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Interim Report Q3 2023:

Solid growth in net sales and operational EBIT in Learning

Susan Duinhoven, President & CEO

Alex Green, CFO

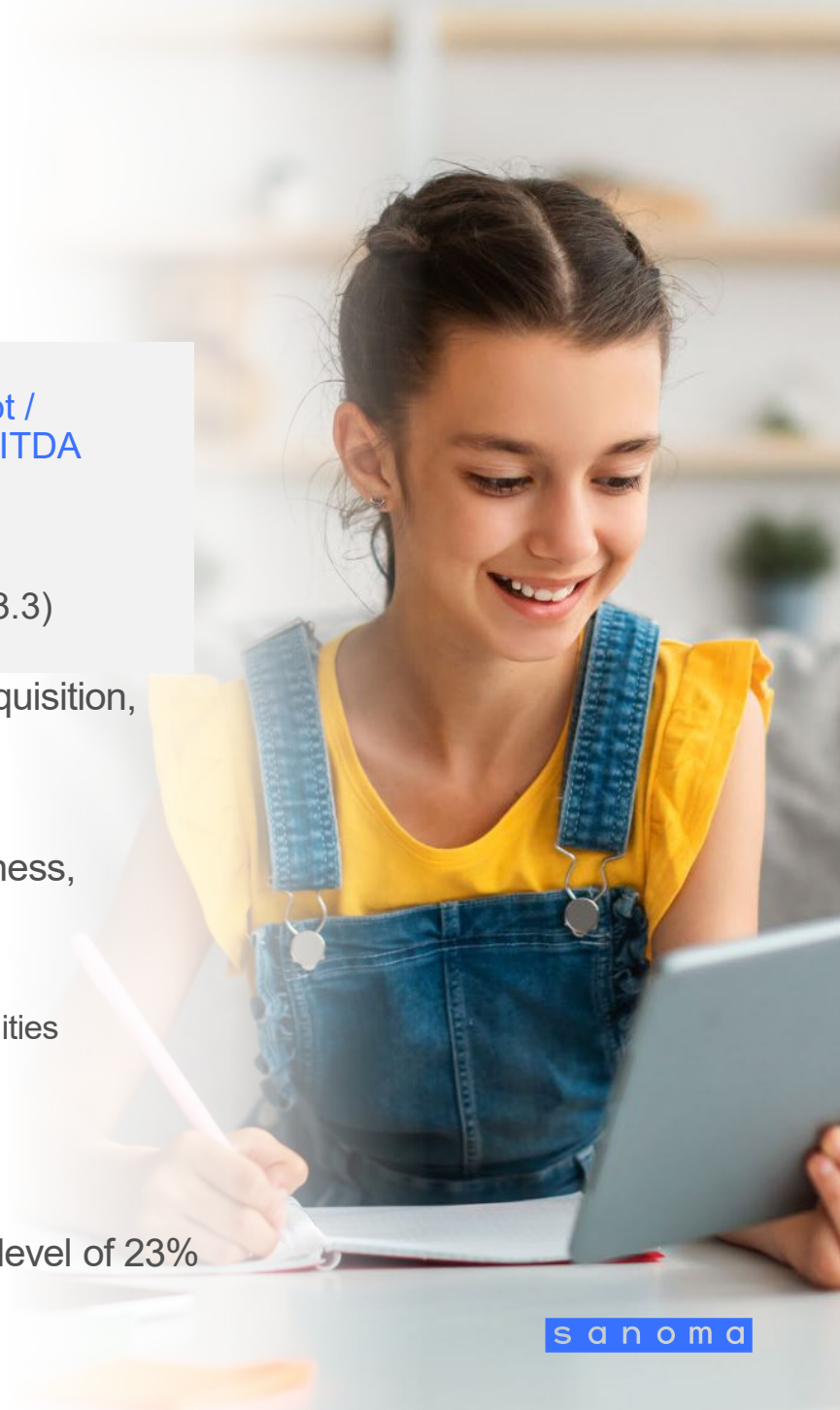


Q1–Q3 2023:

Solid growth in net sales and operational EBIT in Learning

Net sales	Comparable net sales growth	Operational EBIT excl. PPA	Free cash flow	Net debt / Adj. EBITDA
1,139m€ (2022: 1,039)	3% (2022: 2%)	202m€ (2022: 192)	35m€ (2022: 48)	2.8 (2022: 3.3)

- Solid net sales growth in Learning, both organically (+7%) and resulting from the Italian acquisition, and slight decline in Media Finland sales
- Operational EBIT excl. PPA improved driven by strong net sales growth in Learning
- Free cash flow impacted by the seasonally negative operating cash flow of the Italian business, while underlying free cash flow in Learning improved
- Leverage improved to 2.8 and is at the level of the long-term target level of ‘below 3.0’
 - New 100m€ loan signed to repay the 200m€ bond maturing in March 2024 together with existing facilities
- The Group’s Outlook range for 2023 is narrowed:
 - Reported net sales will be 1.38–1.4bn€ (2022: 1.3)
 - Operational EBIT excluding PPA is expected to be 165–175m€ (2022: 189)
- Program Solar launched to improve Learning’s profitability by 2026 to the long-term target level of 23%



Solid organic growth and Italian acquisition increased net sales...

