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Half-Year Report

2022

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## SANOMA CORPORATION, HALF-YEAR REPORT JANUARY–JUNE 2022

# Net sales grew, operational EBIT lower due to shift to Q3 in Spain; FY 2022 Outlook unchanged

## Q2 2022

- The Group's net sales grew to EUR 313 million (2021: 303). The Group's comparable net sales growth was 3% (2021: 10%).
- Operational EBIT excl. PPA was EUR 54 million (2021: 65) mainly due to late regional government decisions leading to delayed deliveries in Spain.
- EBIT was EUR 39 million (2021: 52). Items affecting comparability (IACs) were EUR -5 million (2021: -3). Purchase price allocation adjustments and amortisations (PPAs) were EUR 10 million (2021: 11).
- Operational EPS was EUR 0.21 (2021: 0.24).
- EPS was EUR 0.19 (2021: 0.22).
- On 7 April, the Annual General Meeting decided that a dividend of EUR 0.54 per share (2020: 0.52) shall be paid for 2021 in two equal instalments. The first instalment was paid on 20 April, and the second instalment will be paid in November (estimated timing).
- On 7 June, Sanoma announced the acquisition of Pearson's local K12 learning content business in Italy and its small exam preparation business in Germany. The transaction is expected to be finalised later in Q3 2022.
- 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.

## H1 2022

- The Group's net sales amounted to EUR 524 million (2021: 513). The Group's comparable net sales growth was 2% (2021: 7%).
- Operational EBIT excl. PPA was EUR 43 million (2021: 55), mainly affected by lower Q2 earnings in Spain.
- EBIT was EUR 17 million (2021: 28). IACs were EUR -8 million (2021: -7). PPAs were EUR 18 million (2021: 20).
- Operational EPS was EUR 0.11 (2021: 0.11).
- EPS was EUR 0.07 (2021: 0.08).
- Free cash flow amounted to EUR -99 million (2021: -51) and was exceptionally low due to lower earnings, changes in net working capital, higher investments especially in digital development in Learning and higher bonus payments compared to low previous year level.
- Net debt/Adj. EBITDA was 3.2 (2021: 3.1), seasonally somewhat above the long-term target level of 'below 3.0'.

## Outlook for 2022 (unchanged)

In 2022, Sanoma expects that the Group's reported net sales will be EUR 1.25–1.30 billion (2021: 1.25). The Group's operational EBIT margin excl. PPA is expected to be between 15–16% (2021: 15.8%).

Regarding the operating environment, Sanoma expects that:

- The continuing coronavirus pandemic will not have a significant impact on its businesses.
- The advertising market in Finland will be stable.

## Alternative performance measures and discontinued operations

Sanoma presents certain financial performance measures on a non-IFRS basis as alternative performance measures (APMs). The 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. 34. Reconciliations are available on p. 16–17. More information on the discontinued operations result and cash flow in 2021 is available on p. 32.

## Key indicators for continuing operations

EUR million	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change	FY 2021
Net sales	313.2	302.8	3%	523.9	512.9	2%	1,251.6
Operational EBITDA <sup>1)</sup>	92.9	103.7	-10%	121.7	134.4	-9%	361.0
Margin <sup>1)</sup>	29.7%	34.3%		23.2%	26.2%		28.8%
Operational EBIT excl. PPA <sup>2)</sup>	53.6	65.0	-18%	43.2	55.0	-22%	197.2
Margin <sup>2)</sup>	17.1%	21.5%		8.2%	10.7%		15.8%
EBIT	38.5	51.5	-25%	16.5	27.7	-40%	142.4
Result for the period	30.8	37.0	-17%	12.6	12.6	0%	101.4
Operational EPS, EUR <sup>1)</sup>	0.21	0.24	-9%	0.11	0.11	0%	0.69
EPS, EUR	0.19	0.22	-16%	0.07	0.08	-3%	0.62
Average number of employees (FTE)				4,906	4,887	0%	4,885
Number of employees at the end of the period (FTE)				5,117	5,059	1%	4,822

## Key indicators incl. continuing and discontinued operations <sup>3)</sup>

EUR million	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change	FY 2021
Result for the period	30.8	36.9	-17%	12.6	12.4	1%	101.2
Free cash flow	-60.0	-3.0	-1,890%	-99.3	-51.4	-93%	139.7
Equity ratio <sup>4)</sup>				33.7%	32.9%		40.6%
Net debt				770.9	769.8	0%	616.4
Net debt / Adj. EBITDA				3.2	3.1	3%	2.4
Operational EPS, EUR <sup>1)</sup>	0.21	0.24	-10%	0.11	0.12	-2%	0.69
EPS, EUR	0.19	0.22	-16%	0.07	0.08	-1%	0.61
Free cash flow per share, EUR	-0.37	-0.02	-1,904%	-0.61	-0.32	-93%	0.86

<sup>1)</sup> Excluding IACs

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

<sup>3)</sup> In 2021, discontinued operations included certain Learning operations that were under strategic review. More information on discontinued operations' financial performance is available on p. 32.

<sup>4)</sup> Advances received included in the formula of equity ratio were EUR 157.7 million in H1 2022 (2021: 171.8).

## President and CEO Susan Duinhoven:

"The second quarter of 2022 marked the next step in the growth of Sanoma's learning business, as in June we announced the acquisition of Pearson Italy, one of the leading providers of learning materials for secondary education in the large Italian market, and Pearson Germany, a small exam preparation business. The acquisition has a perfect fit with our strategy to grow the K12 learning business through M&A and marks our entry into Italy, one of the largest K12 learning services markets in Europe. Already in June, we received confirmation that the transaction did not need to be filed under the so-called 'Golden Power' rule in Italy. The closing will take place later in the third quarter, which means that we will be consolidating a small part of the high season and the full, typically loss-making, fourth quarter into our FY 2022 numbers. We are looking forward to welcoming the excellent teams in Italy and Germany to our company.

In June, we also announced our ambition that by 2030, we are aiming for the Group net sales to be above EUR 2 billion, with at least 75% coming from the learning business. At the same time, we continue to be fully committed in paying an increasing dividend of 40–60% of annual free cash flow.

During the first half of the year, Learning's net sales were stable, though with significant variations between the markets. In our operating markets excluding Spain, the organic growth and financial performance were solid despite the current inflationary environment and increasing paper costs. In Spain, late regional governmental decisions related to the introduction of the new curriculum LOMLOE led to substantially delayed deliveries. Therefore, a significant shift in sales in Spain from the second to the third quarter, combined with expected higher marketing and content production costs, led to a sharp decline in operational earnings. Currently, we estimate that in Spain, the phased implementation of the new curriculum will create solid growth in FY 2022, however, most of the growth related to the new curriculum is expected only in 2023, with some postponement even to 2024. Across the learning business, we are well prepared for the third quarter high season.

In Media Finland, net sales growth was driven by the events business, while the overall profitability reduced. Subscription and advertising sales remained stable both in the second quarter as well as for the first six months. Despite stable subscription sales in the second quarter, we see a downward trend particularly in new subscription sales, after the corona-driven period of strong growth, which is expected to impact the second half of the year. After two years of the coronavirus pandemic having a heavy impact, the events season started with high hopes among all stakeholders – artists, audiences and us – but has turned out to be more challenging. In June, the number of visitors was lower than expected, and by now we can already say that this trend continued in July, and the financial performance of the events business will not reach the 2019 pre-corona levels. The increasing paper costs that – against our expectations – were not mitigated by earnings of the events business led to lower second quarter earnings in Media Finland.

