

Full-Year Result

2023

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## SANOMA CORPORATION, FULL-YEAR RESULT 2023

# Net sales growth and operational EBIT in 2023 driven by strong performance in Learning

## Q4 2023

- The Group's net sales decreased to EUR 253 million (2022: 260). In Learning, net sales were stable. In Media Finland, net sales declined mainly due to lower advertising and external printing sales. The Group's organic net sales growth was -2% (2022: -3%).
- The Group's operational EBIT excl. PPA decreased to EUR -27 million (2022: -2). In Learning, earnings were seasonally negative and declined due to normalised phasing between the third and fourth quarters compared to delayed deliveries in 2022. Lower advertising sales had an adverse impact on earnings in Media Finland.
- EBIT decreased to EUR -51 million (2022: -21) as a result of lower operational earnings and higher items affecting comparability (IACs). The IACs were EUR -14 million (2022: -8) and mainly consisted of restructuring related expenses and impairments. Purchase price allocation adjustments and amortisations (PPAs) amounted to EUR 10 million (2022: 11).
- Operational EPS decreased to EUR -0.22 (2022: -0.07).
- EPS was EUR -0.29 (2022: -0.13).
- On 20 November, the Board of Directors appointed Rob Kolkman President and CEO of Sanoma Corporation as of 1 January 2024. The appointment was following the announcement on 6 November that President and CEO Susan Duinhoven had informed that she will step down from the role.
- On 26 October, Sanoma announced that Sanoma Learning's operational EBIT margin excl. PPA is estimated to reach its long-term target level of 23% in 2026 (2023: 18.7%) supported by the new process and efficiency improvement program, Solar. Annual operational efficiencies from Solar are estimated to amount to approx. EUR 55 million from 2026 onwards.
- On 25 October, the Board of Directors decided the record date and the payment date of the third dividend instalment of EUR 0.11 per share. The dividend record date was 27 October and the payment date 3 November.
- On 18 October, Sanoma announced it has signed a new EUR 100 million term loan, which together with other existing funding facilities will be used to repay the EUR 200 million bond maturing in March 2024.

## FY 2023

- The Group's net sales grew to EUR 1,393 million (2022: 1,298). In Learning, significant net sales growth was attributable to the acquired Italian and German businesses as well as strong growth of learning content sales particularly in Spain and Poland. Net sales declined slightly in Media Finland due to lower advertising sales. The Group's organic net sales growth was 2% (2022: 1%), being 6% in Learning and -3% in Media Finland.
- The Group's operational EBIT excl. PPA decreased to EUR 175 million (2022: 189), corresponding to a margin of 12.6% (2022: 14.6%). In Learning, earnings improvement resulted from strong organic growth and contribution of the acquired Italian and German businesses. Lower advertising sales and cost inflation had a significant adverse impact on earnings in Media Finland.
- EBIT decreased to EUR 52 million (2022: 112). The Group's IACs increased to EUR -82 million (2022: -38) mainly due to the booking of the EUR 36 million VAT claim costs in Media Finland in Q2 2023 and higher restructuring expenses resulting from Program Solar in Learning. PPAs grew to EUR 41 million (2022: 39) as a result of the acquisition in Italy and Germany.
- Operational EPS decreased to EUR 0.39 (2022: 0.65) and was adversely impacted by higher financial expenses and the interest booked for the hybrid bond.
- EPS was EUR -0.03 (2022: 0.47) due to the interest booked for the hybrid bond.
- Free cash flow was EUR 105 million (2022: 112). In Learning, active working capital management throughout the year led to significant improvement in operating cash flow. In 2023, the acquired Italian and German businesses had a negative impact on the year-on-year change of the reported free cash flow due to the timing of the acquisition in 2022. Lower earnings in Media Finland and higher interest paid on external debt had an adverse impact on free cash flow, while it was supported by lower taxes paid and lower capital expenditure.
- Net debt/Adj. EBITDA was 2.8 (2022: 3.2), being at the long-term target level of below 3.0.

