6	-25.5
Other depreciations, amortisations and impairments	-9.3	-16.9	-53.2	-47.3
Items affecting comparability in depreciation, amortisation and impairments	0.5	1.8	11.1	3.8
Operational EBITDA	45.3	42.1	355.4	361.0
Items affecting comparability (IACs) and PPA adjustments and amortisations in discontinued operations				
Restructuring expenses				-0.6
Total				-0.6

Reconciliation of operational EPS

EUR million	Q4 2022	Q4 2021	FY 2022	FY 2021
Result for the period attributable to the equity holders of the Parent Company	-21.4	-14.6	76.2	100.2
Items affecting comparability	8.0	4.9	37.9	16.4
Tax effect of items affecting comparability	1.6	-1.1	-7.8	-3.6
Non-controlling interests' share of items affecting comparability		0.1		
Operational result for the period attributable to the equity holders of the Parent Company	-11.8	-10.7	106.3	113.0
Weighted average number of shares on the market	163,177,768	163,057,204	163,130,613	163,165,194
Operational EPS	-0.07	-0.07	0.65	0.69

Reconciliation of net debt

EUR million	31 Dec 2022	31 Dec 2021
Non-current financial liabilities	599.4	432.2
Current financial liabilities	100.1	75.0
Non-current lease liabilities	119.6	133.5
Current lease liabilities	45.3	28.1
Cash and cash equivalents	-41.0	-52.4
Net debt	823.4	616.4

Reconciliation of adjusted EBITDA

EUR million	FY 2022	FY 2021
12-month rolling operational EBITDA	355.4	360.5
Impact of acquired and divested operations	17.2	0.0
Impact of programming rights	-54.3	-57.1
Impact of prepublication rights	-55.4	-41.6
Impact of rental books	-7.5	-6.3
Adjusted EBITDA	255.4	255.4

Reconciliation of comparable net sales growth

EUR million	Q4 2022	Q4 2021	FY 2022	FY 2021
Group				
Net sales	259.5	252.4	1,298.3	1,251.6
Impact of acquired and divested operations	-16.4	-2.8	-39.8	-4.4
Comparable net sales	243.1	249.6	1,258.5	1,247.3
Learning				
Net sales	101.6	88.5	681.0	637.3
Impact of acquired and divested operations	-15.6	-2.3	-37.8	-2.4
Comparable net sales	86.0	86.1	643.2	634.9
Media Finland				
Net sales	158.0	164.1	618.1	615.3
Impact of acquired and divested operations	-0.8	-0.5	-2.0	-2.0
Comparable net sales	157.2	163.6	616.1	613.3