Our free cash flow was lower as a result of lower profitability, higher net working capital, the earlier indicated additional investments especially in digital development in learning and higher bonus payments compared to the exceptionally low previous year level. Our FY 2022 expectations are unchanged, i.e. the underlying free cash flow will be slightly lower than last year due to higher investments as indicated in February. In addition, there will be a positive free cash flow impact from the Pearson acquisition.

I would like to thank our teams for their commitment and solid performance in continuing to grow our business sustainably and to successfully execute our development projects in the more challenging economic environment. Their ability and commitment to mitigate the impacts of increasing operating costs enables us to keep our full year outlook unchanged."

## Financial review Q2 2022

### Net sales by SBU

EUR million	Q2 2022	Q2 2021	Change
Learning	149.8	149.0	1%
Media Finland	163.7	154.1	6%
Other operations and eliminations	-0.3	-0.4	30%
<b>Group total</b>	<b>313.2</b>	<b>302.8</b>	<b>3%</b>

The Group's net sales grew slightly amounting to EUR 313 million (2021: 303). Net sales were at the previous year's level in Learning and grew in Media Finland driven by the events business. The Group's comparable net sales growth was 3% (2021: 10%).

### Operational EBIT excl. PPA by SBU

EUR million	Q2 2022	Q2 2021	Change
Learning	41.0	48.9	-16%
Media Finland	17.2	19.3	-11%
Other operations and eliminations	-4.6	-3.1	-51%
<b>Group total</b>	<b>53.6</b>	<b>65.0</b>	<b>-18%</b>

Operational EBIT excl. PPA amounted to EUR 54 million (2021: 65). In Learning, the earnings were lower being mainly affected by late regional government decisions leading to delayed deliveries in Spain. In Media Finland, earnings were mainly impacted by increased paper costs and low profitability of the events business. Costs of Other operations increased mainly due to phasing of technology costs from Q1.

### IACs, PPAs and reconciliation of operational EBIT

EUR million	Q2 2022	Q2 2021
<b>EBIT</b>	<b>38.5</b>	<b>51.5</b>
<b>Items affecting comparability (IACs)</b>		
Restructuring expenses	-5.4	-3.9
Capital gains/losses		1.3
<b>IACs total</b>	<b>-5.4</b>	<b>-2.5</b>
<b>Purchase price allocation adjustments and amortisations (PPAs)</b>	<b>-9.7</b>	<b>-11.0</b>
<b>Operational EBIT excl. PPA</b>	<b>53.6</b>	<b>65.0</b>

A detailed reconciliation on SBU level is presented on p. 16.

EBIT was EUR 39 million (2021: 52). The IACs totalled EUR -5 million (2021: -3) and consisted of integration and transaction costs related to recent acquisitions and strategic business development. PPAs amounted to EUR 10 million (2021: 11).

Net financial items amounted to EUR 0 million (2021: -3) and included a EUR 3 million impact from revised valuation related to M&A liabilities. The underlying interest expenses remained at the previous year's level.

Result before taxes was EUR 39 million (2021: 49). Income taxes amounted to EUR 8 million (2021: 12). Result for the period was EUR 31 million (2021: 37) and EUR 31 million (2021: 37) including discontinued operations.

Operational earnings per share were EUR 0.21 (2021: 0.24) and earnings per share were EUR 0.19 (2021: 0.22).

## Financial review H1 2022

### Net sales by SBU

EUR million	H1 2022	H1 2021	Change
Learning	219.1	217.2	1%
Media Finland	305.3	296.4	3%
Other operations and eliminations	-0.5	-0.7	17%
<b>Group total</b>	<b>523.9</b>	<b>512.9</b>	<b>2%</b>

Net sales grew slightly in Media Finland and were stable in Learning. The Group's net sales amounted to EUR 524 million (2021: 513) and comparable net sales growth was 2% (2021: 7%).

### Operational EBIT excl. PPA by SBU

EUR million	H1 2022	H1 2021	Change
Learning	21.3	28.9	-26%
Media Finland	27.1	30.5	-11%
Other operations and eliminations	-5.3	-4.4	-20%
<b>Group total</b>	<b>43.2</b>	<b>55.0</b>	<b>-22%</b>

Operational EBIT excl. PPA amounted to EUR 43 million (2021: 55) due to weaker Q2 earnings in both businesses.

### IACs, PPAs and reconciliation of operational EBIT

EUR million	H1 2022	H1 2021
<b>EBIT</b>	<b>16.5</b>	<b>27.7</b>
<b>Items affecting comparability (IACs)</b>		
Restructuring expenses	-8.6	-8.2
Impairments		-0.6
Capital gains/losses	0.4	1.3
<b>IACs total</b>	<b>-8.2</b>	<b>-7.5</b>
<b>Purchase price allocation adjustments and amortisations (PPAs)</b>	<b>-18.4</b>	<b>-19.8</b>
<b>Operational EBIT excl. PPA</b>	<b>43.2</b>	<b>55.0</b>

A detailed reconciliation on SBU level is presented on p. 16.

EBIT was EUR 17 million (2021: 28). The IACs totalled EUR -8 million (2021: -8) and consisted mainly of integration and transaction costs related to recent acquisitions and strategic business development. PPAs amounted to EUR 18 million (2021: 20).

Net financial items amounted to EUR -3 million (2021: -7) with stable underlying interest expenses, and included a EUR 3 million impact from revised valuation related to M&A liabilities in Q2 2022.

Result before taxes was EUR 13 million (2021: 21). Income taxes decreased to EUR 1 million (2021: 8) mainly due to deferred tax assets booked in Learning in Q1. Result for the period was EUR 13 million (2021: 13) and EUR 13 million (2021: 12) including discontinued operations.

Operational earnings per share were EUR 0.11 (2021: 0.11) and EUR 0.11 (2021: 0.12) including discontinued operations. Earnings per share were EUR 0.07 (2021: 0.08) and EUR 0.07 (2021: 0.08) including discontinued operations.

## Financial position

At the end of June 2022, interest-bearing net debt was EUR 771 million (2021: 770), and net debt to adjusted EBITDA ratio was 3.2 (2021: 3.1). Net debt and leverage remained stable year-on-year and increased compared to the end of Q1 2022 according to the seasonality of the business. Equity ratio was 33.7% (2021: 32.9%).

At the end of June 2022, the Group's equity totalled EUR 635 million (2021: 635) and the consolidated balance sheet amounted to EUR 2,039 million (2021: 2,104).

## Cash flow

The Group's free cash flow amounted to EUR -99 million (2021: -51) or EUR -0.61 per share (2021: -0.32) and was exceptionally low due to lower earnings, changes in net working capital, higher investments especially in digital development in Learning and higher bonus payments compared to lower previous year levels due to corona.

Capital expenditure included in the Group's free cash flow increased to EUR 27 million (2021: 20) and mainly consisted of investments in ICT platforms in Learning and real estate maintenance adapting offices to the hybrid way of working post the coronavirus pandemic.

## Acquisitions and divestments

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 (pro forma). The agreed enterprise value is EUR 190 million, corresponding to a multiple of 6.4x (EV / Pro forma adjusted EBITDA 2021). The acquisition marks Sanoma's entry into Italy, one of the largest K12 learning services markets in Europe, and increases the Group's net sales to around EUR 1.4 billion (pro forma 2021). The acquired businesses have approx. 251 employees and they will become employees of Sanoma Learning after the closing of the acquisition. The transaction is expected to be finalised later in Q3 2022. After closing, the acquired businesses will be reported as part of Sanoma Learning SBU. In Q2 2022, transaction costs of EUR 2 million were booked as IACs, while the rest approx. EUR 6 million are expected to be booked at closing.