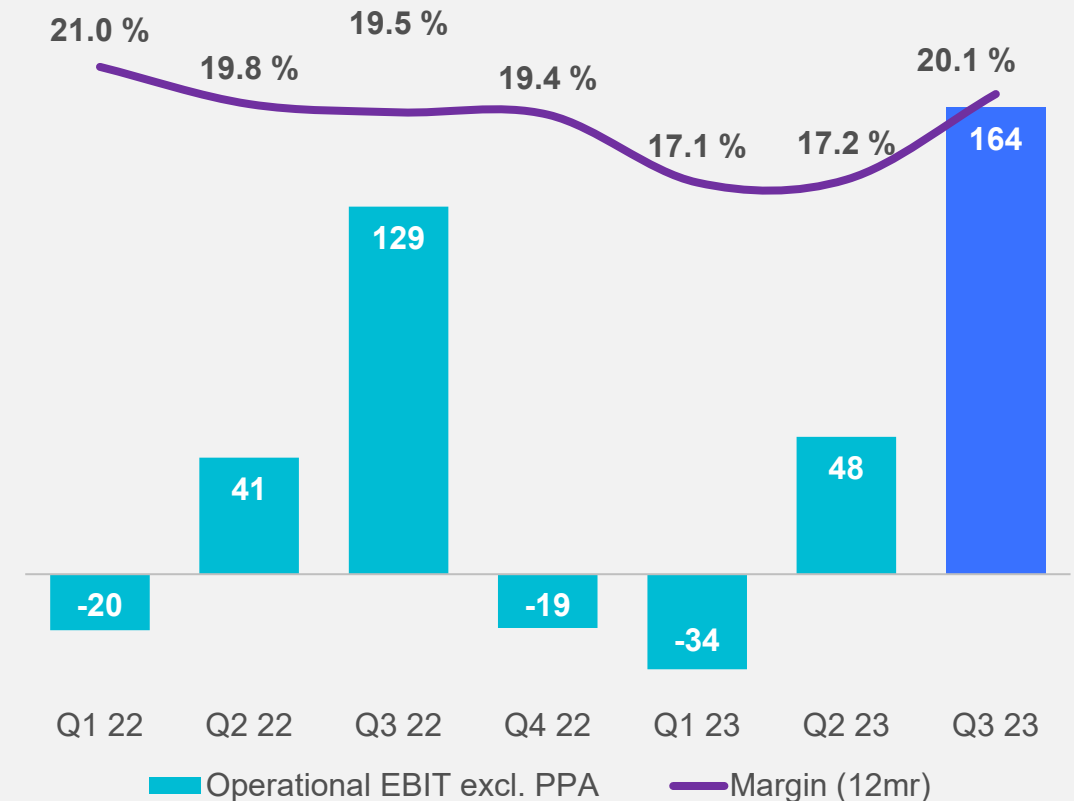
- Net sales grew to 695m€ (2022: 579)
- Organic growth of 7% driven by learning content sales, reflecting also the successful implementation of price increases
 - Organic growth of the learning content businesses 10% YTD
 - Strong growth in Spain in Q3 driven by
 - Successful implementation of the final phase of the LOMLOE curriculum renewal, including some shift from 2024
 - Earlier sales compared to PY
 - In the Netherlands, growth in learning content sales was offset by the planned discontinuation of loss-making distribution contracts
 - Expected growth in Poland driven by a minor curriculum renewal
- The Italian and German business contributed 104m€ to net sales (2022: 21), while divestment of Eduarte reduced sales by 6m€



...and led to profitability improvement

- Operational EBIT excl. PPA increased to 179m€ (2022: 151)
 - Strong organic growth, largely driven by successful implementation of the price increases and earlier sales
 - Solid positive contribution of the acquired Italian business in line with our expectations
- The impact of the inflation on paper, personnel and fixed costs is significant – mitigated by price increases and active cost containment actions
- 12 month rolling margin positively impacted by stronger than usual Q4 2022 due to delays both in Spain and the Netherlands

Operational EBIT excl. PPA m€

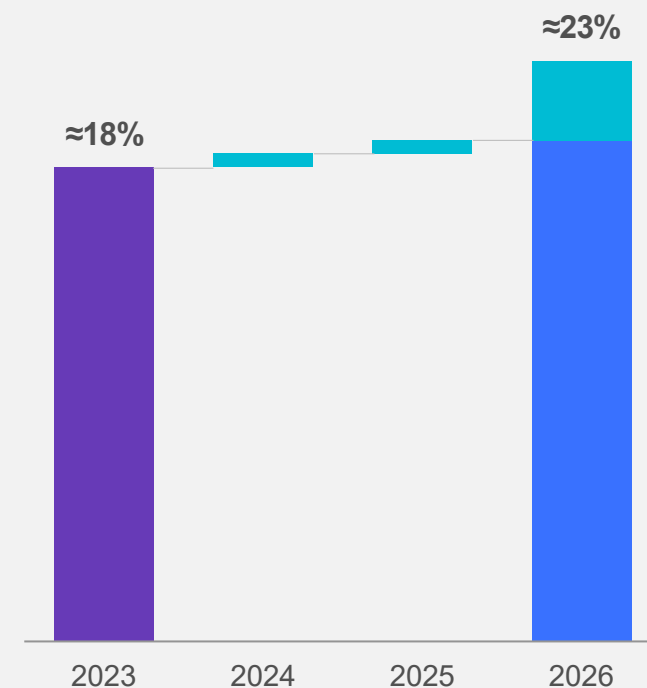


Learning's profitability to reach its long-term target of 23% in 2026 through program Solar

- Program “Solar” aims to streamline Learning operations and processes
 - Brings full benefits from the increased scale of the Learning business
- Operational efficiencies amounting to approx. 55m€ annual operational EBIT, from 2026 onwards, are coming from:
 - Organisational optimisation* post curriculum renewals in Poland and Spain
 - Process improvements in all publishing operations
 - Continuing harmonisation of digital learning platforms
 - Overhead and other optimisations* across the SBU
- Costs of 15m€ booked as IACs in Learning in Q3 2023
 - Approx. 30m€ of IACs expected in 2024
- The margin improvement from Solar is expected to come with net sales in 2026 back to the 2023 peak levels due to
 - Lower demand for learning content in 2024–2025 after recent curriculum renewals
 - Continuing rationalisation of lower margin contracts and businesses
- In addition to improving margins, our focus in 2024–2026 will be on improving our K12 offering, small in-market acquisitions and deleveraging the balance sheet