Income statement by quarter

EUR million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021
NET SALES	210.6	313.2	514.9	259.5	210.1	302.8	486.3	252.4
Other operating income	4.7	2.6	5.2	8.5	5.4	5.9	6.5	5.8
Materials and services	-65.0	-91.2	-212.5	-89.3	-64.5	-79.5	-194.4	-78.9
Employee benefit expenses	-87.7	-92.0	-84.2	-92.3	-87.6	-90.0	-81.6	-91.7
Other operating expenses	-36.7	-45.3	-46.4	-48.8	-37.3	-38.2	-34.6	-48.7
Share of results in joint ventures	0.1	0.1	0.2	0.0	0.2	0.1	0.2	0.1
Depreciation, amortisation and impairment losses	-48.0	-49.0	-60.9	-58.6	-50.1	-49.6	-49.3	-57.6
EBIT	-22.0	38.5	116.3	-20.8	-23.8	51.5	133.1	-18.5
Share of results in associated companies	0.1	0.0	-0.2	-0.2	-0.1	0.0	-0.2	0.6
Financial income	1.1	4.1	3.4	0.9	1.1	0.0	1.5	5.6
Financial expenses	-4.4	-4.0	-6.9	-6.7	-4.8	-2.9	-4.6	-4.9
RESULT BEFORE TAXES	-25.2	38.6	112.6	-26.8	-27.6	48.7	129.9	-17.1
Income taxes	6.9	-7.7	-27.0	5.6	3.2	-11.6	-27.2	3.2
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-18.3	30.8	85.6	-21.1	-24.4	37.0	102.7	-13.9
DISCONTINUED OPERATIONS								
Result for the period from discontinued operations					-0.1	-0.1	0.1	-0.2
RESULT FOR THE PERIOD	-18.3	30.8	85.6	-21.1	-24.5	36.9	102.8	-14.0
Result from continuing operations attributable to:								
Equity holders of the Parent Company	-18.5	30.7	85.4	-21.4	-24.2	36.7	102.3	-14.4
Non-controlling interests	0.2	0.2	0.2	0.2	-0.3	0.3	0.4	0.5
Result from discontinued operations attributable to:								
Equity holders of the Parent Company	-	-	-		-0.1	-0.1	0.1	-0.2
Non-controlling interests	-	-	-		-	-	-	-
Result attributable to:								
Equity holders of the Parent Company	-18.5	30.7	85.4	-21.4	-24.3	36.6	102.4	-14.6
Non-controlling interests	0.2	0.2	0.2	0.2	-0.3	0.3	0.4	0.5
Earnings per share for result attributable to the equity holders of the Parent Company:								
Earnings per share, EUR, continuing operations	-0.11	0.19	0.52	-0.13	-0.15	0.22	0.63	-0.09
Diluted earnings per share, EUR, continuing operations	-0.11	0.19	0.52	-0.13	-0.15	0.22	0.63	-0.09
Earnings per share, EUR, discontinued operations					0.00	0.00	0.00	0.00
Diluted earnings per share, EUR, discontinued operations					0.00	0.00	0.00	0.00
Earnings per share, EUR	-0.11	0.19	0.52	-0.13	-0.15	0.22	0.63	-0.09
Diluted earnings per share, EUR	-0.11	0.19	0.52	-0.13	-0.15	0.22	0.63	-0.09

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

Net sales by SBU

EUR million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Learning	69.3	149.8	360.3	101.6	681.0	68.2	149.0	331.6	88.5	637.3
Media Finland	141.6	163.7	154.8	158.0	618.1	142.2	154.1	154.8	164.1	615.3
Other operations and eliminations	-0.3	-0.3	-0.1	-0.1	-0.8	-0.2	-0.4	-0.1	-0.1	-0.9
Total	210.6	313.2	514.9	259.5	1,298.3	210.1	302.8	486.3	252.4	1,251.6

EBIT by SBU

EUR million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Learning	-27.7	30.5	98.4	-34.0	67.2	-28.7	38.7	112.2	-31.6	90.5
Media Finland	7.5	14.6	18.2	13.9	54.3	7.5	16.1	21.3	15.7	60.6
Other operations and eliminations	-1.8	-6.7	-0.3	-0.7	-9.4	-2.6	-3.2	-0.4	-2.6	-8.8
Total	-22.0	38.5	116.3	-20.8	112.0	-23.8	51.5	133.1	-18.5	142.4

Operational EBIT excl. PPA by SBU

EUR million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Learning	-19.7	41.0	129.4	-18.9	131.8	-20.0	48.9	125.6	-20.6	133.9
Media Finland	9.9	17.2	20.6	18.1	65.8	11.3	19.3	23.9	19.1	73.5
Other operations and eliminations	-0.6	-4.6	-1.6	-1.5	-8.4	-1.3	-3.1	-2.0	-3.8	-10.2
Total	-10.4	53.6	148.4	-2.3	189.3	-10.0	65.0	147.4	-5.2	197.2

Interim report (unaudited)

Accounting policies

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

Sanoma management has considered the impact of coronavirus pandemic to be limited and not material on the future credit losses. As Sanoma has no business in Ukraine or Russia, the war launched by Russia against Ukraine in February 2022 has a very limited direct impact on Sanoma's business. Management has concluded that both coronavirus pandemic and Ukraine war do not have significant impact on Q4 2022 interim report.