Information on acquisitions and divestments conducted in 2021 and earlier is available at [www.sanoma.com/en/investors/sanoma-as-an-investment/](http://www.sanoma.com/en/investors/sanoma-as-an-investment/).

## Events during the reporting period

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 Chairperson of the Board, Jane and Aatos Erkko Foundation), Antti Herlin (Chairperson 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 Chairperson of the Committee and invited Pekka Ala-Pietilä, Chairperson 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. Sanoma's long-term financial targets and dividend policy remain unchanged.

## Key impacts of the war in Ukraine

Sanoma remains shocked and appalled by the continuing war in Ukraine. So far, the war has had a limited direct impact on Sanoma's businesses. In February, 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 indirect impacts caused by the changing economic environment to its operating costs and customer demand will remain relatively modest.



## Learning

Sanoma Learning is the leading European learning company, serving over 20 million students in 11 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	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change	FY 2021
Net sales	149.8	149.0	1%	219.1	217.2	1%	637.3
Operational EBITDA <sup>1)</sup>	58.6	66.0	-11%	57.3	65.2	-12%	213.1
Operational EBIT excl. PPA <sup>2)</sup>	41.0	48.9	-16%	21.3	28.9	-26%	133.9
Margin <sup>2)</sup>	27.4%	32.8%		9.7%	13.3%		21.0%
EBIT	30.5	38.7	-21%	2.8	10.0	-72%	90.5
Capital expenditure	11.2	8.2	37%	20.1	16.2	24%	33.7
Average number of employees (FTE)				2,605	2,592	0%	2,599

<sup>1)</sup> Excluding IACs

<sup>2)</sup> Excluding IACs of EUR -2.6 million in Q2 2022 (2021: -0.9), EUR -3.6 million in H1 2022 (2021: -2.4) and EUR -11.1 million in FY 2021 and PPA adjustments and amortisations of EUR 7.9 million in Q2 2022 (2021: 9.3), EUR 14.9 million in H1 2022 (2021: 16.4) and EUR 32.2 million in FY 2021.

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 16.

### Net sales by country

EUR million	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change	FY 2021
The Netherlands	47.8	47.0	2%	82.9	81.1	2%	210.9
Poland	9.3	6.4	44%	16.7	13.6	23%	127.6
Spain	23.7	34.2	-31%	29.8	41.6	-28%	119.0
Finland	35.0	31.6	11%	41.6	37.3	12%	57.5
Belgium	22.0	17.0	30%	28.2	22.8	24%	78.1
Other countries and eliminations <sup>1)</sup>	11.9	12.9	-8%	19.8	20.9	-5%	44.1
<b>Net sales total</b>	<b>149.8</b>	<b>149.0</b>	<b>1%</b>	<b>219.1</b>	<b>217.2</b>	<b>1%</b>	<b>637.3</b>

<sup>1)</sup> Other countries include Sweden, Norway, France, Germany, Denmark and the UK.

*The learning business has, by its nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically smaller in net sales and loss-making. The acquisition of Santillana, completed on 31 December 2020, has 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.*

### Q2 2022

Net sales of Learning were stable at EUR 150 million (2021: 149). Net sales grew in Belgium and Finland mainly due to an earlier ordering pattern and growing market demand. In Finland and the Netherlands, the development was supported by increasing digital sales recognised throughout the year. In Poland, the earlier ordering pattern led to net sales growth. In Spain, there was a significant net sales shift from the second to the third quarter due to late regional government decisions leading to delayed editorial production and deliveries.

Operational EBIT excl. PPA amounted to EUR 41 million (2021: 49) mainly driven by shifting sales and higher costs related to the curriculum renewal in Spain. As a result of growing net sales, the overall earnings development in other markets was positive despite higher paper costs.

EBIT was EUR 31 million (2021: 39). IACs totalled EUR -3 million (2021: -1) and mainly consisted of the integration costs of recent acquisitions. PPAs were EUR 8 million (2021: 9).

Capital expenditure increased to EUR 11 million (2021: 8) and consisted of growth investments in digital platforms and ICT.

## H1 2022

Net sales of Learning were stable at EUR 219 million (2021: 217). Net sales grew in Belgium and Finland mainly as a result of an earlier ordering pattern during the second quarter and growing market demand. In the Netherlands and Finland the increasing digital sales, which is recognised throughout the year, supported the net sales development. Earlier ordering pattern led to net sales growth also in Poland. In Spain, significant part of net sales shifted from the second to the third quarter due to late regional government decisions leading to delayed deliveries.

Operational EBIT excl. PPA amounted to EUR 21 million (2021: 29) mainly driven by shifting sales and higher marketing and other fixed expenses in Spain ahead of commencing deliveries related to the new curriculum. Driven by net sales growth, the overall earnings development was positive in other markets despite higher paper costs. Lower marketing and other fixed expenses in Poland, where the latest curriculum renewal ended in autumn 2021, had a positive impact on earnings.

EBIT was EUR 3 million (2021: 10). IACs totalled EUR -4 million (2021: -2) and mainly consisted of the integration costs of recent acquisitions. PPAs were EUR 15 million (2021: 16).

Capital expenditure increased to EUR 20 million (2021: 16) and consisted of growth investments in digital platforms and ICT.

## Media Finland

Media Finland is the leading cross-media company in Finland, reaching 97% of all Finns weekly. We provide information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. We have leading brands and services, such as Helsingin Sanomat, 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	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change	FY 2021
Net sales	163.7	154.1	6%	305.3	296.4	3%	615.3
Operational EBITDA <sup>1)</sup>	38.8	40.0	-3%	69.4	72.2	-4%	155.0
Operational EBIT excl. PPA <sup>2)</sup>	17.2	19.3	-11%	27.1	30.5	-11%	73.5
Margin <sup>2)</sup>	10.5%	12.5%		8.9%	10.3%		11.9%
EBIT	14.6	16.1	-9%	22.2	23.5	-6%	60.6
Capital expenditure	3.0	1.0	191%	4.1	2.6	59%	4.9
Average number of employees (FTE)				2,158	2,082	4%	2,072

<sup>1)</sup> Excluding IACs

<sup>2)</sup> Excluding IACs of EUR -0.8 million in Q2 2022 (2021: -1.5), EUR -1.4 million in H1 2022 (2021: -3.6) and EUR -6.1 million in FY 2021 and PPA adjustments and amortisations of EUR 1.8 million in Q2 2022 (2021: 1.7), EUR 3.5 million in H1 2022 (2021: 3.4) and EUR 6.8 million in FY 2021. Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 16.

### Net sales by category

EUR million	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change	FY 2021
Print	76.4	79.2	-4%	150.4	156.5	-4%	311.0
Non-print	87.3	74.9	16%	155.0	139.9	11%	304.2
<b>Net sales total</b>	<b>163.7</b>	<b>154.1</b>	<b>6%</b>	<b>305.3</b>	<b>296.4</b>	<b>3%</b>	<b>615.3</b>

EUR million	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change	FY 2021
Advertising sales	64.4	65.4	-2%	118.3	119.1	-1%	245.8
Subscription sales	61.1	60.4	1%	122.6	124.1	-1%	250.5
Single copy sales	10.0	10.7	-6%	19.3	20.5	-6%	41.1
Other	28.2	17.6	60%	45.1	32.7	38%	77.9
<b>Net sales total</b>	<b>163.7</b>	<b>154.1</b>	<b>6%</b>	<b>305.3</b>	<b>296.4</b>	<b>3%</b>	<b>615.3</b>

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

### Q2 2022

Net sales of Media Finland grew to EUR 164 million (2021: 154). Total advertising sales were stable. Sales of digital and radio advertising continued to grow, while print and TV advertising sales declined. Subscription sales were stable. Digital subscription sales continued to grow, while print subscription sales declined. Other sales grew driven by the events business and partially paper price-driven growth in the sale of printing services.