Full margin potential will be visible in 2026

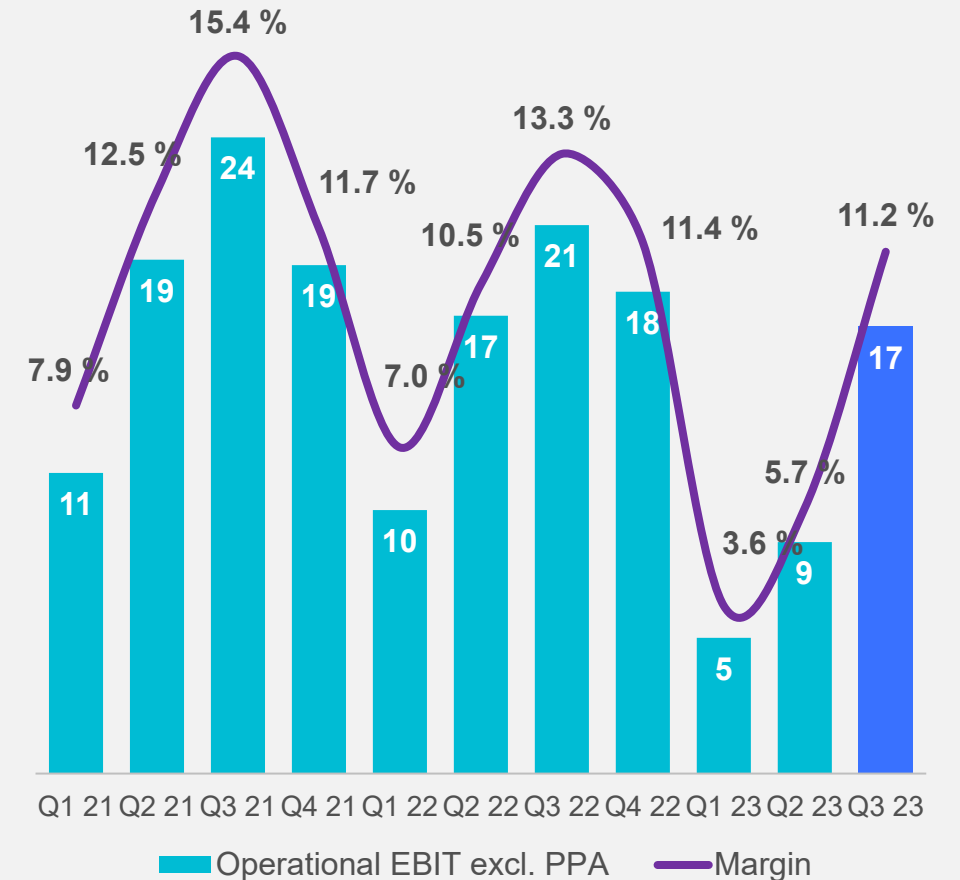
Operational EBIT margin excl. PPA, %



Advertising sales had an adverse impact on earnings

- Net sales declined slightly to 150m€ (2022: 155)
 - Advertising sales declined by 10% (compared to -6% in the market) mostly from newsprint and TV
 - Comparable subscription sales grew modestly as price increases offset the slight decline in the subscription base
 - Cooperation with Elisa, starting from September, will further enhance Ruutu’s offering and improve its position as the go-to local VOD service
- Operational EBIT excl. PPA decreased to 17m€ (2022: 21)
 - Impacted by lower advertising sales
 - Personnel costs increased due to salary inflation and normalised bonus provisions
 - Mitigated by lower paper, printing and distribution costs and other active cost containment actions

Operational EBIT excl. PPA
m€



Outlook for 2023 (narrowed)

- In 2023, Sanoma expects that the Group's reported net sales will be 1.38–1.4bn€ (2022: 1.3)
- The Group's operational EBIT excluding PPA is expected to be 165–175m€ (2022: 189)
- Regarding the operating environment Sanoma expects that:
 - The advertising market in Finland will decline slightly in the fourth quarter
 - The economies in the Group's operating countries, particularly in Finland, will continue to experience a mild recession



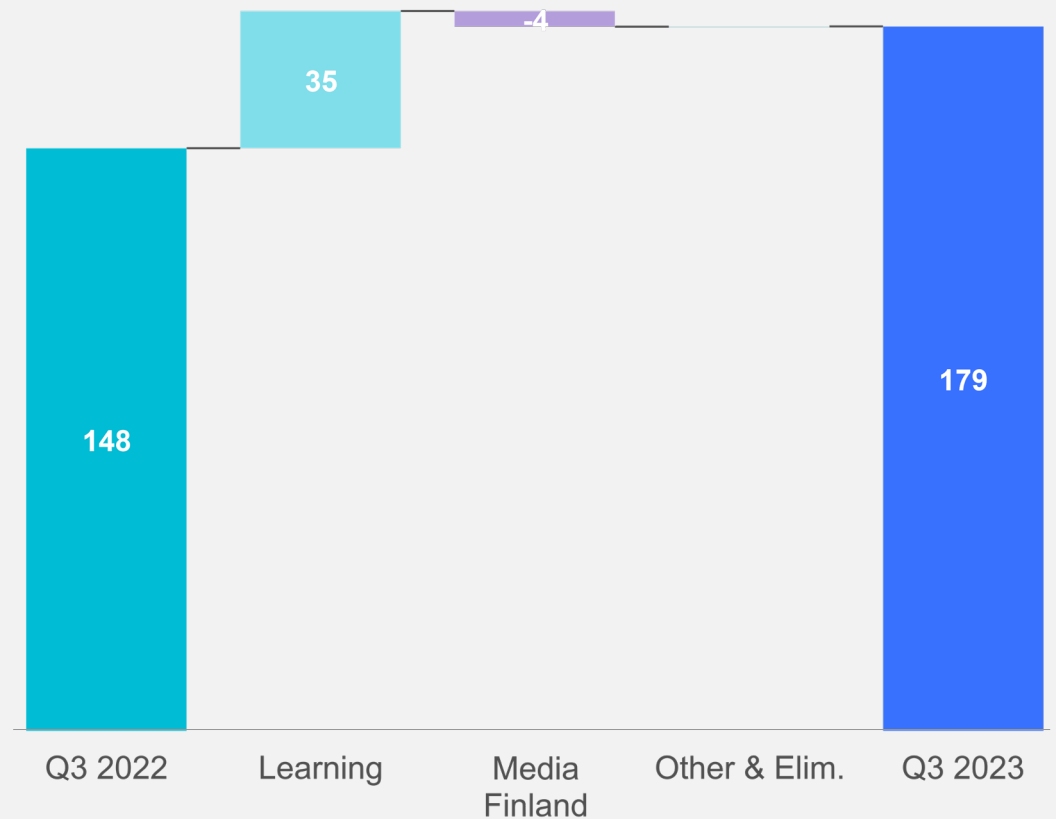


Financials

Significant earnings improvement in Learning during the high season

<p>Learning</p>	<ul style="list-style-type: none"> + Curriculum-driven growth esp. in Poland and Spain, where high season completed earlier than PY + Successfully implemented price increases across the content businesses + Acquired Italian business
<p>Media Finland</p>	<ul style="list-style-type: none"> + Lower paper, printing and distribution costs, other active cost containment actions - Lower advertising sales - Higher personnel costs due to salary inflation and normalised bonus provisions

