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

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Inderes ESG Day, 15 May 2023



# We have an ambitious strategy for sustainable, profitable growth

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

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

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

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

## Unique sustainability position, growth through M&A and increasing dividend

- Solid ESG performance and ambitious targets combined with intrinsic positive impact on society
- Supporting our growth strategy in learning with a solid balance sheet
- Growing our dividend with an attractive yield

### Our purpose

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

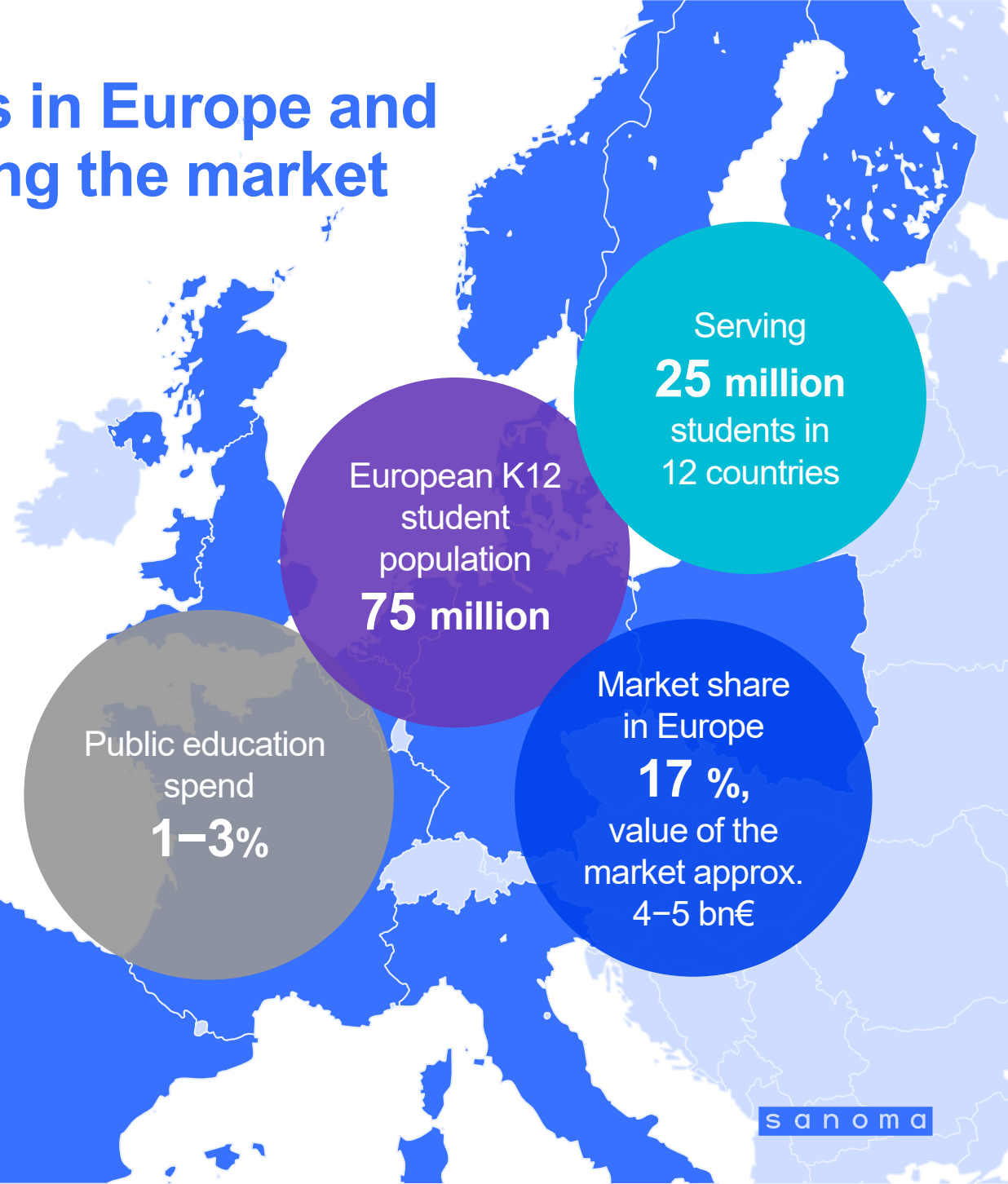
### Our ambition

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

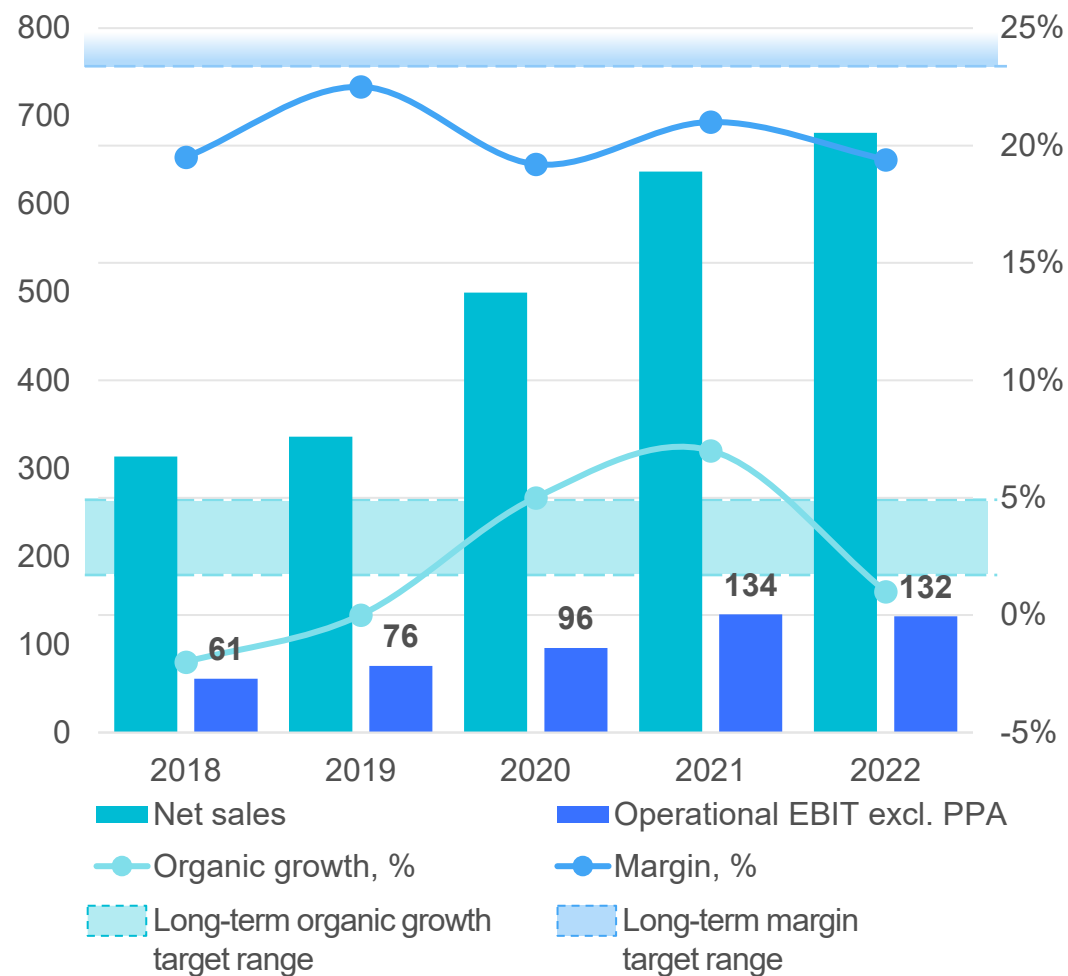
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# We are #1 in K12 learning services in Europe and are leading the way in consolidating the market

- Focus on K12, which is primary, secondary and vocational education (ie. 6–18 year-olds)
  - We offer the teachers and schools everything they need: printed & digital learning content, digital learning platforms and distribution services
  - Stability and predictability as teachers typically consider changing the learning materials only every 4–8 years
- Digitalisation within education is accelerating
  - Our best-in-class digital platforms and footprint in highly digitalised countries with high-quality learning outcomes give us unique benefits of scale
  - Digitalisation generates better scalability, more stable revenue streams and higher profitability
- We aim to grow through M&A
  - Digitalisation is driving market consolidation
  - Fragmented market with high barriers to entry due to localised nature