According to the Finnish Advertising Trends survey for June 2022 by Kantar TNS, the advertising market in Finland grew by 2% year-on-year on a net basis in Q2 2022, mostly due to the revival of outdoor and cinema advertising, segments Media Finland is not active in. Advertising grew by 4% in online (excluding search and social media) and by 12% in radio. Advertising declined by 12% in newspapers, by 5% in magazines and by 1% in TV.

Operational EBIT excl. PPA amounted to EUR 17 million (2021: 19) and was mainly affected by increased paper costs and low profitability of the events business.

EBIT amounted to EUR 15 million (2021: 16). IACs totalled EUR -1 million (2021: -2) and mainly consisted of costs related to strategic business development. PPAs were EUR 2 million (2021: 2).

Capital expenditure increased to EUR 3 million (2021: 1) and mainly consisted of real estate maintenance investments.

## Personnel

In January-June 2022, the average number of employees in full-time equivalents (FTE) was 4,906 (2021: 4,887). The average number of employees (FTE) per SBU was as follows: Learning 2,605 (2021: 2,592), Media Finland 2,158 (2021: 2,082) and Other operations 143 (2021: 213). The transfer of certain technology and real estate teams from Other operations to Media Finland affected the distribution of employees among SBUs.

At the end of June, the number of employees (FTE) of the Group was 5,117 (2021: 5,059) and there were no employees in discontinued operations (2021: 8).

Employee benefit expenses remained stable and amounted to EUR 180 million (2021: 178).

## Share capital and shareholders

At the end of June 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: 318,614) of its own shares. Own shares represented 0.2% (2021: 0.2%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 163,177,768 (2021: 163,247,049).

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 23,512 (2021: 23,221) registered shareholders at the end of June 2022.

## Share trading and performance

At the end of June 2022, Sanoma's market capitalisation was EUR 2,170 million (2021: 2,282) with Sanoma's share closing at EUR 13.30 (2021: 13.98). In January-June 2022, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 12.80 (2021: 14.68), with a low of EUR 11.66 (2021: 13.22) and a high of EUR 14.50 (2021: 17.12).

In January-June 2022, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 95 million (2021: 142). The trading volume of 7 million shares (2021: 10) equalled an average daily turnover of 60,000 shares (2021: 78,000). The traded shares accounted for some 4% (2021: 6%) of the average number of shares. Sanoma's share turnover, including alternative trading venues, CBOE DXE, Turquoise and Frankfurt, was 1 million shares (2021: 3). Nasdaq Helsinki represented 81% (2021: 76%) 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 shall be 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 shall be paid in November 2022. The second instalment 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, which, together with the dividend payment date, shall be decided by the Board of Directors in its meeting scheduled for 26 October 2022. The dividend record date would then be on or about 28 October 2022 and the dividend payment date on or about 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 Chairperson of the Board and Nils Ittonen as the Vice Chairperson. 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 Chairpersons 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 Chairperson elected by the Committee from among its members were announced on 21 June 2022 (more information is available on p. 8). 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 acquisition of Santillana, completed on 31 December 2020, has 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 June–August 2022, Sanoma is planning to arrange 13 festivals and events compared to the 11 festivals organised during June–July 2021. Four events were organised in June, while the rest nine will be 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 acquisition of Santillana, the learning business is even more focused on 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.

Changes in the general economic conditions may be reflected in Sanoma's operational and financial performance. The availability of newsprint paper, the most used paper quality by Sanoma, normalised during Q2 after tightening earlier in the year due to a strike at the only newsprint mill in Finland and the discontinuation of newsprint supply from Russia due to the war in Ukraine. The availability of newsprint paper can also be negatively impacted by the availability and prices of energy, particularly gas, in Central Europe. The overall cost inflation along with continuing high paper prices may have an impact on Sanoma's operating costs. Weakening confidence among Finnish consumers, impacted by the war in Ukraine, increasing inflation and interest rates, may have an adverse impact on the demand of 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 other currencies than EUR (e.g. hosting and TV content) and poses a risk on Sanoma's financial performance. Sanoma has been able to partially mitigate the said impacts on its financial performance, however the higher operating expenses are expected to have an adverse impact on earnings, as seen in Q2 2022.

In Learning, the phasing and manner of the educational reform implementation in Spain in 2022–2023, extending even to 2024, is still partially uncertain. Currently, 12 of 17 regions in Spain have taken decisions to implement the new curriculum in 2022, yet with lower number of subjects than earlier expected. The uncertainty and outcome 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. In April 2021, the Finnish Tax Adjustment Board accepted a claim based on tax audits at Sanoma Media Finland in 2015–2018 regarding the treatment of VAT of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway. Sanoma considers the claim completely unjustified and has appealed the decision. The same business model continues to be in use. A tax audit for years 2019–2021 is currently ongoing.

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.

## Financial reporting in 2022

Sanoma will publish the following financial report during 2022:

Interim Report 1 January–30 September 2022

Thursday, 27 October 2022

Helsinki, 26 July 2022

Board of Directors  
Sanoma Corporation

## Reconciliation of operational EBIT excl. PPA

EUR million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
<b>EBIT</b>	<b>38.5</b>	<b>51.5</b>	<b>16.5</b>	<b>27.7</b>	<b>142.4</b>
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations</b>					
<b>Learning</b>					
Impairments					-3.1
Restructuring expenses	-2.6	-0.9	-3.6	-2.4	-8.0
PPA adjustments and amortisations	-7.9	-9.3	-14.9	-16.4	-32.2
<b>Media Finland</b>					
Impairments					-0.6
Capital gains/losses			0.4		
Restructuring expenses	-0.8	-1.5	-1.8	-3.6	-5.5
PPA adjustments and amortisations	-1.8	-1.7	-3.5	-3.4	-6.8
<b>Other operations</b>					
Impairments				-0.6	-0.6
Capital gains/losses		1.3		1.3	3.7
Restructuring expenses	-2.0	-1.5	-3.2	-2.2	-1.7
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations total</b>	<b>-15.1</b>	<b>-13.5</b>	<b>-26.7</b>	<b>-27.3</b>	<b>-54.9</b>
<b>Operational EBIT excl. PPA</b>	<b>53.6</b>	<b>65.0</b>	<b>43.2</b>	<b>55.0</b>	<b>197.2</b>
Depreciation of buildings and structures	-6.3	-6.4	-12.6	-12.7	-24.9
Depreciation of rental books	-2.8	-4.5	-5.7	-7.7	-16.0
Amortisation of film and TV broadcasting rights	-14.4	-14.2	-27.9	-28.6	-54.0
Amortisation of prepublication rights	-5.2	-5.3	-10.4	-11.5	-25.5
Other depreciations, amortisations and impairments	-10.7	-8.3	-21.9	-19.5	-47.3
Items affecting comparability in depreciation, amortisation and impairments				0.6	3.8
<b>Operational EBITDA</b>	<b>92.9</b>	<b>103.7</b>	<b>121.7</b>	<b>134.4</b>	<b>361.0</b>
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations in discontinued operations</b>					
Restructuring expenses		-0.6		-0.6	-0.6
<b>Total</b>		<b>-0.6</b>		<b>-0.6</b>	<b>-0.6</b>