Consolidated income statement

EUR million	Q4 2022	Q4 2021	FY 2022	FY 2021
NET SALES	259.5	252.4	1,298.3	1,251.6
Other operating income	8.5	5.8	21.0	23.7
Materials and services	-89.3	-78.9	-458.0	-417.2
Employee benefit expenses	-92.3	-91.7	-356.2	-350.9
Other operating expenses	-48.8	-48.7	-177.2	-158.8
Share of results in joint ventures	0.0	0.1	0.5	0.5
Depreciation, amortisation and impairment losses	-58.6	-57.6	-216.5	-206.6
EBIT	-20.8	-18.5	112.0	142.4
Share of results in associated companies	-0.2	0.6	-0.4	0.4
Financial income	0.9	5.6	9.5	8.3
Financial expenses	-6.7	-4.9	-22.0	-17.2
RESULT BEFORE TAXES	-26.8	-17.1	99.2	133.8
Income taxes	5.6	3.2	-22.2	-32.4
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-21.1	-13.9	77.0	101.4
DISCONTINUED OPERATIONS				
Result for the period from discontinued operations		-0.2		-0.2
RESULT FOR THE PERIOD	-21.1	-14.0	77.0	101.2
Result from continuing operations attributable to:				
Equity holders of the Parent Company	-21.4	-14.4	76.2	100.5
Non-controlling interests	0.2	0.5	0.7	0.9
Result from discontinued operations attributable to:				
Equity holders of the Parent Company		-0.2		-0.2
Non-controlling interests		-		-
Result attributable to:				
Equity holders of the Parent Company	-21.4	-14.6	76.2	100.2
Non-controlling interests	0.2	0.5	0.7	0.9
Earnings per share for result attributable to the equity holders of the Parent Company:				
Earnings per share, EUR, continuing operations	-0.13	-0.09	0.47	0.62
Diluted earnings per share, EUR, continuing operations	-0.13	-0.09	0.47	0.61
Earnings per share, EUR, discontinued operations		0.00		0.00
Diluted earnings per share, EUR, discontinued operations		0.00		0.00
Earnings per share, EUR	-0.13	-0.09	0.47	0.61
Diluted earnings per share, EUR	-0.13	-0.09	0.47	0.61

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

Statement of comprehensive income ¹⁾

EUR million	Q4 2022	Q4 2021	FY 2022	FY 2021
Result for the period	-21.1	-14.0	77.0	101.2
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Change in translation differences	5.3	0.2	2.3	-0.6
Items that will not be reclassified to profit or loss				
Defined benefit plans	-13.6	0.3	-6.9	18.1
Income tax related to defined benefit plans	2.7	-0.1	1.3	-3.7
Other comprehensive income for the period, net of tax	-5.7	0.4	-3.3	13.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-26.8	-13.6	73.6	114.9
Total comprehensive income attributable to:				
Equity holders of the Parent Company	-27.1	-14.1	72.9	114.0
Non-controlling interests	0.2	0.5	0.7	0.9

¹⁾ Statement of comprehensive income includes both continuing and discontinued operations.

Consolidated balance sheet

EUR million	31 Dec 2022	31 Dec 2021
ASSETS		
Property, plant and equipment	49.2	57.1
Right-of-use assets	156.5	155.2
Investment property	5.2	5.2
Goodwill	812.1	753.3
Other intangible assets	739.0	672.8
Equity-accounted investees	4.1	3.3
Other investments	3.7	3.8
Deferred tax receivables	10.7	9.4
Non-current receivables	20.8	31.5
NON-CURRENT ASSETS, TOTAL	1,801.3	1,691.6
Inventories	71.2	35.7
Income tax receivables	10.4	16.6
Contract assets	0.6	0.4
Trade and other receivables	179.1	135.7
Cash and cash equivalents	41.0	52.4
CURRENT ASSETS, TOTAL	302.3	240.8
ASSETS, TOTAL	2,103.6	1,932.5
EQUITY AND LIABILITIES		
EQUITY		
Share capital	71.3	71.3
Treasury shares	-5.2	-7.5
Fund for invested unrestricted equity	209.8	209.8
Other equity	419.2	440.1
Total equity attributable to the equity holders of the Parent Company	695.1	713.6
Non-controlling interests	7.0	7.2
EQUITY, TOTAL	702.1	720.9
Deferred tax liabilities	121.4	127.4
Pension obligations	4.1	5.9
Provisions	0.1	0.5
Financial liabilities	599.4	432.2
Lease liabilities	119.6	133.5
Contract liabilities	2.5	2.5
Trade and other payables	2.8	4.1
NON-CURRENT LIABILITIES, TOTAL	850.0	706.2
Provisions	1.7	1.1
Financial liabilities	100.1	75.0
Lease liabilities	45.3	28.1
Income tax liabilities	12.9	25.3
Contract liabilities	139.3	152.3
Trade and other payables	252.2	223.7
CURRENT LIABILITIES, TOTAL	551.5	505.4
LIABILITIES, TOTAL	1,401.5	1,211.6
EQUITY AND LIABILITIES, TOTAL	2,103.6	1,932.5

Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company						
	Share capital	Treasury shares	Fund for invested unrestricted equity	Other equity	Total	Non-controlling interests	Equity, total
Equity at 31 Dec 2020	71.3	-4.3	209.8	413.5	690.2	19.7	709.9
Correction of error ¹⁾				-0.7	-0.7		-0.7
Equity at 1 Jan 2021	71.3	-4.3	209.8	412.8	689.5	19.7	709.2
Comprehensive income for the period				114.0	114.0	0.9	114.9
Purchase of treasury shares		-5.0			-5.0		-5.0
Share-based compensation				0.3	0.3		0.3
Shares delivered		1.7		-1.7			
Dividends				-84.8	-84.8	-0.6	-85.5
Acquisitions and other changes in non-controlling interests				-0.4	-0.4	-12.8	-13.1
Equity at 31 Dec 2021	71.3	-7.5	209.8	440.1	713.6	7.2	720.9
Equity at 1 Jan 2022	71.3	-7.5	209.8	440.1	713.6	7.2	720.9
Comprehensive income for the period				72.9	72.9	0.7	73.6
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				0.2	0.2	0.0	0.2
Reclassification of translation differences				-3.2	-3.2		-3.2
Equity at 31 Dec 2022	71.3	-5.2	209.8	419.2	695.1	7.0	702.1

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

Consolidated cash flow statement

EUR million	FY 2022	FY 2021
OPERATIONS		
Result for the period	77.0	101.2
Adjustments		
Income taxes	22.2	31.5
Financial income and expenses	12.5	8.9
Share of results in equity-accounted investees	-0.2	-0.9
Depreciation, amortisation and impairment losses	216.5	206.6
Gains/losses on sales of non-current assets	-3.3	-4.3
Other adjustments	2.1	-0.2
Adjustments, total	249.9	241.7
Change in working capital	4.4	-10.8
Acquisitions of broadcasting rights, prepublication costs and rental books	-111.2	-105.1
Dividends received	0.6	0.6
Interest paid and other financial items	-13.2	-13.5
Taxes paid	-42.8	-32.7
Cash flow from operations	164.6	181.4
INVESTMENTS		
Capital expenditure	-52.9	-41.7
Operations acquired	-204.9	-6.4
Proceeds from sale of tangible and intangible assets	1.4	8.8
Operations sold	7.7	0.6
Loans granted	-3.2	-0.6
Repayments of loan receivables	0.4	0.0
Interest received	0.8	0.1
Cash flow from investments	-250.7	-39.1
Cash flow before financing	-86.2	142.3
FINANCING		
Purchase of treasury shares		-5.0
Change in loans with short maturity	69.7	-15.4
Drawings of other loans	250.3	199.4
Repayments of other loans	-124.7	-250.2
Payment of lease liabilities	-30.5	-30.4
Acquisitions of non-controlling interests	-1.0	-15.2
Dividends paid	-89.1	-87.9
Cash flow from financing	74.6	-204.7
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	-11.6	-62.3
Effect of exchange rate differences on cash and cash equivalents	0.2	0.1
Net change in cash and cash equivalents	-11.4	-62.2
Cash and cash equivalents at the beginning of the period	52.4	114.6
Cash and cash equivalents at the end of the period	41.0	52.4
FREE CASH FLOW (Cash flow from operations – Capital expenditure)	111.7	139.7

Includes continuing and discontinued operations.