- On 8 June, Sanoma announced that the Administrative Court has rejected its appeal that concerned the VAT payment decision regarding the tax audits at Sanoma Media Finland for the years 2015–2018. Based on the Administrative Court's decision, the VAT claims for the years 2015–2018 and 2019–2021, amounting to EUR 36 million, were booked as IACs in Media Finland's Q2 2023 result. This was partially offset by a positive EUR 5 million adjustment to the income taxes. The court decision had no impact on Sanoma's free cash flow as the VAT claims were pre-paid in 2021 and 2022. Sanoma has applied for permission to appeal the 2015–2018 decision to the Supreme Administrative Court. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.
- On 9 March, Sanoma announced that it will issue a EUR 150 million hybrid bond to strengthen its balance sheet to increase the financial flexibility and support the execution of the strategic plan. The hybrid bond was issued on 16 March.
- The Board proposes a dividend of 0.37 € per share (2022: 0.37) for the year 2023, corresponding to 58% of the underlying free cash flow. The dividend will be paid in three instalments, EUR 0.13 in April, EUR 0.13 in September and EUR 0.11 in November.

## Outlook for 2024

In 2024, Sanoma expects that the Group's reported net sales will be EUR 1.29–1.34 billion (2023: 1.4). The Group's operational EBIT excl. PPA is expected to be EUR 160–180 million (2023: 175).

Regarding the operating environment, Sanoma expects that:

- The advertising market in Finland will decline slightly.
- The development in the economies of the Group's operating countries is expected to be relatively stable.

## Alternative performance measures

Sanoma presents certain financial performance measures on a non-IFRS basis as alternative performance measures (APMs). Sanoma considers that these alternative performance measures provide useful and relevant supplemental information to the management and investors on Sanoma's financial performance, financial position or cash flows. Certain APMs exclude certain non-operational or non-cash valuation items affecting comparability (IACs) and are provided to reflect the underlying business performance and to enhance comparability between reporting periods. The APMs should not be considered as a substitute for performance measures in accordance with IFRS.

Definitions of key IFRS indicators and APMs are available on p. 40. Reconciliations are available on p. 21–23.

## Key indicators

EUR million	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Net sales	253.4	259.5	-2%	1,392.9	1,298.3	7%
Operational EBITDA <sup>1)</sup>	27.8	45.3	-39%	358.3	355.4	1%
Margin <sup>1)</sup>	11.0%	17.4%		25.7%	27.4%	
Operational EBIT excl. PPA <sup>2)</sup>	-27.0	-2.3	-1,070%	175.4	189.3	-7%
Margin <sup>2)</sup>	-10.7%	-0.9%		12.6%	14.6%	
EBIT	-51.4	-20.8	-148%	51.7	112.0	-54%
Result for the period	-44.6	-21.1	-111%	4.1	77.0	-95%
Free cash flow	70.5	64.2	10%	105.1	111.7	-6%
Equity ratio <sup>3)</sup>				42.5%	35.8%	
Net debt				639.7	823.4	-22%
Net debt / Adj. EBITDA				2.8	3.2	-14%
Operational EPS, EUR <sup>1)</sup>	-0.22	-0.07	-199%	0.39	0.65	-39%
EPS, EUR	-0.29	-0.13	-120%	-0.03	0.47	-106%
Free cash flow per share, EUR	0.43	0.39	10%	0.64	0.68	-6%
Dividend per share <sup>4)</sup>				0.37	0.37	0%
Average number of employees (FTE)				5,119	5,018	2%
Number of employees at the end of the period (FTE)				5,017	5,079	-1%