## Reconciliation of operational EPS

EUR million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
<b>Result for the period attributable to the equity holders of the Parent Company</b>	<b>30.7</b>	<b>36.6</b>	<b>12.2</b>	<b>12.4</b>	<b>100.2</b>
Items affecting comparability	5.4	3.2	8.2	8.1	16.4
Tax effect of items affecting comparability	-1.1	-0.7	-1.7	-1.4	-3.6
Non-controlling interests' share of items affecting comparability		0.0		0.0	
<b>Operational result for the period attributable to the equity holders of the Parent Company</b>	<b>35.0</b>	<b>39.0</b>	<b>18.7</b>	<b>19.0</b>	<b>113.0</b>
Weighted average number of shares on the market	163,177,768	163,247,049	163,082,677	163,178,478	163,165,194
<b>Operational EPS</b>	<b>0.21</b>	<b>0.24</b>	<b>0.11</b>	<b>0.12</b>	<b>0.69</b>

## Reconciliation of net debt

EUR million	30 Jun 2022	30 Jun 2021	FY 2021
Non-current financial liabilities	426.6	515.6	432.2
Current financial liabilities	234.0	146.3	75.0
Non-current lease liabilities	112.1	150.7	133.5
Current lease liabilities	44.5	29.4	28.1
Cash and cash equivalents	-46.2	-72.3	-52.4
<b>Net debt</b>	<b>770.9</b>	<b>769.8</b>	<b>616.4</b>

## Reconciliation of adjusted EBITDA

EUR million	H1 2022	H1 2021	FY 2021
12-month rolling operational EBITDA	348.3	325.7	360.5
Impact of acquired and divested operations	0.0	31.1	0.0
Impact of programming rights	-56.5	-62.0	-57.1
Impact of prepublication rights	-43.2	-33.7	-41.6
Impact of rental books	-6.3	-10.7	-6.3
<b>Adjusted EBITDA</b>	<b>242.3</b>	<b>250.4</b>	<b>255.4</b>

## Reconciliation of comparable net sales growth

EUR million	Q2 2022	Q2 2021	H1 2022	H1 2021
Net sales	313.2	302.8	523.9	512.9
Impact of acquired and divested operations	-0.8	0.0	-0.8	-1.0
<b>Comparable net sales</b>	<b>312.4</b>	<b>302.7</b>	<b>523.0</b>	<b>511.9</b>

## Income statement by quarter

EUR million	Q1 2022	Q2 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
<b>NET SALES</b>	<b>210.6</b>	<b>313.2</b>	<b>210.1</b>	<b>302.8</b>	<b>486.3</b>	<b>252.4</b>	<b>1,251.6</b>
Other operating income	4.7	2.6	5.4	5.9	6.5	5.8	23.7
Materials and services	-65.0	-91.2	-64.5	-79.5	-194.4	-78.9	-417.2
Employee benefit expenses	-87.7	-92.0	-87.6	-90.0	-81.6	-91.7	-350.9
Other operating expenses	-36.7	-45.3	-37.3	-38.2	-34.6	-48.7	-158.8
Share of results in joint ventures	0.1	0.1	0.2	0.1	0.2	0.1	0.5
Depreciation, amortisation and impairment losses	-48.0	-49.0	-50.1	-49.6	-49.3	-57.6	-206.6
<b>EBIT</b>	<b>-22.0</b>	<b>38.5</b>	<b>-23.8</b>	<b>51.5</b>	<b>133.1</b>	<b>-18.5</b>	<b>142.4</b>
Share of results in associated companies	0.1	0.0	-0.1	0.0	-0.2	0.6	0.4
Financial income	1.1	4.1	1.1	0.0	1.5	5.6	8.3
Financial expenses	-4.4	-4.0	-4.8	-2.9	-4.6	-4.9	-17.2
<b>RESULT BEFORE TAXES</b>	<b>-25.2</b>	<b>38.6</b>	<b>-27.6</b>	<b>48.7</b>	<b>129.9</b>	<b>-17.1</b>	<b>133.8</b>
Income taxes	6.9	-7.7	3.2	-11.6	-27.2	3.2	-32.4
<b>RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>-18.3</b>	<b>30.8</b>	<b>-24.4</b>	<b>37.0</b>	<b>102.7</b>	<b>-13.9</b>	<b>101.4</b>
<b>DISCONTINUED OPERATIONS</b>							
Result for the period from discontinued operations			-0.1	-0.1	0.1	-0.2	-0.2
<b>RESULT FOR THE PERIOD</b>	<b>-18.3</b>	<b>30.8</b>	<b>-24.5</b>	<b>36.9</b>	<b>102.8</b>	<b>-14.0</b>	<b>101.2</b>
<b>Result from continuing operations attributable to:</b>							
Equity holders of the Parent Company	-18.5	30.7	-24.2	36.7	102.3	-14.4	100.5
Non-controlling interests	0.2	0.2	-0.3	0.3	0.4	0.5	0.9
<b>Result from discontinued operations attributable to:</b>							
Equity holders of the Parent Company	-	-	-0.1	-0.1	0.1	-0.2	-0.2
Non-controlling interests	-	-	-	-	-	-	-
<b>Result attributable to:</b>							
Equity holders of the Parent Company	-18.5	30.7	-24.3	36.6	102.4	-14.6	100.2
Non-controlling interests	0.2	0.2	-0.3	0.3	0.4	0.5	0.9
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>							
Earnings per share, EUR, continuing operations	-0.11	0.19	-0.15	0.22	0.63	-0.09	0.62
Diluted earnings per share, EUR, continuing operations	-0.11	0.19	-0.15	0.22	0.63	-0.09	0.61
Earnings per share, EUR, discontinued operations			0.00	0.00	0.00	0.00	0.00
Diluted earnings per share, EUR, discontinued operations			0.00	0.00	0.00	0.00	0.00
Earnings per share, EUR	-0.11	0.19	-0.15	0.22	0.63	-0.09	0.61
Diluted earnings per share, EUR	-0.11	0.19	-0.15	0.22	0.63	-0.09	0.61

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

## Net sales by SBU

EUR million	Q1 2022	Q2 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Learning	69.3	149.8	68.2	149.0	331.6	88.5	637.3
Media Finland	141.6	163.7	142.2	154.1	154.8	164.1	615.3
Other operations and eliminations	-0.3	-0.3	-0.2	-0.4	-0.1	-0.1	-0.9
<b>Total</b>	<b>210.6</b>	<b>313.2</b>	<b>210.1</b>	<b>302.8</b>	<b>486.3</b>	<b>252.4</b>	<b>1,251.6</b>

## EBIT by SBU

EUR million	Q1 2022	Q2 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Learning	-27.7	30.5	-28.7	38.7	112.2	-31.6	90.5
Media Finland	7.5	14.6	7.5	16.1	21.3	15.7	60.6
Other operations and eliminations	-1.8	-6.7	-2.6	-3.2	-0.4	-2.6	-8.8
<b>Total</b>	<b>-22.0</b>	<b>38.5</b>	<b>-23.8</b>	<b>51.5</b>	<b>133.1</b>	<b>-18.5</b>	<b>142.4</b>

## Operational EBIT excl. PPA by SBU

EUR million	Q1 2022	Q2 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Learning	-19.7	41.0	-20.0	48.9	125.6	-20.6	133.9
Media Finland	9.9	17.2	11.3	19.3	23.9	19.1	73.5
Other operations and eliminations	-0.6	-4.6	-1.3	-3.1	-2.0	-3.8	-10.2
<b>Total</b>	<b>-10.4</b>	<b>53.6</b>	<b>-10.0</b>	<b>65.0</b>	<b>147.4</b>	<b>-5.2</b>	<b>197.2</b>

## Interim report (unaudited)

### Accounting policies

Sanoma Group prepares its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards and interpretations applicable within the EU on 30 June 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 H1 2022 half-year report.