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

Segment information

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

Sanoma Learning is the leading European learning company serving over 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–31 December 2022

EUR million	Learning	Media Finland	Other operations/eliminations	Continuing operations
External net sales	681.0	617.3		1,298.3
Internal net sales		0.8	-0.8	
Net sales, total	681.0	618.1	-0.8	1,298.3
EBIT	67.2	54.3	-9.4	112.0
Operational EBIT excl. PPA	131.8	65.8	-8.4	189.3
Share of results in associated companies		-0.4		-0.4
Financial income			9.5	9.5
Financial expenses			-22.0	-22.0
Result before taxes				99.2
Income taxes				-22.2
Result for the period from continuing operations				77.0
Result for the period				77.0
Segment assets	1,757.4	423.4	-140.9	2,039.9

Segment information 1 January–31 December 2021

EUR million	Learning	Media Finland	Other operations/ eliminations	Continuing operations
External net sales	637.3	614.4		1,251.6
Internal net sales	0.0	0.9	-0.9	
Net sales, total	637.3	615.3	-0.9	1,251.6
EBIT	90.5	60.6	-8.8	142.4
Operational EBIT excl. PPA	133.9	73.5	-10.2	197.2
Share of results in associated companies		0.4		0.4
Financial income			8.3	8.3
Financial expenses			-17.2	-17.2
Result before taxes				133.8
Income taxes				-32.4
Result for the period from continuing operations				101.4
Result for the period from discontinued operations				-0.2
Result for the period				101.2
Segment assets	1,573.5	429.3	-149.7	1,853.2

Net sales

Disaggregation of revenue

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

Disaggregation of revenue 1 January–31 December 2022

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
Finland	59.7	618.1	-0.8	677.0
The Netherlands	223.4			223.4
Poland	109.0			109.0
Spain	129.7			129.7
Italy	30.8			30.8
Belgium	83.7			83.7
Other companies and eliminations	44.7			44.7
Primary geographical markets	681.0	618.1	-0.8	1,298.3
Learning solutions	553.1		0.0	553.1
Advertising		235.7	-0.6	235.1
Subscription		247.4	0.0	247.4
Single copy		39.3		39.3
Other	127.9	95.8	-0.2	223.5
Major product lines/services	681.0	618.1	-0.8	1,298.3
Recognition at a point-in-time	532.4	193.0	-0.8	724.6
Recognition over-time	148.6	425.1		573.7
Timing of revenue recognition	681.0	618.1	-0.8	1,298.3

Disaggregation of revenue 1 January–31 December 2021

EUR million	Learning	Media Finland	Other operations/eliminations	Total
Finland	57.5	615.3	-0.9	671.9
The Netherlands	210.9			210.9
Poland	127.6			127.6
Spain	119.0			119.0
Belgium	78.1			78.1
Other companies and eliminations	44.1			44.1
Primary geographical markets	637.3	615.3	-0.9	1,251.6
Learning solutions	515.0		0.0	515.0
Advertising		245.8	-0.7	245.1
Subscription		250.5	0.0	250.5
Single copy		41.1		41.1
Other	122.3	77.9	-0.2	200.0
Major product lines/services	637.3	615.3	-0.9	1,251.6
Recognition at a point-in-time	480.2	196.4	-0.9	675.7
Recognition over-time	157.0	418.9		575.9
Timing of revenue recognition	637.3	615.3	-0.9	1,251.6

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

EUR million	31 Dec 2022	31 Dec 2021
Carrying amount at 1 Jan	212.4	260.6
Increases	48.8	16.0
Acquisitions of operations	9.0	0.1
Decreases	-6.2	-6.5
Disposal of operations	-1.1	
Depreciation for the period	-52.7	-55.4
Impairment losses for the period	-4.2	-2.2
Exchange rate differences and other changes	-0.3	-0.2
Carrying amount at the end of the period	205.7	212.4

Acquisitions and divestments

Acquisitions in 2022

In 2022, Sanoma invested EUR 217 million in business acquisitions.

On 31 August, Sanoma acquired Pearson's local K12 learning content business in Italy and its small exam preparation business in Germany. The acquisition was announced on 7 June 2022. The acquired business is reported as part of Sanoma Learning SBU as of 31 August 2022.