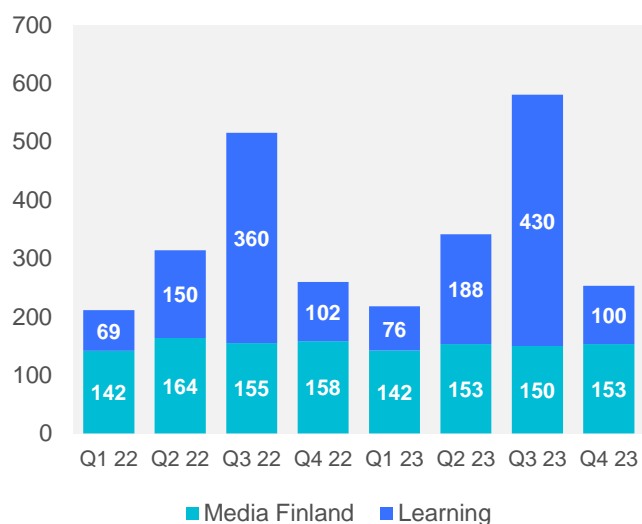
<sup>1)</sup> Excluding IACs

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

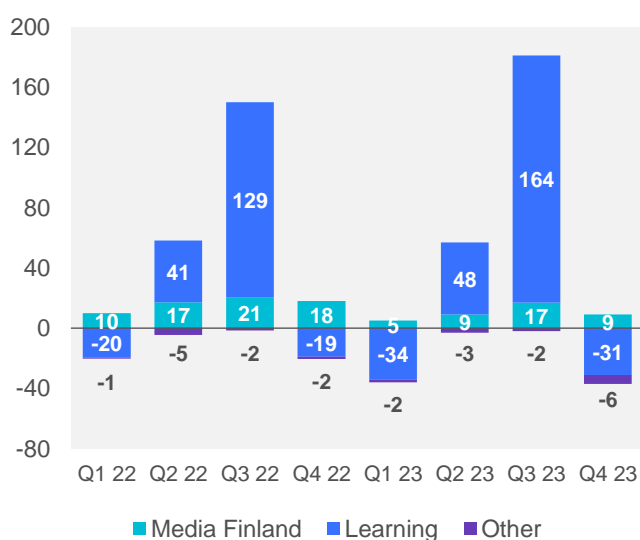
<sup>3)</sup> Advances received included in the formula of equity ratio were EUR 153.8 million in FY 2023 (2022: 142.0).

<sup>4)</sup> 2023 is a proposal of the Board of Directors to the AGM.

### Net sales, m€



### Operational EBIT excl. PPA, m€



## President and CEO Rob Kolkman:

"In 2023, our net sales growth and operational EBIT were driven by strong performance in Learning, while Media Finland managed to partially mitigate the impact of lower advertising demand and cost inflation on its financials. In my new role as the President and CEO of Sanoma, I am very much looking forward to working together with our great team to further strengthen our position in European K12 learning services, to deliver on our key initiatives, including Program Solar, and to continue the successful digital transformation in our media business.

In Learning, the year was characterised with strong 6% organic growth, driven by the successful second year of the LOMLOE curriculum renewal in Spain, a minor curriculum renewal in Poland and inflation mitigating price increases across our operating countries. Together, these also resulted in strong improvement of Learning's operational EBIT. The integration, sales and financial performance of our latest acquisition, the K12 learning content business in Italy, proceeded successfully and in accordance with our plans.

In October, we initiated a Learning-wide process and efficiency improvement programme, named Solar, to ensure that we use the benefits from our increased scale and the best practices from our recent acquisitions in an optimal way. Supported by Program Solar, Learning's operational EBIT margin excl. PPA is expected to reach its long-term target level of 23% in 2026. First implementation phase of Solar has already been underway, focusing on post-curriculum optimisation especially in Spain and Poland, and the program is on track.

In-line with our expectations, net sales and operational EBIT of Media Finland decreased mainly due to lower advertising sales. The highlights of the year include clear growth in the number of digital subscriptions, mainly attributable to our SVOD service Ruutu+. Initiatives to extend and improve our customer offering led to a minor increase in the total subscription base compared to the end of 2022. Careful price increases across the portfolio during the year supported subscription sales. With continuing active cost containment, the team succeeded to partially mitigate impact of the cost and salary inflation.

During the year, we paid special attention to active working capital management in Learning, with the aim of mitigating the impact of increased seasonality of the business and improve cash conversion. The Group's free cash flow improved significantly compared to the underlying free cash flow in 2022, which excluded the one-time positive impact due to the timing of the acquisition in Italy and Germany. Our leverage improved to 2.8, being within the long-term target of below 3.0, and providing a solid basis going forward.

While we continue building the long-term strengths of both Learning and Media Finland, our three strategic focus areas in the mid-term are 1) increasing the profitability of Learning and Media Finland, 2) growing organically and through smaller in-market acquisitions in Learning, and 3) deleveraging the balance sheet.

The Board proposes a stable dividend of EUR 0.37 (2022: 0.37), corresponding to 58% of the annual free cash flow. This proposal reflects our ability to deliver solid free cash flow, and balances the capital use between the dividend, which continues to be an important part of our equity story, and the deleveraging of the balance sheet.

We have a unique sustainability profile as learning and media have a positive impact on the lives of millions of people every day. To support the purpose of our businesses, we have set ambitious targets for sustainability aspects in which we have the biggest impact, including climate and employee engagement. Our 2030 climate targets, covering both our operations and the value chain, were approved by the Science Based Targets initiative in November 2023. We were also very happy to see that the annually measured Employee Experience Index (EEI) improved to the long-term target level of 7.5 (2022: 7.3), being clearly above the European benchmark of 7.1. Both of these sustainability aspects are linked, among other targets, to the executive management's short-term incentives in 2024.