## Consolidated income statement

EUR million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
<b>NET SALES</b>	<b>313.2</b>	<b>302.8</b>	<b>523.9</b>	<b>512.9</b>	<b>1,251.6</b>
Other operating income	2.6	5.9	7.3	11.4	23.7
Materials and services	-91.2	-79.5	-156.2	-143.9	-417.2
Employee benefit expenses	-92.0	-90.0	-179.7	-177.6	-350.9
Other operating expenses	-45.3	-38.2	-82.0	-75.5	-158.8
Share of results in joint ventures	0.1	0.1	0.3	0.3	0.5
Depreciation, amortisation and impairment losses	-49.0	-49.6	-97.0	-99.8	-206.6
<b>EBIT</b>	<b>38.5</b>	<b>51.5</b>	<b>16.5</b>	<b>27.7</b>	<b>142.4</b>
Share of results in associated companies	0.0	0.0	0.0	0.0	0.4
Financial income	4.1	0.0	5.2	1.1	8.3
Financial expenses	-4.0	-2.9	-8.4	-7.7	-17.2
<b>RESULT BEFORE TAXES</b>	<b>38.6</b>	<b>48.7</b>	<b>13.4</b>	<b>21.0</b>	<b>133.8</b>
Income taxes	-7.7	-11.6	-0.8	-8.4	-32.4
<b>RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>30.8</b>	<b>37.0</b>	<b>12.6</b>	<b>12.6</b>	<b>101.4</b>
<b>DISCONTINUED OPERATIONS</b>					
Result for the period from discontinued operations		-0.1		-0.2	-0.2
<b>RESULT FOR THE PERIOD</b>	<b>30.8</b>	<b>36.9</b>	<b>12.6</b>	<b>12.4</b>	<b>101.2</b>
<b>Result from continuing operations attributable to:</b>					
Equity holders of the Parent Company	30.7	36.7	12.2	12.6	100.5
Non-controlling interests	0.2	0.3	0.4	0.0	0.9
<b>Result from discontinued operations attributable to:</b>					
Equity holders of the Parent Company	-	-0.1	-	-0.2	-0.2
Non-controlling interests	-	-	-	-	-
<b>Result attributable to:</b>					
Equity holders of the Parent Company	30.7	36.6	12.2	12.4	100.2
Non-controlling interests	0.2	0.3	0.4	0.0	0.9
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>					
Earnings per share, EUR, continuing operations	0.19	0.22	0.07	0.08	0.62
Diluted earnings per share, EUR, continuing operations	0.19	0.22	0.07	0.08	0.61
Earnings per share, EUR, discontinued operations		0.00		0.00	0.00
Diluted earnings per share, EUR, discontinued operations		0.00		0.00	0.00
Earnings per share, EUR	0.19	0.22	0.07	0.08	0.61
Diluted earnings per share, EUR	0.19	0.22	0.07	0.08	0.61

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

## Statement of comprehensive income <sup>1)</sup>

EUR million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
<b>Result for the period</b>	<b>30.8</b>	<b>36.9</b>	<b>12.6</b>	<b>12.4</b>	<b>101.2</b>
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Change in translation differences	-0.6	0.7	-1.0	0.1	-0.6
<b>Items that will not be reclassified to profit or loss</b>					
Defined benefit plans	-11.0	7.8	-9.4	17.2	18.1
Income tax related to defined benefit plans	2.2	-1.6	1.9	-3.4	-3.7
<b>Other comprehensive income for the period, net of tax</b>	<b>-9.4</b>	<b>6.9</b>	<b>-8.6</b>	<b>13.9</b>	<b>13.8</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>21.5</b>	<b>43.9</b>	<b>4.0</b>	<b>26.3</b>	<b>114.9</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Parent Company	21.3	43.6	3.6	26.3	114.0
Non-controlling interests	0.2	0.3	0.4	0.0	0.9

<sup>1)</sup> Statement of comprehensive income includes both continuing and discontinued operations.

## Consolidated balance sheet

EUR million	30 Jun 2022	30 Jun 2021	FY 2021
<b>ASSETS</b>			
Property, plant and equipment	52.4	64.2	57.1
Right-of-use assets	150.1	173.6	155.2
Investment property	5.2	5.6	5.2
Goodwill	756.4	752.9	753.3
Other intangible assets	674.8	678.9	672.8
Equity-accounted investees	3.6	2.4	3.3
Other investments	3.7	3.9	3.8
Deferred tax receivables	9.7	18.7	9.4
Trade and other receivables	21.6	31.1	31.5
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>1,677.5</b>	<b>1,731.4</b>	<b>1,691.6</b>
Inventories	75.1	99.4	35.7
Income tax receivables	12.2	21.5	16.6
Contract assets	0.8	0.5	0.4
Trade and other receivables	227.1	178.9	135.7
Cash and cash equivalents	46.2	72.3	52.4
<b>CURRENT ASSETS, TOTAL</b>	<b>361.6</b>	<b>372.6</b>	<b>240.8</b>
<b>ASSETS, TOTAL</b>	<b>2,039.1</b>	<b>2,104.0</b>	<b>1,932.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	71.3	71.3	71.3
Treasury shares	-5.2	-2.5	-7.5
Fund for invested unrestricted equity	209.8	209.8	209.8
Other equity	352.3	340.3	440.1
Total equity attributable to the equity holders of the Parent Company	628.2	618.8	713.6
Non-controlling interests	6.6	16.4	7.2
<b>EQUITY, TOTAL</b>	<b>634.8</b>	<b>635.1</b>	<b>720.9</b>
Deferred tax liabilities	113.7	139.6	127.4
Pension obligations	5.9	7.4	5.9
Provisions	0.5	0.5	0.5
Financial liabilities	426.6	515.6	432.2
Lease liabilities	112.1	150.7	133.5
Contract liabilities	2.5	7.6	2.5
Trade and other payables	3.4	3.3	4.1
<b>NON-CURRENT LIABILITIES, TOTAL</b>	<b>664.6</b>	<b>824.6</b>	<b>706.2</b>
Provisions	0.6	1.0	1.1
Financial liabilities	234.0	146.3	75.0
Lease liabilities	44.5	29.4	28.1
Income tax liabilities	17.6	24.1	25.3
Contract liabilities	155.1	164.3	152.3
Trade and other payables	287.9	279.2	223.7
<b>CURRENT LIABILITIES, TOTAL</b>	<b>739.7</b>	<b>644.3</b>	<b>505.4</b>
<b>LIABILITIES, TOTAL</b>	<b>1,404.3</b>	<b>1,468.9</b>	<b>1,211.6</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>2,039.1</b>	<b>2,104.0</b>	<b>1,932.5</b>