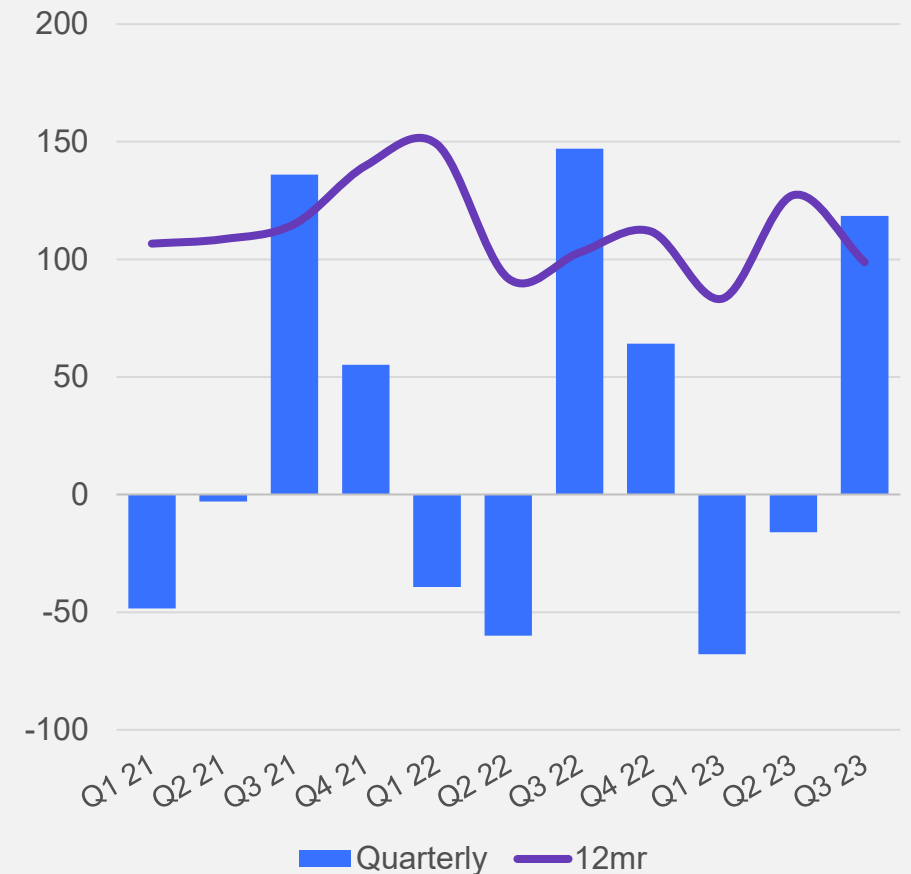
Operational EBIT excl. PPA Q3 2023 vs. Q3 2022
m€



Significant increase in the YTD free cash flow excl. the Italian acquisition

- Free cash flow for Q1–Q3 was 35m€ (2022: 48) and impacted by the seasonally negative operating cash flow of the acquired Italian and German businesses
- The underlying free cash flow* increased significantly
 - + In Learning, higher sales and active working capital management sustainably brought forward cash flow
 - + Media Finland at PY level as earnings impact was mitigated by active working capital management
- For FY 2023, free cash flow expected to be somewhat higher vs. underlying free cash flow* of 2022 (65m€)
- Third and final instalment of the dividend for 2022, 0.11€/share, will be paid on 3 November
 - Second instalment of 0.13€/share was paid in September