Our Outlook for 2024 indicates lower net sales compared to 2023. This is mainly due to discontinuation of low value contracts in the Dutch learning distribution business and small divestments of non-core businesses both in Learning and Media Finland announced in January 2024, while lower learning content sales after the curriculum renewal in Spain are offset by continued growth in other learning content markets. In Finland, we expect the advertising market to decline slightly. Our expectation of the Group's operational EBIT excl. PPA is a sum of a relatively stable margin in Learning and modest earnings and margin improvement in Media Finland.

I would like to extend my warmest thanks to all Sanoma employees throughout the business for their excellent work, strong commitment, and passion in supporting our customers, combined with constant internal improvement under the current operating environment. We have a great basis to continue on our strategic path, and to grow and further strengthen our positions, improve our performance, and create value for all our stakeholders. I am looking forward to a successful year 2024."

## Financial review Q4 2023

### Net sales by SBU

EUR million	Q4 2023	Q4 2022	Change
Learning	100.4	101.6	-1%
Media Finland	153.1	158.0	-3%
Other operations and eliminations	0.0	-0.1	77%
<b>Group total</b>	<b>253.4</b>	<b>259.5</b>	<b>-2%</b>

The Group's net sales decreased to EUR 253 million (2022: 260). In Learning, net sales were stable. In Media Finland, net sales declined mainly due to lower advertising and external printing sales. The Group's organic net sales growth was -2% (2022: -3%).

### Operational EBIT excl. PPA by SBU

EUR million	Q4 2023	Q4 2022	Change
Learning	-30.6	-18.9	-62%
Media Finland	9.2	18.1	-49%
Other operations and eliminations	-5.7	-1.5	-285%
<b>Group total</b>	<b>-27.0</b>	<b>-2.3</b>	<b>-1,070%</b>

Operational EBIT excl. PPA decreased to EUR -27 million (2022: -2). In Learning, earnings were seasonally negative and declined due to normalised phasing between the third and fourth quarters compared to some delayed deliveries in 2022. In Media Finland, earnings decreased mainly driven by lower advertising sales. Quarterly phasing of Other operations' costs differed compared to the previous year, and the earnings decreased mainly due to higher bonus provisions.

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

EUR million	Q4 2023	Q4 2022
<b>EBIT</b>	<b>-51.4</b>	<b>-20.8</b>
<b>Items affecting comparability (IACs)</b>		
Restructuring expenses	-9.3	-7.4
Of which related to Program Solar	-4.2	
Impairments	-5.0	-1.1
Capital gains/losses		0.5
<b>IACs total</b>	<b>-14.3</b>	<b>-8.0</b>
<b>Purchase price allocation adjustments and amortisations (PPAs)</b>	<b>-10.1</b>	<b>-10.5</b>
<b>Operational EBIT excl. PPA</b>	<b>-27.0</b>	<b>-2.3</b>

A detailed reconciliation on SBU level is presented on p. 21.

EBIT decreased to EUR -51 million (2022: -21) due to lower operational earnings and higher IACs. IACs totalled EUR -14 million (2022: -8). The restructuring expenses consisted of EUR 4 million of costs related to Program Solar as well as integration costs of recent acquisitions. Impairments included, among others, a write-down of assets related to the German Stark business, which was divested early January 2024. PPAs amounted to EUR 10 million (2022: 11).

Net financial items increased to EUR -7 million (2022: -6) mainly as a result of slight increase in interest rates.

Result before taxes decreased to EUR -58 million (2022: -27). Income taxes were positive and amounted to EUR 14 million (2022: 6). Result for the period was EUR -45 million (2022: -21).

Operational earnings per share decreased to EUR -0.22 (2022: -0.07) and earnings per share to EUR -0.29 (2022: -0.13).

## Financial review FY 2023

### Net sales by SBU

EUR million	FY 2023	FY 2022	Change
Learning	795.2	681.0	17%
Media Finland	597.8	618.1	-3%
Other operations and eliminations	-0.2	-0.8	79%
<b>Group total</b>	<b>1,392.9</b>	<b>1,298.3</b>	<b>7%</b>

The Group's net sales grew to EUR 1,393 million (2022: 1,298). In Learning, significant net sales growth was attributable to the acquired Italian and German business as well as strong growth of learning content sales particularly in Spain and Poland driven by curriculum renewals. In Media Finland, net sales declined slightly due to lower advertising sales. The Group's organic net sales growth was 2% (2022: 1%), being 6% in Learning and -3% in Media Finland.