## 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
<b>Equity at 31 Dec 2020</b>	<b>71.3</b>	<b>-4.3</b>	<b>209.8</b>	<b>413.5</b>	<b>690.2</b>	<b>19.7</b>	<b>709.9</b>
Correction of error <sup>1)</sup>				-0.7	-0.7		-0.7
<b>Equity at 1 Jan 2021</b>	<b>71.3</b>	<b>-4.3</b>	<b>209.8</b>	<b>412.8</b>	<b>689.5</b>	<b>19.7</b>	<b>709.2</b>
Comprehensive income for the period				26.3	26.3	0.0	26.3
Share-based compensation				-1.5	-1.5		-1.5
Shares delivered		1.7		-1.7			
Dividends				-84.8	-84.8	-0.6	-85.5
Acquisitions and other changes in non-controlling interests				-10.6	-10.6	-2.7	-13.3
<b>Equity at 30 Jun 2021</b>	<b>71.3</b>	<b>-2.5</b>	<b>209.8</b>	<b>340.3</b>	<b>618.8</b>	<b>16.4</b>	<b>635.1</b>
<b>Equity at 1 Jan 2022</b>	<b>71.3</b>	<b>-7.5</b>	<b>209.8</b>	<b>440.1</b>	<b>713.6</b>	<b>7.2</b>	<b>720.9</b>
Comprehensive income for the period				3.6	3.6	0.4	4.0
Share-based compensation				-1.2	-1.2		-1.2
Shares delivered		2.3		-2.3			
Dividends				-88.1	-88.1	-1.0	-89.1
Acquisitions and other changes in non-controlling interests				0.3	0.3	0.0	0.3
<b>Equity at 30 Jun 2022</b>	<b>71.3</b>	<b>-5.2</b>	<b>209.8</b>	<b>352.3</b>	<b>628.2</b>	<b>6.6</b>	<b>634.8</b>

<sup>1)</sup> 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	H1 2022	H1 2021	FY 2021
<b>OPERATIONS</b>			
Result for the period	12.6	12.4	101.2
Adjustments			
Income taxes	0.8	7.5	31.5
Financial income and expenses	3.1	6.6	8.9
Share of results in equity-accounted investees	-0.3	-0.2	-0.9
Depreciation, amortisation and impairment losses	97.0	99.8	206.6
Gains/losses on sales of non-current assets	-0.6	-1.6	-4.3
Other adjustments	-1.8	-0.4	-0.2
Adjustments, total	98.2	111.8	241.7
Change in working capital	-110.7	-89.5	-10.8
Acquisitions of broadcasting rights, prepublication costs and rental books	-49.0	-48.1	-105.1
Dividends received	0.1	0.2	0.6
Interest paid and other financial items	-6.8	-6.8	-13.5
Taxes paid	-16.8	-11.7	-32.7
<b>Cash flow from operations</b>	<b>-72.4</b>	<b>-31.8</b>	<b>181.4</b>
<b>INVESTMENTS</b>			
Capital expenditure	-26.9	-19.6	-41.7
Operations acquired	-2.1	-4.1	-6.4
Proceeds from sale of tangible and intangible assets	1.1	4.2	8.8
Operations sold	0.6	0.0	0.6
Loans granted	-1.0		-0.6
Repayments of loan receivables	0.3	0.0	0.0
Interest received	0.3	0.1	0.1
<b>Cash flow from investments</b>	<b>-27.6</b>	<b>-19.5</b>	<b>-39.1</b>
<b>Cash flow before financing</b>	<b>-100.0</b>	<b>-51.2</b>	<b>142.3</b>
<b>FINANCING</b>			
Purchase of treasury shares			-5.0
Change in loans with short maturity	153.8	80.1	-15.4
Drawings of other loans	0.1	199.3	199.4
Repayments of other loans	-0.3	-200.0	-250.2
Payment of lease liabilities	-15.5	-15.2	-30.4
Acquisitions of non-controlling interests		-10.8	-15.2
Dividends paid	-45.0	-45.5	-87.9
<b>Cash flow from financing</b>	<b>93.2</b>	<b>7.9</b>	<b>-204.7</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT</b>	<b>-6.8</b>	<b>-43.3</b>	<b>-62.3</b>
Effect of exchange rate differences on cash and cash equivalents	-0.1	0.1	0.1
<b>Net change in cash and cash equivalents</b>	<b>-6.9</b>	<b>-43.2</b>	<b>-62.2</b>
Cash and cash equivalents at the beginning of the period	52.4	114.6	114.6
Cash and cash equivalents at the end of the period	45.4	71.4	52.4
<b>FREE CASH FLOW (Cash flow from operations – Capital expenditure)</b>	<b>-99.3</b>	<b>-51.4</b>	<b>139.7</b>

Includes continuing and discontinued operations.

At the end of June, cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 0.8 million (2021: 0.8).

## 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 20 million students in 11 countries. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education, and we aim to continue to grow our business in Europe and beyond. We develop our methodologies based on deep teacher and student insight and truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact.

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

In addition to the Group eliminations, the column other operations/eliminations includes non-core operations, head office functions and items not allocated to segments. Segment assets do not include cash and cash equivalents, interest-bearing receivables, tax receivables or deferred tax receivables. Transactions between segments are based on market prices.

### Segment information 1 January–30 June 2022

EUR million	Learning	Media Finland	Other operations/eliminations	Continuing operations
External net sales	219.1	304.8		523.9
Internal net sales		0.5	-0.5	
<b>Net sales, total</b>	<b>219.1</b>	<b>305.3</b>	<b>-0.5</b>	<b>523.9</b>
<b>EBIT</b>	<b>2.8</b>	<b>22.2</b>	<b>-8.5</b>	<b>16.5</b>
<b>Operational EBIT excl. PPA</b>	<b>21.3</b>	<b>27.1</b>	<b>-5.3</b>	<b>43.2</b>
Share of results in associated companies		0.0		0.0
Financial income			5.2	5.2
Financial expenses			-8.4	-8.4
<b>Result before taxes</b>				<b>13.4</b>
Income taxes				-0.8
<b>Result for the period from continuing operations</b>				<b>12.6</b>
<b>Result for the period</b>				<b>12.6</b>
<b>Segment assets</b>	<b>1,692.5</b>	<b>430.0</b>	<b>-152.8</b>	<b>1,969.8</b>

## Segment information 1 January–30 June 2021

EUR million	Learning	Media Finland	Other operations/ eliminations	Continuing operations
External net sales	217.2	295.7		512.9
Internal net sales	0.0	0.7	-0.7	
<b>Net sales, total</b>	<b>217.2</b>	<b>296.4</b>	<b>-0.7</b>	<b>512.9</b>
<b>EBIT</b>	<b>10.0</b>	<b>23.5</b>	<b>-5.8</b>	<b>27.7</b>
<b>Operational EBIT excl. PPA</b>	<b>28.9</b>	<b>30.5</b>	<b>-4.4</b>	<b>55.0</b>
Share of results in associated companies		0.0		0.0
Financial income			1.1	1.1
Financial expenses			-7.7	-7.7
<b>Result before taxes</b>				<b>21.0</b>
Income taxes				-8.4
<b>Result for the period from continuing operations</b>				<b>12.6</b>
Result for the period from discontinued operations				-0.2
<b>Result for the period</b>				<b>12.4</b>
<b>Segment assets</b>	<b>1,707.6</b>	<b>409.8</b>	<b>-126.4</b>	<b>1,991.1</b>

## Net sales

### Disaggregation of revenue

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

#### Disaggregation of revenue 1 January–30 June 2022

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
Finland	41.6	305.3	-0.5	346.4
The Netherlands	82.9			82.9
Poland	16.7			16.7
Spain	29.8			29.8
Belgium	28.2			28.2
Other companies and eliminations	19.8			19.8
<b>Primary geographical markets</b>	<b>219.1</b>	<b>305.3</b>	<b>-0.5</b>	<b>523.9</b>
Learning solutions	203.2			203.2
Advertising		118.3	-0.4	117.9
Subscription		122.6	0.0	122.6
Single copy		19.3		19.3
Other	15.9	45.1	-0.1	60.9
<b>Major product lines/services</b>	<b>219.1</b>	<b>305.3</b>	<b>-0.5</b>	<b>523.9</b>
Recognition at a point-in-time	148.6	93.2	-0.5	241.3
Recognition over-time	70.5	212.1		282.6
<b>Timing of revenue recognition</b>	<b>219.1</b>	<b>305.3</b>	<b>-0.5</b>	<b>523.9</b>