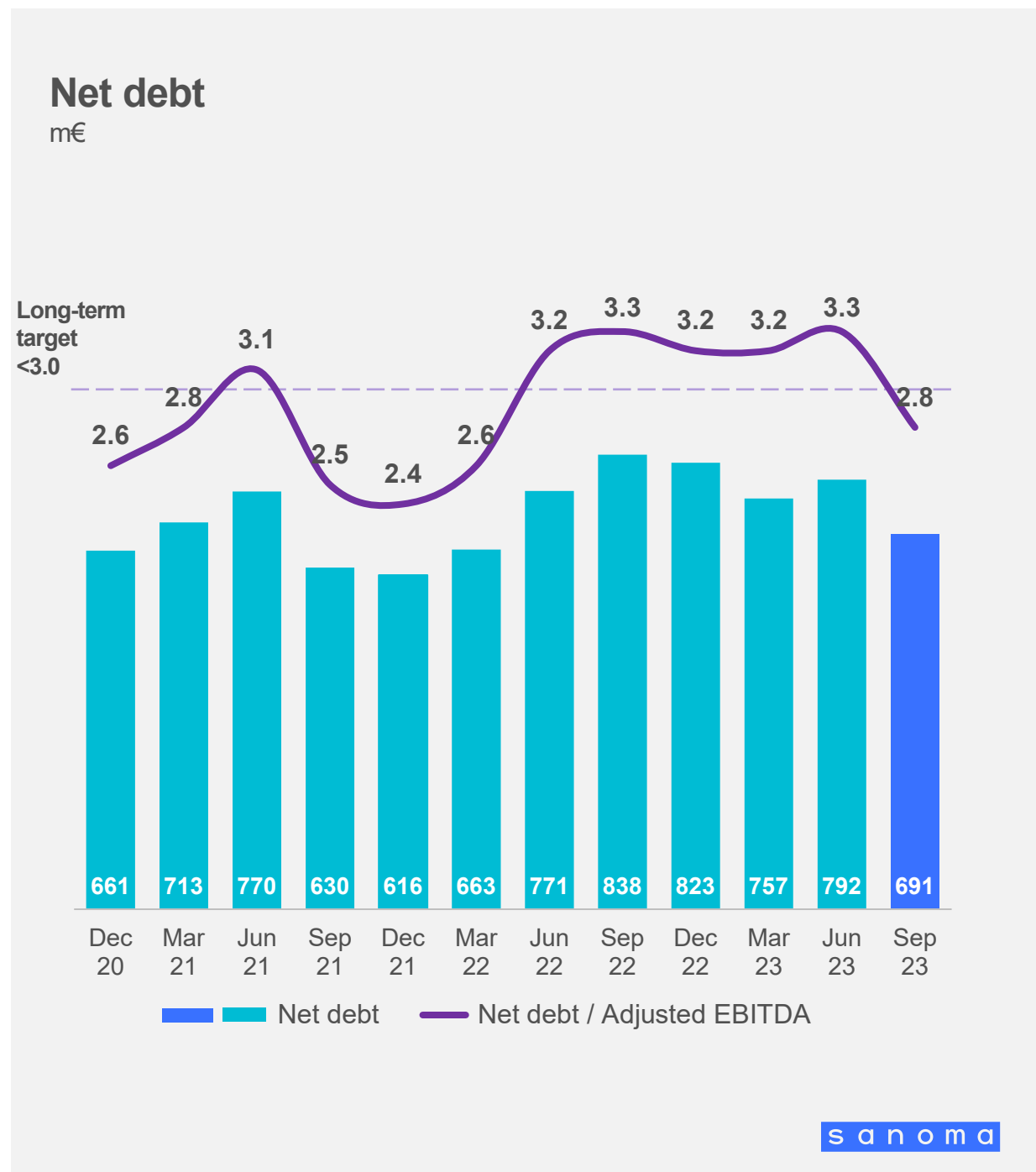
Free cash flow
m€



Free cash flow = Cash flow from operations less capital expenditure

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

- Net debt decreased both vs. PY and end of Q2, amounting to 691m€
 - In-line with the annual seasonality of the learning business
 - Net debt / Adj. EBITDA improved to 2.8 (2022: 3.3)
 - Equity ratio improved to 39.5% (2022: 33.0%)
- Net financial items increased to -9m€ (2022: -4) in Q3 due to the increase in interest rates
 - YTD average interest rate of external loans 3.6% (2022: 1.1%)
 - Interest expenses of the 150m€ hybrid bond are not included in net financial items but deducted directly from equity

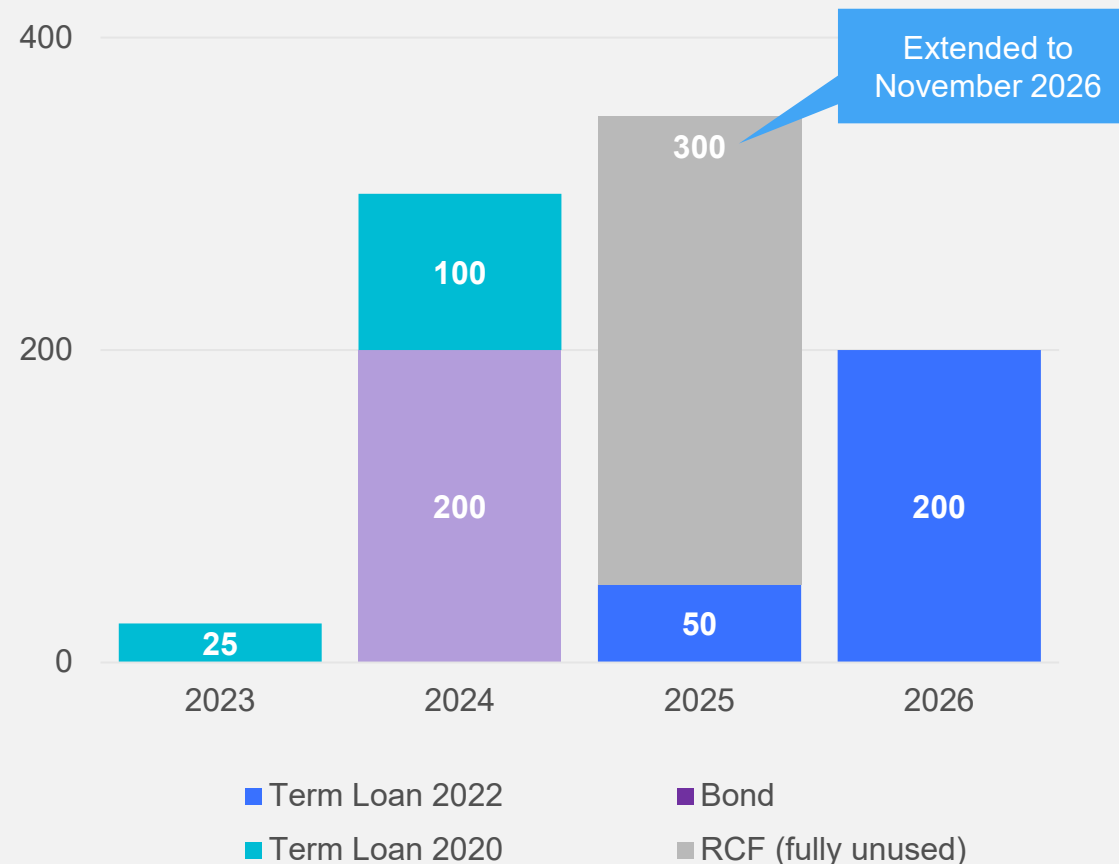


Refinancing in place for 200m€ bond maturing in March 2024

- 200m€ bond maturing in March 2024 will be paid back with
 - New 100m€ term loan that was signed in October and will be drawn down in March
 - Existing funding facilities
- Maturity of the term loan is 12 months + 10 months extension option at Sanoma's discretion
- In addition, maturity of the 300m€ Revolving Credit Facility was extended to November 2026

Maturity profile of external debt

m€, 30 September 2023



Welcome to Sanoma Capital Markets Day 2023!

Time: 22 November 2023 at 9:00–13:30 EET

Place: Helsinki + webcast

Members of Sanoma's Executive Management Team will share more insight into the strategic focus areas of Learning and Media Finland.