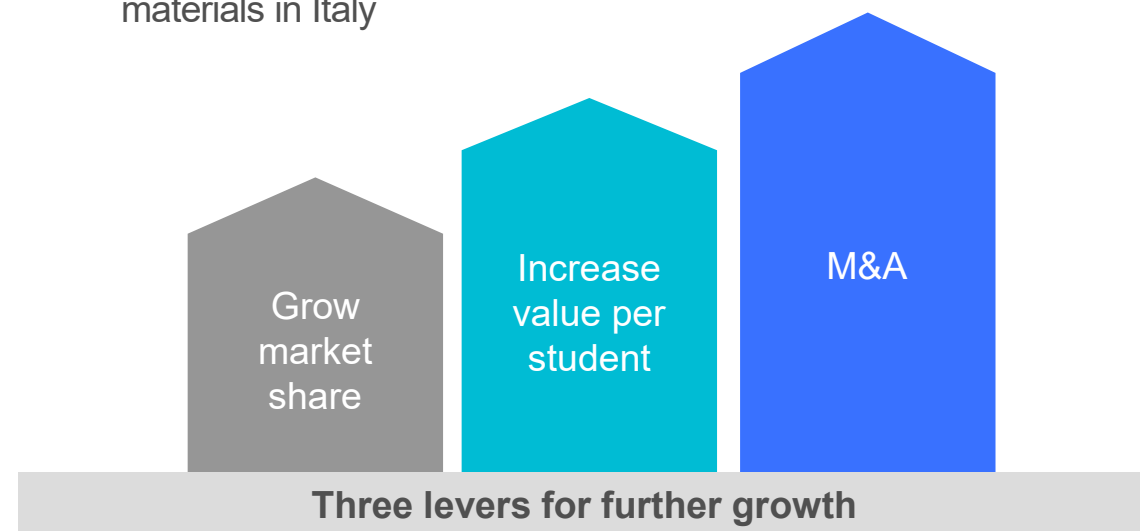


# In Learning, we have a successful track record and ambitious plan for profitable growth



## M&A has accelerated our transformation

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



## Long-term financial targets in Learning

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

with current portfolio

# We have leading positions and media brands in Finland...




**#1**  
in news

HELSINGIN SANOMAT  
ILTA-SANOMAT  
AAMULEHTI  
SATAKUNNAN KANSA

**#1–2**  
in TV & VOD

**4**   
  


**#1–2**  
in audio

**#1**  
in magazines

menaiset  
AKU ANKA  
kodin  
KUVALEHTI  
et

**#1**  
festivals

  
HIMOS  
JUHANNUS  
TIKKURILAFestivaali

**97%**  
weekly reach

**1.4m** subscriptions  
~60% pay for a digital component

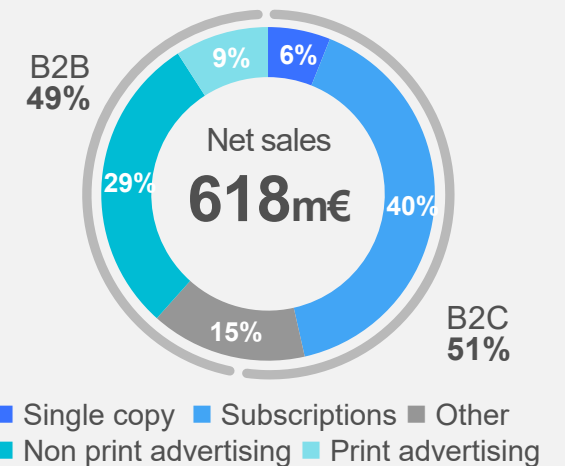
**>30%**  
market share in  
local B2B

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

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

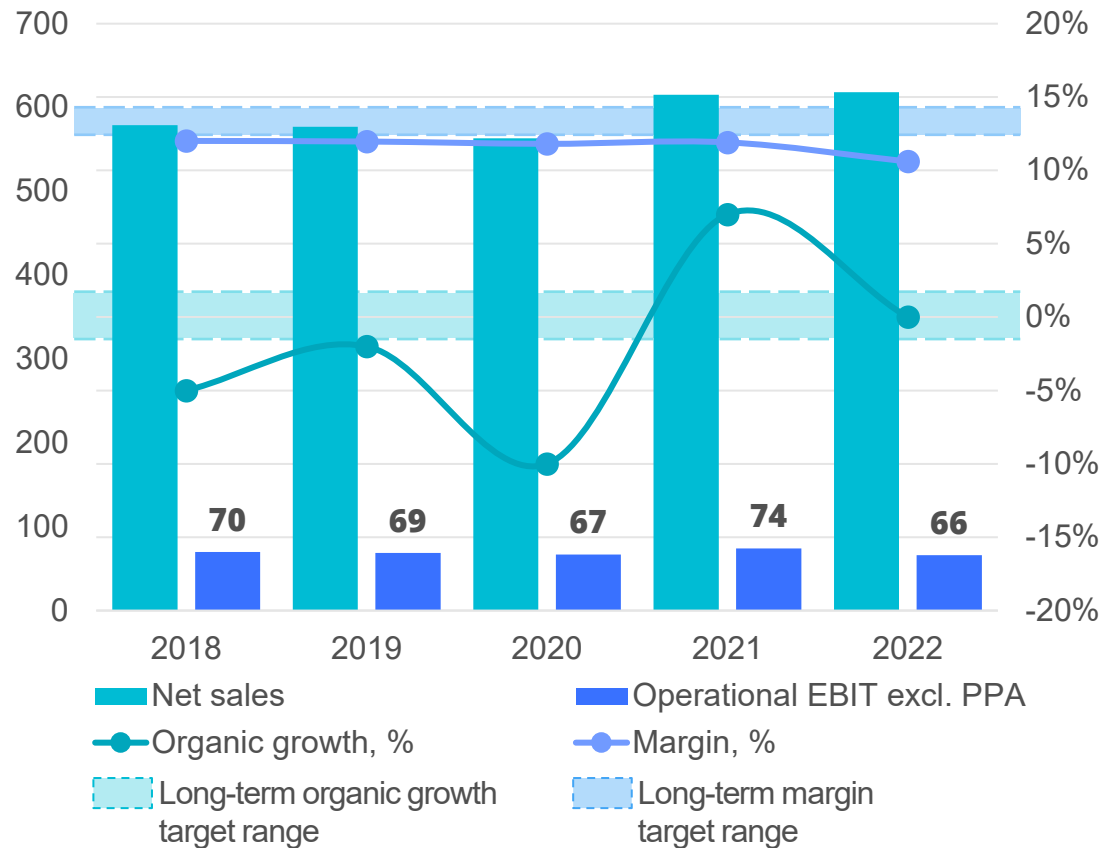


**Share of stable B2C income more than half in Media Finland**



# We have a track of delivering solid, stable earnings and cash flow

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



- Sustainable performance in the **digital era requires scale**
  - We have **1.4** million subscriptions in total
  - **~60%** pay for digital component
- Switching from a single print news subscription to a digital news subscription will
  - Decrease net sales per subscriber
  - **Increase profit contribution**

## Long-term financial targets in Media Finland

Organic growth  
**+/-2%**

Operational EBIT margin excl. PPA  
**12-14%**

# Our Sustainability Strategy is designed to maximise our positive impact and minimise our environmental footprint

## Trustworthy data

Target: Continuous privacy and security training for our employees

No major data breaches

## Responsible business practices

Target: All employees participating in annual conduct trainings

98% of employees participated the Code of Conduct e-learning

Positive impact of

## Inclusive learning

Empowering learning of over 25 million students

&

## Sustainable media

Trusted journalism and inspiring entertainment for all Finns

## Valued people

Target: Employee Engagement Index (EEI) above 7.5

EEI 7.3

## Vital environment

Target: 38% emission reduction in-line with Science Based Target initiative and carbon neutral by 2030

-7% in own operations greenhouse gas emissions



# Our annual European Teacher survey shows our learning materials support teachers and save time

**84%**

of teachers say  
our materials support them  
in reaching curriculum  
objectives

**10-15**

**hours less**

our learning materials help  
teachers halve the weekly  
time used for preparing  
lessons and correcting  
assignments