Pearson Italy is one of the leading providers of learning materials for secondary education in the country and it has a leading position in certain subjects, including philosophy and literature. Under its strong local brands, Pearson Italy offers schools, teachers and students recognised and reputable high-quality learning materials. The acquisition also includes Pearson's small exam preparation business in Germany, which will continue to operate under the Stark brand. The acquired businesses have 251 employees, of which 161 in Italy and 90 in Germany. They became employees of Sanoma Learning as from closing.

The net sales of the acquired business included in the Group's consolidated income statement since acquisition from 31 August were approx. EUR 37 million and result for the period was approx. EUR 2 million.

Sanoma estimates that the acquisition will create synergies of EUR 2–3 million (annual run-rate). The synergies are expected to be realised in full in 18–24 months after closing and mainly relate to support functions and procurement.

The agreed cash and debt free enterprise value (EV) of the acquired business including purchase price adjustments of EUR 22.5 million amounted to EUR 212.1 million and was paid in cash at closing. The enterprise value represents an EV / adjusted EBITDA 2021 multiple of 6.4x. By adding the estimated costs for separation and integration as well as the additional investments in digital development, the multiple increases to approx. 7.2x. Sanoma has financed the acquisition with a EUR 250 million 4-year term loan facility with Nordea Bank Abp, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ). The remaining part of the term loan was used for an early repayment of an EUR 50 million term loan due in February 2023.

Sanoma estimates that the acquisition will create separation, integration and rebranding costs, to be booked as items affecting comparability (IACs), of approx. EUR 14 million during 18–24 months after closing. Sanoma has booked EUR 7 million of transaction costs as IACs in Sanoma Learning's 2022 result.

Acquisition accounting for the acquired business is disclosed in 2022 financial statements as provisional and subject to changes. The initial purchase price of EUR 212.1 million has been allocated to identified net assets which include trademarks, customer relationships, ELT (English language teaching) distribution agreement and inventory with the remaining residual accounted for as goodwill. The goodwill is attributable mainly to assembled workforce and profit expectations of future product development, customer relationships and expansion of digital product offering.

On 28 January, Sanoma Media Finland acquired radio frequencies from Huittisten Sanomalehti Oy and began broadcasting Hitmix channel in Satakunta.

On 16 March, Sanoma Learning acquired Geluuskoffer Scholen B.V. in the Netherlands. The company is engaged in developing and publishing learning materials aimed at social emotional well-being of children.

On 18 March, Sanoma Media Finland acquired Videolle Production Oy. Videolle is a digital video marketing office, established in 2014. The acquisition strengthens the range of services offered by Sanoma to its B2B customers. Videolle Production Oy's 24 employees joined Sanoma.

Net sales of Sanoma Group would have totalled approx. EUR 1,378 million and result before taxes for the period approx. EUR 126 million, if acquisitions had taken place at the beginning of the year 2022.

Impact of business acquisitions on Group's assets and liabilities

EUR million	Italy and Germany	Other	FY 2022	FY 2021
Property, plant and equipment	2.0	0.0	2.0	
Right-of-use assets	6.7	0.3	7.0	0.1
Intangible assets	86.5	3.1	89.6	0.9
Other non-current assets	15.5	0.0	15.5	0.3
Inventories	34.8	0.0	34.8	
Other current assets	85.0	0.5	85.4	0.6
Assets, total	230.5	3.9	234.4	2.0
Non-current liabilities	-29.6	-1.0	-30.6	-0.2
Current liabilities	-44.3	-0.7	-44.9	-1.3
Liabilities, total	-73.9	-1.7	-75.5	-1.5
Fair value of acquired net assets	156.6	2.3	158.9	0.4
Acquisition cost	212.1	5.0	217.0	0.6
Fair value of previously held interest				0.6
Fair value of acquired net assets	-156.6	-2.3	-158.9	-0.4
Goodwill from the acquisitions	55.5	2.7	58.2	0.8