### Operational EBIT excl. PPA by SBU

EUR million	FY 2023	FY 2022	Change
Learning	148.4	131.8	13%
Media Finland	39.8	65.8	-40%
Other operations and eliminations	-12.9	-8.4	-54%
<b>Group total</b>	<b>175.4</b>	<b>189.3</b>	<b>-7%</b>

Operational EBIT excl. PPA decreased to EUR 175 million (2022: 189). Earnings improved in Learning mainly due to strong organic growth and contribution of the acquired Italian and German businesses. In Media Finland, earnings decreased significantly driven by lower advertising sales and cost inflation. Other operations' earnings decreased mainly due to higher bonus provisions.

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

EUR million	FY 2023	FY 2022
<b>EBIT</b>	<b>51.7</b>	<b>112.0</b>
<b>Items affecting comparability (IACs)</b>		
Restructuring expenses	-37.6	-27.2
Of which related to Program Solar	-21.8	
Impairments	-13.3	-11.6
Capital gains/losses	4.6	0.9
VAT claims for years 2015–2018 and 2019–2021	-35.9	
<b>IACs total</b>	<b>-82.3</b>	<b>-37.9</b>
<b>Purchase price allocation adjustments and amortisations (PPAs)</b>	<b>-41.3</b>	<b>-39.3</b>
<b>Operational EBIT excl. PPA</b>	<b>175.4</b>	<b>189.3</b>

A detailed reconciliation on SBU level is presented on p. 21.

EBIT decreased to EUR 52 million (2022: 112) mainly due to lower operational earnings, the booking of the EUR 36 million VAT claim as an IAC in Media Finland in Q2 2023 (more information on p. 15) and higher restructuring expenses resulting from Program Solar launched in October. The Group's IACs increased to EUR -82 million (2022: -38). The restructuring expenses included EUR 22 million of costs related to Program Solar and integration costs of recent acquisitions. The impairments and capital gains were mainly related to rental book fixed assets impairment, selling of a minor property in Finland, recent minor M&As in Media Finland (more information is available on p. 36) as well as a write-down of assets related to the German Stark business, which was divested in early January 2024. PPAs increased to EUR 41 million (2022: 39) due to the acquisition in Italy and Germany.

Net financial items increased to EUR -31 million (2022: -13) as a result of a significant increase in interest rates. The average interest rate of external loans was 3.6% (2022: 1.5%).

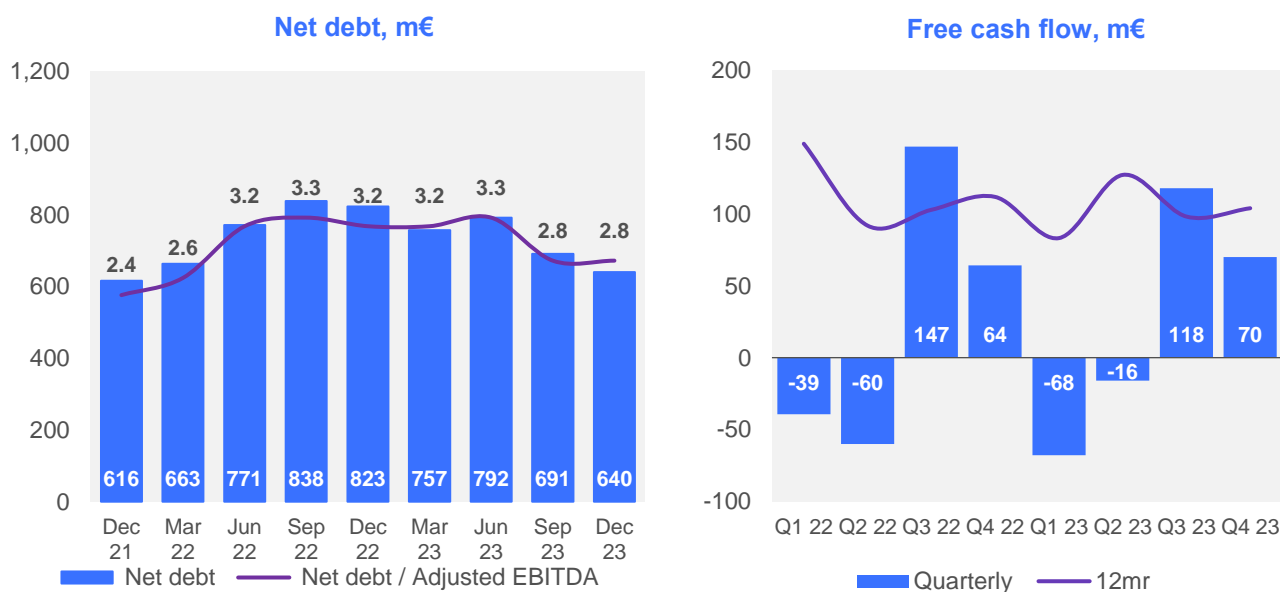
Result before taxes decreased to EUR 21 million (2022: 99) due to lower reported earnings and higher net financial expenses. Income taxes were EUR 17 million (2022: 22) and included a positive EUR 5 million adjustment related to the VAT claims in Q2 2023 and write-down of certain deferred tax assets in Q3 2023. Result for the period was EUR 4 million (2022: 77).