**74%**

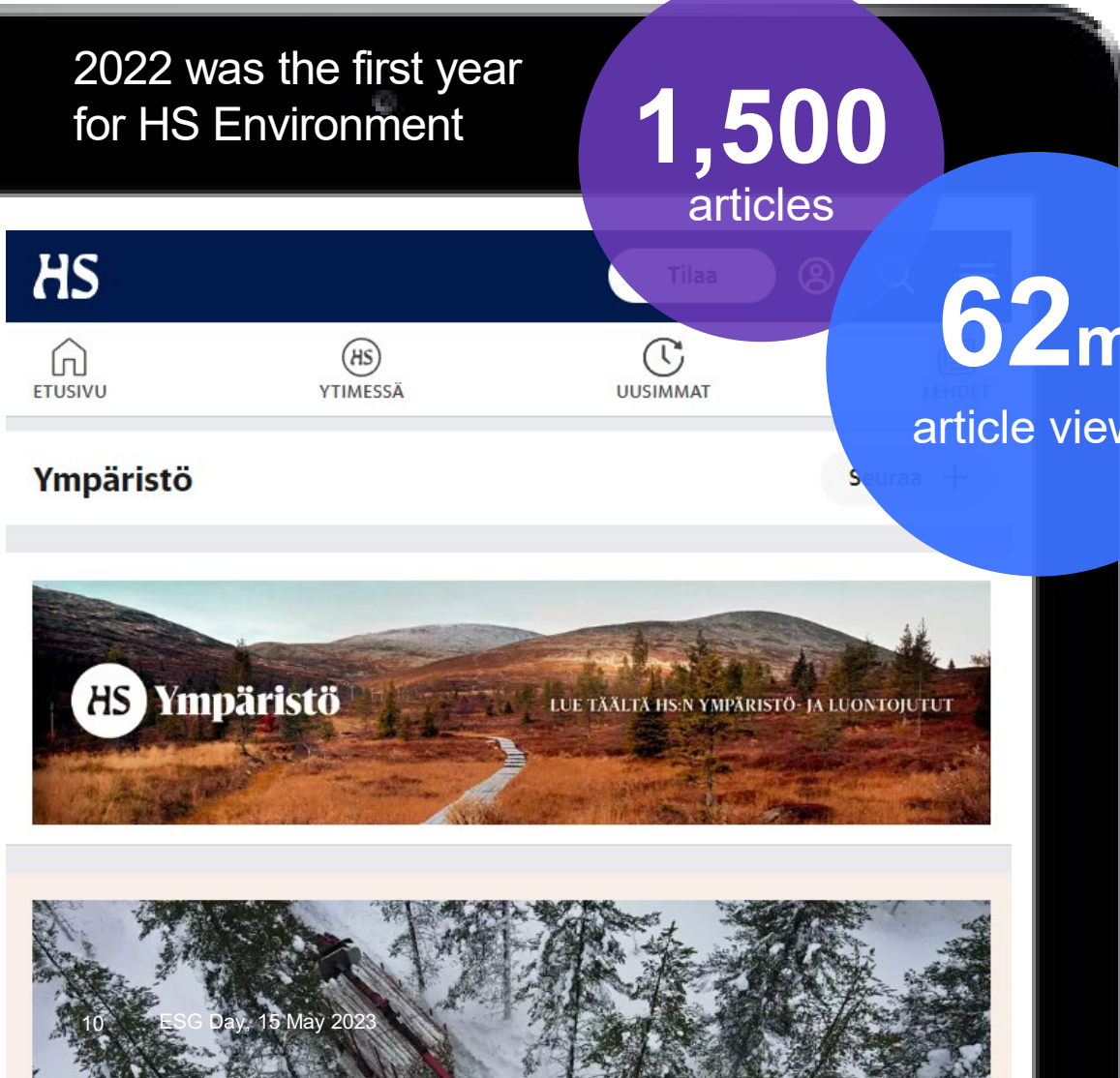
of teachers agree that our  
learning materials help  
them be more efficient in  
their work

# Increasing awareness of global and local sustainability issues with fact-based and independent journalism

2022 was the first year for HS Environment

1,500 articles

62m article views



## Kids news

Promoting media literacy among tens of thousands of young readers in schools and at home



Two years in August 2022

# Science-based targets guide our climate action

**5%** of our emissions come from facilities and company cars



**95%** of our emissions derive from our value chain



**-38%** reduction in own operations by 2030

**-38%** reduction in value chain by 2030

Carbon neutral 2030

Emission reduction targets

# Sanoma is a sustainable investment with solid ESG performance

MSCI rating

**AA**

Scale CCC to AAA

Sustainalytics risk rating

**10.9**

Scale 100-0,  
lower score = lower risk

CDP Climate score

**A-**

Scale D- to A

ISS rating

**C+**

Scale D to A+

Upright net impact

**AA+**

Scale CC to AAA

## Aligned with UN SDGs

Sustainable Development Goals integrated into our strategy

## Signatory of UN Global Compact

Committed to the Ten Principles of UN Global Compact

## Science Based Targets

Emission reduction targets being validated by SBTi

## Nasdaq Helsinki Sustainability Index

Inclusion since December 2022

# We aim to pay an increasing dividend

- Dividend of 0.37€ (2021: 0.54) per share will be paid for 2022
- The payment balances the capital use between dividend and continuing growth investments
- The dividend will be paid in three parts (April, September, November) following the seasonality in free cash flow