Invitations will be sent out shortly.
More information: ir@sanoma.com

Save the
Date



Financial reporting in 2024

Full-Year Result 2023	7 February
Interim Report Q1 2024	8 May
Half-Year Report 2024	24 July
Interim Report Q3 2024	31 October

Financial Statements and
Directors' Report for 2023 week 10

AGM 2024 17 April



Q&A




Appendix

Sanoma in 2022

NET SALES
 **1,298m€**

NON-PRINT SALES
 **57%**

OPERATIONAL EBIT MARGIN
 **14.6%**

PERSONNEL
 **over 5,000**

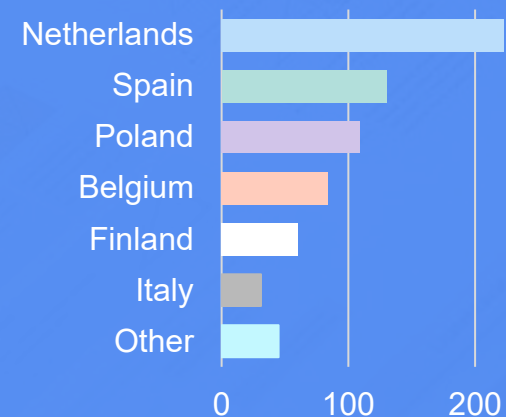
Learning

Net sales **681m€**

Non-print **62%**

Margin **19.4%**

NET SALES, m€



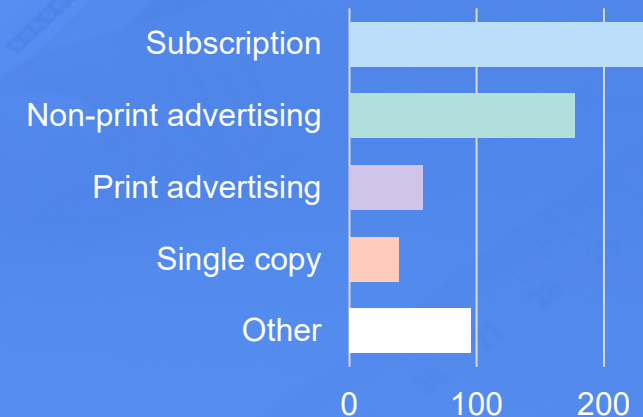
Media Finland

Net sales **618m€**

Non-print **52%**

Margin **10.6%**

NET SALES, m€



Group key figures Q3 2023

m€	Q3 2023	Q3 2022
Net sales	580.3	514.9
Operational EBITDA	220.9	188.4
margin	38.1%	36.6%
Operational EBIT excl. PPA	179.4	148.4
margin	30.9%	28.8%
EBIT	146.7	116.3
Result for the period	99.7	85.6
Free cash flow	118.5	146.9
Equity ratio	39.5%	33.0%
Net debt	691.4	837.6
Net debt / Adj. EBITDA	2.8	3.3
Operational EPS, €	0.70	0.61
EPS, €	0.59	0.52

	Q3 2023	Q3 2022
Average number of employees (FTE)	5,141	4,996
Number of employees at the end of the period (FTE)	5,095	5,135

Group key figures Q1–Q3 2023

m€	Q1–Q3 2023	Q1–Q3 2022
Net sales	1,139.4	1,038.8
Operational EBITDA	330.5	310.1
margin	29.0%	29.9%
Operational EBIT excl. PPA	202.4	191.6
margin	17.8%	18.4%
EBIT	103.2	132.8
Result for the period	48.7	98.1
Free cash flow	34.6	47.5
Equity ratio	39.5%	33.0%
Net debt	691.4	837.6
Net debt / Adj. EBITDA	2.8	3.3
Operational EPS, €	0.61	0.72
EPS, €	0.26	0.60

	Q1–Q3 2023	Q1–Q3 2022
Average number of employees (FTE)	5,141	4,996
Number of employees at the end of the period (FTE)	5,095	5,135

Learning: Quarterly key figures

m€	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Q1 22
Net sales	430.4	188.0	76.3	101.6	360.3	149.8	69.3
Operational EBITDA	186.4	69.5	-12.9	4.8	150.7	58.6	-1.3
Operational EBIT excl. PPA	164.3	48.3	-33.5	-18.9	129.4	41.0	-19.7
margin	38.2%	25.7%	-43.9%	-18.6%	35.9%	27.4%	-28.4%
IACs	-23.2	-5.9	-2.0	-6.3	-22.3	-2.6	-1.0
PPAs	-8.7	-9.3	-8.3	-8.8	-8.7	-7.9	-7.0
EBIT	132.4	33.1	-43.8	-34.0	98.4	30.5	-27.7
Capital expenditure	6.0	9.5	8.1	12.5	7.7	11.2	8.9
Average number of employees (FTE)	2,863	2,855	2,834	2,717	2,674	2,605	2,591

Media Finland: Quarterly key figures

m€	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Q1 22
Net sales	149.9	153.4	141.5	158.0	154.8	163.7	141.6
Operational EBITDA	35.9	31.3	26.6	41.7	39.2	38.8	30.7
Operational EBIT excl. PPA	16.8	8.7	5.1	18.1	20.6	17.2	9.9
margin	11.2%	5.7%	3.6%	11.4%	13.3%	10.5%	7.0%
IACs	-0.5	-36.5	-1.9	-2.5	-0.7	-0.8	-0.6
PPAs	-1.6	-1.7	-1.7	-1.7	-1.7	-1.8	-1.8
EBIT	14.6	-29.5	1.5	13.9	18.2	14.6	7.5
Capital expenditure	1.3	2.7	2.7	2.3	2.6	3.0	1.1
Average number of employees (FTE)	2,148	2,132	2,093	2,160	2,178	2,158	2,099