Operational earnings per share decreased to EUR 0.39 (2022: 0.65) and earnings per share to EUR -0.03 (2022: 0.47), being adversely impacted by clearly higher financial expenses and the interest booked for the hybrid bond.

## Financial position

At the end of December 2023, net debt declined to EUR 640 million (2022: 823). In March, part of the debt financing was replaced with a EUR 150 million hybrid bond that is recognised as equity. The net debt also declined compared to the end of September 2023 in line with the annual seasonality of the learning business. The Group's committed Revolving Credit Facility of EUR 300 million was fully unused. Net debt to adjusted EBITDA ratio improved to 2.8 (2022: 3.2), being at the long-term target of below 3.0. Equity ratio improved to 42.5% (2022: 35.8%), being within the long-term target range of 35–45%. More information on the hybrid bond is available on p. 15 under Events during the reporting period.

At the end of December 2023, the Group's equity totalled EUR 799 million (2022: 702), including the hybrid bond of EUR 150 million, and the consolidated balance sheet amounted to EUR 2,036 million (2022: 2,104).



## Cash flow

In 2023, the Group's free cash flow totalled EUR 105 million (2022: 112). In Learning, active working capital management throughout the year led to significant improvement in operating cash flow. The Italian and German businesses acquired in August 2022 had a significant positive impact on the free cash flow in 2022 due to the timing of the acquisition, when only the seasonally cash positive months of the year were consolidated. Consequently, in 2023, the acquired businesses had a negative impact on the year-on-year change of the reported free cash flow. Lower earnings in Media Finland and higher interest paid on external debt had an adverse impact on free cash flow, while it was supported by lower taxes paid and lower capital expenditure. The Group's free cash flow per share was EUR 0.64 (2022: 0.68).

In 2023, capital expenditure included in the Group's free cash flow decreased to EUR 43 million (2022: 53) and mainly consisted of growth investments in digital platforms and ICT in Learning.



## Progress in Program Solar in Learning

On 26 October, Sanoma announced that Sanoma Learning's operational EBIT margin excl. PPA is estimated to reach its long-term target level of 23% in 2026 (2023: 18.7%) supported by the new process and efficiency improvement program, Solar. Annual operational efficiencies from Program Solar are estimated to amount to approx. EUR 55 million from 2026 onwards. The implementation of Solar has started and is progressing on track, with 80% of the initiatives expected to be finalised during 2024.

The costs related to the program are estimated to be approx. EUR 45 million and they are mainly related to restructuring expenses. The costs of the program are treated as IACs and they are booked in Learning's result. All Solar-related costs are expected to occur during 2023–2024. The costs of the program, treated as IACs, were EUR 5 million in Q4 2023 and EUR 22 million in FY 2023. All organisational optimisation actions are subject to works council negotiations and other local legal procedures.

More information on the program is available on p. 14 under Events during the reporting period.

## Learning

Sanoma Learning is one of the global leaders in K12 education, serving over 25 million students in 12 European countries. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning content as well as digital learning and teaching platforms for K12, i.e., primary, secondary and vocational education, and we aim to continue to grow our business in Europe and beyond. We develop our methodologies based on deep teacher and student insight and truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact.