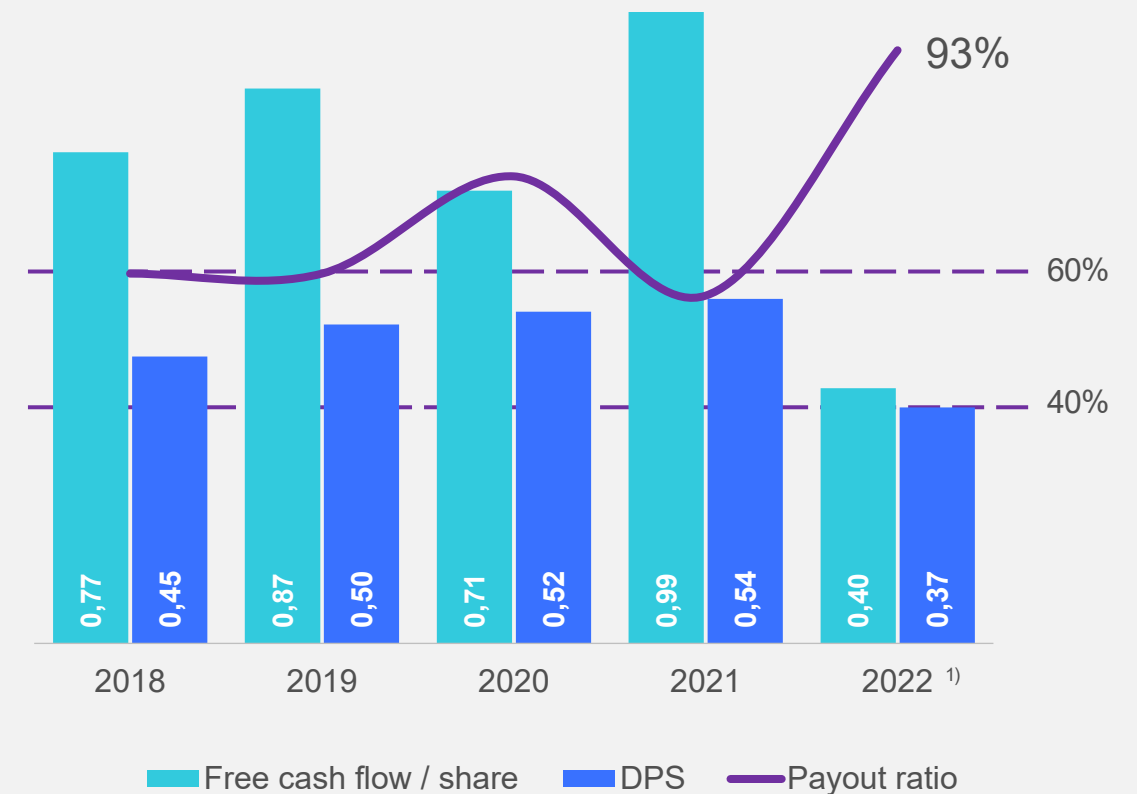
## Dividend policy (unchanged):

Sanoma aims to pay an increasing dividend, equal to 40–60% of annual free cash flow

Dividend per share  
€

Yield  
**3.8%**  
at the end of  
2022

Total dividend approx.  
**60m€**



<sup>1)</sup> Underlying FCF 65m€ excl. operational cash flow of the acquired Italian and German business and the pre-payment of the VAT claim

# We have an ambitious strategy for sustainable, profitable growth

- We are one of the global leaders in K12 education serving 25 million students and want to grow through M&A
- We are Finland's #1 cross-media company with a weekly reach of 97% and continue our successful digital transformation
- We have a unique sustainability position, aim to grow through M&A and pay an increasing dividend

## Our purpose

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

## Our ambition

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Thank You!