Finnish advertising market development

Finnish measured media advertising markets

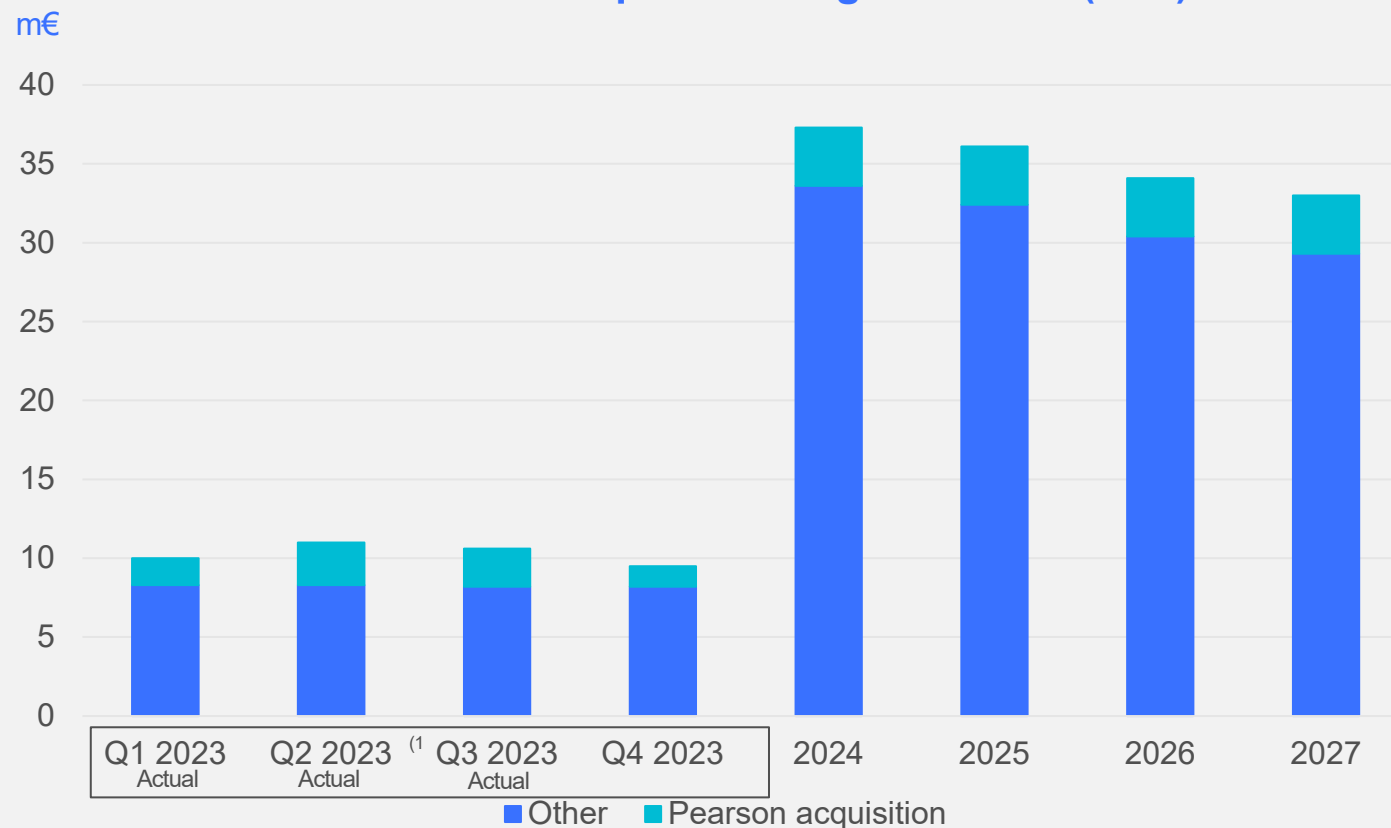
	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Q1 22
Newspapers	-14%	-11%	-7%	-13%	-7%	-12%	0%
Magazines	-17%	-22%	-6%	-20%	-5%	-5%	-14%
TV	-5%	-4%	-1%	-5%	-4%	-1%	-2%
Radio	0%	-8%	5%	-7%	-3%	12%	16%
Online (excl. search and social media)	-2%	-4%	0%	-1%	6%	4%	12%
Total market	-6%	-6%	1%	-7%	0%	2%	7%

Source: Kantar TNS, Media Advertising Trends, September 2023

Estimated amortisations of acquired intangible assets (PPA) of the Group

- Acquired subsidiaries are consolidated using the acquisition method, whereby the cost is allocated to the acquired assets and liabilities assumed at their fair value on the date of acquisition
- With regard to the acquisition of new assets, the Group assesses the expected useful life of the intangible right and determines the useful life on the basis of the best knowledge available on the assessment date
- Amortisation is calculated using the straight-line method
- More information about the accounting policies related to intangible assets can be found in [the Financial Statements 2022](#)
- The annual PPA amortisation related to the Pearson acquisition (closed on 31 August 2022) is approx. 4m€, and an additional approx. 10m€ of inventory step-up amortisations is booked in the first 24 months after the closing

Estimated amortisations of acquired intangible assets (PPA) 2023–2027

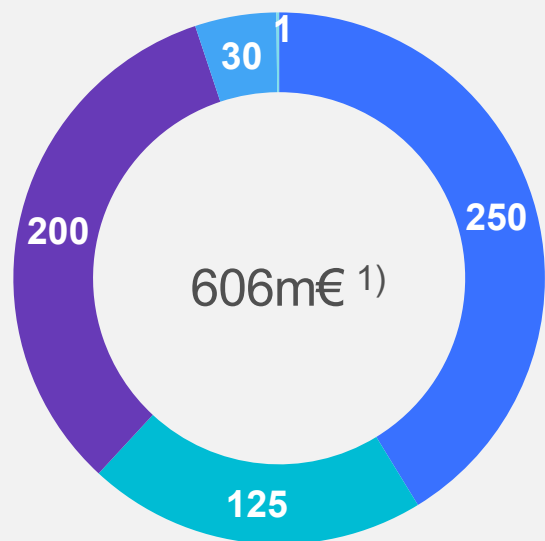


⁽¹⁾ The Pearson acquisition related PPA amortisations in Q2 and Q3 2023 are higher due to the inventory step-up amortisations