### Key indicators

EUR million	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Net sales	100.4	101.6	-1%	795.2	681.0	17%
Operational EBITDA <sup>1)</sup>	-5.5	4.8	-215%	237.6	212.8	12%
Operational EBIT excl. PPA <sup>2)</sup>	-30.6	-18.9	-62%	148.4	131.8	13%
Margin <sup>2)</sup>	-30.5%	-18.6%		18.7%	19.4%	
EBIT	-51.1	-34.0	-50%	70.6	67.2	5%
Capital expenditure	10.2	12.5	-19%	33.8	40.4	-16%
Average number of employees (FTE)				2,849	2,717	5%

<sup>1)</sup> Excluding IACs

<sup>2)</sup> Excluding IACs of EUR -12.2 million in Q4 2023 (2022: -6.3), EUR -43.4 million in FY 2023 (2022: -32.2) as well as PPA adjustments and amortisations of EUR 8.2 million in Q4 2023 (2022: 8.8), EUR 34.5 million in FY 2023 (2022: 32.5).

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 21.

### Net sales by country

EUR million	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
The Netherlands	26.8	31.1	-14%	218.7	223.4	-2%
Poland	18.7	14.6	29%	125.7	109.0	15%
Spain	13.0	15.2	-15%	152.4	129.7	18%
Italy	10.4	11.4	-9%	104.7	30.8	
Finland	8.2	8.7	-5%	60.9	59.7	2%
Belgium	8.1	6.5	25%	82.1	83.7	-2%
Other countries and eliminations <sup>1)</sup>	15.1	14.2	6%	50.8	44.7	14%
<b>Net sales total</b>	<b>100.4</b>	<b>101.6</b>	<b>-1%</b>	<b>795.2</b>	<b>681.0</b>	<b>17%</b>

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

*The learning business has, by its nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically smaller in net sales and loss-making. The acquisitions completed in Spain and Italy in 2020–2022 have further increased the overall seasonality and the importance of the third quarter, when the new school year starts, for the business. Shifts of single orders between quarters may have a material impact when comparing quarterly net sales and earnings on a year-on-year basis, and therefore year-to-date figures typically provide a more comprehensive picture of Learning's business performance and development than quarterly figures.*

### Q4 2023

Net sales of Learning were stable and amounted to EUR 100 million (2022: 102). Overall, the net sales were supported by successfully implemented price increases across the learning content businesses. In the Netherlands, distribution sales declined compared to later phasing of sales in the previous year. The ending curriculum renewal continued to support the net sales in Poland. In Spain, phasing of sales between quarters normalised compared to the previous year, when some sales were delayed from the third to the fourth quarter.

Operational EBIT excl. PPA was seasonally negative and decreased to EUR -31 million (2022: -19) as a result of normalised phasing between the third and fourth quarters compared to delayed deliveries in Spain and the Netherlands in 2022. The earnings improved in Poland supported by higher margin sales mix.

EBIT was EUR -51 million (2022: -34). IACs amounted to EUR -12 million (2022: -6) and consisted mainly of restructuring expenses related to Program Solar, integration costs of recent acquisitions and a write-down of assets related to the German Stark business, which was divested in early January 2024. PPAs were EUR 8 million (2022: 9).

Capital expenditure amounted to EUR 10 million (2022: 13) and consisted of growth investments in digital platforms and ICT.

## **FY 2023**

Net sales of Learning grew significantly and amounted to EUR 795 million (2022: 681). Growth of learning content sales was particularly strong in Spain and Poland driven by successful implementation of the recent curriculum renewals. In the Netherlands, sales of learning content increased, while distribution sales declined mainly as low value contracts were discontinued as planned. Successfully implemented price increases also contributed to the strong organic net sales growth of 6% (2022: 1%). The acquired Italian and German businesses made a EUR 119 million (2022: 37) contribution to the net sales. The October 2022 divestment of Eduarte, a Dutch student administration system provider for vocational education, reduced net sales.

Operational EBIT excl. PPA increased to EUR 148 million (2022: 132). Strong organic growth driven by successfully implemented curriculum renewals in Spain and Poland as well as price increases across the learning content businesses contributed to the good earnings development. Earnings improvement was partly offset by inflation impact particularly in paper, printing and personnel costs. The acquired Italian and German businesses had a solid positive contribution on earnings.

EBIT grew to EUR 71 million (2022: 67), supported by solid operational earnings performance. IACs increased to EUR -43 million (2022: -32) and consisted of, among others, restructuring expenses related to Program Solar, integration costs of recent acquisitions as well as impairments related to rental book fixed assets and a write-down of assets related to the German Stark business, which was divested in early January 2024. PPAs increased to EUR 35 million (2022: 33) as a result of the acquisition in Italy and Germany.