Acquisitions of non-controlling interests

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

Cash paid to obtain control, net of cash acquired

EUR million	Italy and Germany	Other	FY 2022	FY 2021
Acquisition cost	212.1	5.0	217.0	0.6
Cash and cash equivalents of acquired operations	-9.9	-0.3	-10.2	-0.2
Decrease (+) / increase (-) in acquisition liabilities		-2.0	-2.0	5.3
Cash paid to obtain control, net of cash acquired	202.2	2.7	204.9	5.7
Acquisition cost				10.8
Decrease (+) / increase (-) in acquisition liabilities		1.0	1.0	4.4
Cash paid on acquisitions of non-controlling interests		1.0	1.0	15.2

Divestments in 2022

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

On 4 October 2022 Sanoma sold Eduarte, Dutch student administration system provider for vocational education to Topicus, a pan-European provider of vertical market software and platforms. Net sales of the divested business were EUR 9 million in 2021 and the company employed 45 people who transferred to the buyer with the divestment.

Impact of divestments on Group's assets and liabilities

EUR million	FY 2022	FY 2021
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	
Assets, total	14.6	
Deferred tax liabilities	-3.0	
Trade and other payables	-2.1	
Liabilities, total	-5.1	
Net assets	9.5	
Sales price	11.5	
Transaction fees paid	-1.1	
Net result from sale of operations	0.9	

Cash flow from sale of operations

EUR million	FY 2022	FY 2021
Sales price	11.5	
Cash and cash equivalents of divested operations	-1.7	
Decrease (+) / increase (-) in receivables from divestment	-2.1	
Cash flow from sale of operations	7.7	

Discontinued operations

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

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

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

Income statement of discontinued operations

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

Cash flows related to discontinued operations

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

Contingent liabilities

EUR million	31 Dec 2022	31 Dec 2021
Contingencies for own commitments		
Pledges	0.9	0.8
Other items	24.3	24.8
Contingencies for own commitments total	25.2	25.6
Other commitments		
Royalties	0.2	1.3
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	41.0	24.6
Other items ¹	91.3	27.6
Other commitments total	132.5	53.4
Total	157.7	79.0

Derivative instruments

EUR million	31 Dec 2022	31 Dec 2021
Fair values		
Currency derivatives		
Forward contracts (positive fair values)	0.0	0.2
Forward contracts (negative fair values)	-0.1	0.0
Nominal values		
Currency derivatives		
Forward contracts	15.0	7.8

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

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

Disputes and litigations

In December 2022 Sanoma received a payment decision from the Finnish Tax Administration regarding the tax audit at Sanoma Media Finland Oy for years 2019–2021 about the treatment of VAT of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway. The decision is in line with the earlier decision concerning years 2015–2018 by the Finnish Tax Adjustment Board. Sanoma considers also the new claim fully unjustified and will appeal from the decision. Based on the decision received, Sanoma paid EUR 11 million of VAT, penalties and interests in December 2022 in order to avoid interest accumulation. Sanoma considers this payment to be a deposit with the tax authority while the dispute is ongoing and consequently reports the amount paid as a receivable. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.

In April 2021, the Finnish Tax Adjustment Board accepted a claim based on tax audits at Sanoma Media Finland in 2015–2018 concerning the business model mentioned above. Sanoma considers the claims completely unjustified and has appealed from the decisions. On 1 July 2021, Sanoma paid the required VAT, the related penalty and interests of EUR 25 million in order to avoid further interest accumulation. Sanoma considers this payment to be a deposit with the tax authority while the dispute is ongoing and consequently reports the amount paid as a receivable. On August 2021, the tax authorities made an ex officio decision on a corporate income tax adjustment as a consequence of value added tax adjustment and refunded EUR 3 million of corporate income tax to Sanoma. Sanoma considers this refund to be a liability towards the tax authority while the dispute is ongoing and consequently reports the amount received as a liability.

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 (including 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	= $\frac{\text{Result for the period attributable to the equity holders of the Parent Company} - \text{IACs} - \text{tax effect of IACs} - \text{non-controlling interests' share of IACs}}{\text{Weighted average number of shares on the market}}$	Measures Sanoma's result for the period per share
Operational EPS	= $\frac{\text{Result for the period attributable to the equity holders of the Parent Company} - \text{IACs}}{\text{Weighted average number of shares on the market}}$	In addition to EPS, reflects the underlying business performance and enhances comparability between reporting periods