We have a well-balanced debt portfolio

External debt structure ¹⁾

m€, 30 September 2023

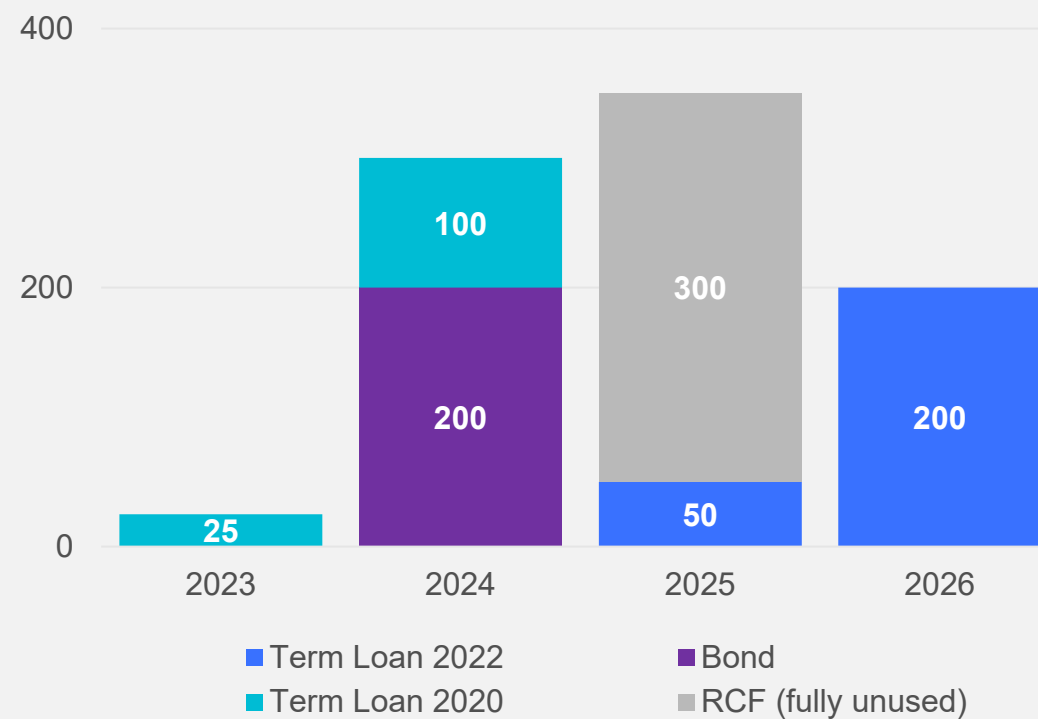


- Term loan 2022
- Term loan 2020
- Bond
- Commercial papers
- Other loans

¹⁾ Excl. IFRS 16 liabilities

Maturity profile 2023–2026

m€, 30 September 2023



150m€ hybrid bond was issued in March

- The bond seen as the best way to strengthen the balance sheet to increase financial flexibility that supports the execution of the strategic plan at all times
- With the learning business being an increasing part of Sanoma, its annual cyclicality relating to the school year cycle requires different levels of capital during H1 and H2
- The hybrid bond is treated as equity in the consolidated financial statements and is not included in net debt or leverage
- Fixed coupon interest of 8.0% p.a.
- Reset date 16 March 2026



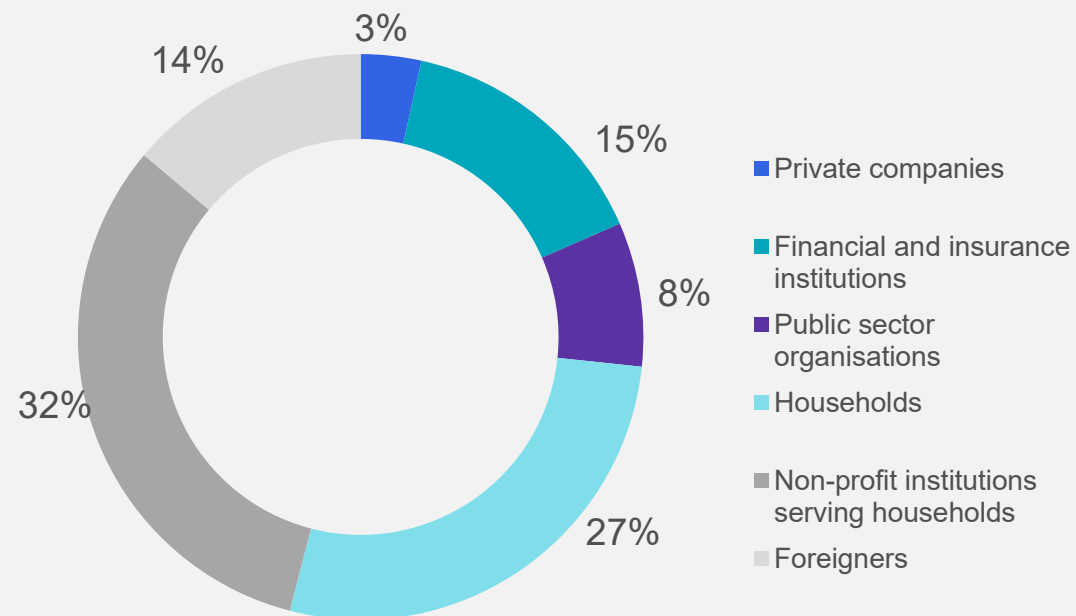
Largest shareholders

30 September 2023

Largest shareholders

Shareholders	Number of shares	% of shares
1. Jane and Aatos Erkkö Foundation	39,820,286	24.4
2. Holding Manutas Oy	19,785,000	12.1
3. Langenskiöld Robin	12,273,371	7.5
4. Seppälä Rafaela	7,654,746	4.7
5. Varma Mutual Pension Insurance Company	5,538,352	3.4
6. Helsingin Sanomat Foundation	4,701,570	2.9
7. Ilmarinen Mutual Pension Insurance Company	3,805,800	2.3
8. Noyer Alex	3,213,277	2.0
9. Elo Mutual Pension Insurance Company	2,060,000	1.3
10. Bernardin-Aubouin Lorna	1,852,470	1.1
10 largest shareholders, total	100,704,872	61.7
Foreign holding	22,272,930	13.6
Other shareholders	40,587,861	24.7
Total number of shares	163,565,663	100.0
Total number of shareholders	24,466	

Holding by sector



Analyst coverage

Carnegie Investment Bank

Danske Markets Equities

Inderes

Kepler Cheuvreux

Nordea

OP Corporate Bank

SEB

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