## Disaggregation of revenue 1 January–30 June 2021

EUR million	Learning	Media Finland	Other operations/eliminations	Total
Finland	37.3	296.4	-0.7	333.0
The Netherlands	81.1			81.1
Poland	13.6			13.6
Spain	41.6			41.6
Belgium	22.8			22.8
Other companies and eliminations	20.9			20.9
<b>Primary geographical markets</b>	<b>217.2</b>	<b>296.4</b>	<b>-0.7</b>	<b>512.9</b>
Learning solutions	198.7		0.0	198.7
Advertising		119.1	-0.5	118.6
Subscription		124.1	0.0	124.1
Single copy		20.5		20.5
Other	18.5	32.7	-0.1	51.1
<b>Major product lines/services</b>	<b>217.2</b>	<b>296.4</b>	<b>-0.7</b>	<b>512.9</b>
Recognition at a point-in-time	138.2	83.6	-0.7	221.1
Recognition over-time	79.0	212.8		291.8
<b>Timing of revenue recognition</b>	<b>217.2</b>	<b>296.4</b>	<b>-0.7</b>	<b>512.9</b>

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

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
Carrying amount at 1 Jan	212.4	260.6	260.6
Increases	17.8	5.1	16.0
Acquisitions of operations	0.3	0.1	0.1
Decreases	-1.4	-0.3	-6.5
Disposal of operations	-1.1		
Depreciation for the period	-25.5	-27.7	-55.4
Impairment losses for the period	0.0	0.0	-2.2
Exchange rate differences and other changes	-0.2	0.0	-0.2
<b>Carrying amount at the end of the period</b>	<b>202.4</b>	<b>237.8</b>	<b>212.4</b>

## Acquisitions and divestments

### Acquisitions in H1 2022

In H1 2022, Sanoma invested EUR 5.0 million in business acquisitions. The effect of the acquisitions since the acquisition date on the Group's H1 2022 net sales and operating profit was minor.

On 28 January 2022 Sanoma Media Finland acquired radio frequencies from Huittisten Sanomalehti Oy and began broadcasting Hitmix channel in Satakunta. Acquisition accounting is disclosed in H1 reporting as provisional and subject to changes.

On 16 March 2022 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. Acquisition accounting for Geluuskoffer Scholen B.V. is disclosed in H1 reporting as provisional and subject to changes.

On 18 March 2022 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. Acquisition accounting is disclosed in H1 reporting as provisional and subject to changes.

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

EUR million	H1 2022	FY 2021
Property, plant and equipment	0.0	
Right-of-use assets	0.3	0.1
Intangible assets	3.1	0.9
Other non-current assets	0.0	0.3
Inventories	0.0	
Other current assets	0.5	0.6
<b>Assets, total</b>	<b>3.9</b>	<b>2.0</b>
Non-current liabilities	-1.0	-0.2
Current liabilities	-0.7	-1.3
<b>Liabilities, total</b>	<b>-1.7</b>	<b>-1.5</b>
Fair value of acquired net assets	2.3	0.4
Acquisition cost	5.0	0.6
Fair value of previously held interest		0.6
Fair value of acquired net assets	-2.3	-0.4
<b>Goodwill from the acquisitions</b>	<b>2.7</b>	<b>0.8</b>

### Acquisitions of non-controlling interests

EUR million	H1 2022	FY 2021
Acquisition cost		10.8
Book value of the acquired interest		-0.3
<b>Impact on consolidated equity</b>		<b>-11.1</b>

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

EUR million	H1 2022	FY 2021
Acquisition cost	5.0	0.6
Cash and cash equivalents of acquired operations	-0.3	-0.2
Decrease (+) / increase (-) in acquisition liabilities	-2.6	5.3
<b>Cash paid to obtain control, net of cash acquired</b>	<b>2.1</b>	<b>5.7</b>
Acquisition cost		10.8
Decrease (+) / increase (-) in acquisition liabilities		4.4
<b>Cash paid on acquisitions of non-controlling interests</b>		<b>15.2</b>

## Divestments in H1 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.

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

EUR million	H1 2022	FY 2021
Property, plant and equipment	1.1	
Inventories	0.3	
Trade and other receivables	0.3	
Cash and cash equivalents	1.7	
<b>Assets, total</b>	<b>3.3</b>	
Deferred tax liabilities	-0.2	
Trade and other payables	-1.1	
<b>Liabilities, total</b>	<b>-1.4</b>	
Net assets	2.0	
Sales price	2.3	
<b>Net result from sale of operations</b>	<b>0.4</b>	

## Cash flow from sale of operations

EUR million	H1 2022	FY 2021
Sales price	2.3	
Cash and cash equivalents of divested operations	-1.7	
<b>Cash flow from sale of operations</b>	<b>0.6</b>	

## 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	H1 2022	H1 2021	FY 2021
<b>Net sales</b>		<b>0.2</b>	<b>0.3</b>
Materials and services		0.0	0.0
Employee benefit expenses		-1.3	-1.2
Other operating expenses		-0.1	-0.2
<b>EBIT</b>		<b>-1.1</b>	<b>-1.1</b>
Financial expenses		0.0	0.0
<b>Result before taxes</b>		<b>-1.1</b>	<b>-1.1</b>
Income taxes		0.9	0.9
<b>Result for the period from discontinued operations</b>		<b>-0.2</b>	<b>-0.2</b>

### Cash flows related to discontinued operations

EUR million	H1 2022	H1 2021	FY 2021
Cash flow from operations		-0.6	-0.4
Cash flow from investments		0.2	-0.1
Cash flow from financing		0.4	0.5



## Contingent liabilities

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>Contingencies for own commitments</b>			
Pledges	0.9	0.8	0.8
Other items	25.1	24.8	24.8
Contingencies for own commitments total	25.9	25.6	25.6
<b>Other commitments</b>			
Royalties	0.6	1.7	1.3
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	45.6	23.9	24.6
Other items	23.1	31.9	27.6
Other commitments total	69.4	57.5	53.4
<b>Total</b>	<b>95.4</b>	<b>83.1</b>	<b>79.0</b>

## Derivative instruments

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>Fair values</b>			
<b>Currency derivatives</b>			
Forward contracts (positive fair values)	0.1	0.1	0.2
Forward contracts (negative fair values)	0.0	0.0	0.0
<b>Nominal values</b>			
<b>Currency derivatives</b>			
Forward contracts	14.2	10.6	7.8

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

## Disputes and litigations

In April 2021, the Finnish Tax Adjustment Board accepted a claim based on tax audits at Sanoma Media Finland in 2015–2018 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. Sanoma considers the claims completely unjustified and has appealed the decisions. The same business model continues to be in use. 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. A tax audit for years 2019–2021 is currently ongoing.

## Definitions of key indicators

KPI	Definition	Reason to use
Comparable 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 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
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	= $\frac{\text{Free cash flow}}{\text{Adjusted average number of shares on the market}}$	Basis for Sanoma's dividend policy
Net debt	= Interest-bearing liabilities – cash and cash equivalents	Measures Sanoma's net debt position
Net debt / Adj. EBITDA	= $\frac{\text{Net debt}}{\text{The adjusted EBITDA used in this ratio is the 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash flow basis}}$	One of Sanoma's long-term financial targets, provides investors information on Sanoma's ability to service its debt
EPS	= $\frac{\text{Result for the period attributable to the equity holders of the Parent Company}}{\text{Weighted average number of shares on the market}}$	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