Capital expenditure amounted to EUR 34 million (2022: 40) and mainly consisted of growth investments in digital platforms and ICT.

## Media Finland

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

### Key indicators

EUR million	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Net sales	153.1	158.0	-3%	597.8	618.1	-3%
Operational EBITDA <sup>1)</sup>	38.6	41.7	-7%	132.4	150.2	-12%
Operational EBIT excl. PPA <sup>2)</sup>	9.2	18.1	-49%	39.8	65.8	-40%
Margin <sup>2)</sup>	6.0%	11.4%		6.7%	10.6%	
EBIT	5.1	13.9	-63%	-8.4	54.3	-115%
Capital expenditure	1.9	2.3	-19%	8.6	8.9	-4%
Average number of employees (FTE)				2,144	2,160	-1%

<sup>1)</sup> Excluding IACs

<sup>2)</sup> Excluding IACs of EUR -2.3 million in Q4 2023 (2022: -2.5), EUR -41.3 million in FY 2023 (2022: -4.6) as well as PPA adjustments and amortisations of EUR 1.8 million in Q4 2023 (2022: 1.7), EUR 6.8 million in FY 2023 (2022: 6.9).

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 21.

### Net sales by category

EUR million	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Print	69.4	75.4	-8%	272.8	297.6	-8%
Non-print	83.7	82.7	1%	325.0	320.6	1%
<b>Net sales total</b>	<b>153.1</b>	<b>158.0</b>	<b>-3%</b>	<b>597.8</b>	<b>618.1</b>	<b>-3%</b>

EUR million	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Advertising sales	63.0	65.1	-3%	219.2	235.7	-7%
Subscription sales	63.4	63.1	1%	246.0	247.4	-1%
Single copy sales	9.4	9.9	-5%	38.3	39.3	-3%
Other	17.3	20.0	-14%	94.3	95.8	-1%
<b>Net sales total</b>	<b>153.1</b>	<b>158.0</b>	<b>-3%</b>	<b>597.8</b>	<b>618.1</b>	<b>-3%</b>

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

### Q4 2023

Net sales of Media Finland declined slightly and amounted to EUR 153 million (2022: 158). Challenges in the advertising markets continued, resulting in 3% lower advertising sales in line with the market development. The majority of the decline was attributable to newsprint, which was partially offset by growing digital advertising sales. Comparable subscription sales grew modestly supported by price increases and a minor increase in the subscription base. The divestment of Supla's audiobook operations during the first quarter had a small adverse impact on the reported subscription sales. Other sales declined mainly due to lower external printing sales as a result of lower volumes and paper prices.

According to the Finnish Advertising Trends survey for December 2023 by Kantar TNS, the advertising market in Finland declined by 5% year-on-year on a net basis in Q4 2023. Advertising decreased in all categories relevant to Sanoma: by 13% in newspapers, by 14% in magazines, by 6% in TV, by 4% in radio and by 1% online (excluding search and social media).

Operational EBIT excl. PPA decreased to EUR 9 million (2022: 18) driven by lower advertising sales. A decline in external printing sales also impacted the result. Personnel costs increased due to salary inflation and normalised bonus provisions in comparison to the lower previous year levels. In addition, TV programme costs increased and the result was further impacted by higher amortisation of TV broadcasting rights. Profitability was supported by lower paper, printing and distribution costs as well as active cost containment actions.

EBIT declined to EUR 5 million (2022: 14) as a result of lower operational earnings. IACs amounted to EUR -2 million (2022: -3). PPAs were EUR 2 million (2022: 2).

Capital expenditure amounted to EUR 2 million (2022: 2) and included mainly investments in technology.

## FY 2023

Net sales of Media Finland declined slightly and amounted to EUR 598 million (2022: 618). Challenges in the advertising markets continued throughout the year resulting in 7% lower advertising sales. The majority of the decline was attributable to newsprint and TV, while digital advertising sales grew. Comparable subscription sales grew slightly, supported by price increases and a minor increase in the subscription base. The divestment of Supla's audiobook operations during the first quarter had a small adverse impact on the reported subscription sales. In other sales, the solid performance of the events and festival business during its high season in the third quarter offset the decline in external printing sales. Organic net sales growth was -3% (2022: 0%).

According to the Finnish Advertising Trends survey for December 2023 by Kantar TNS, the advertising market in Finland declined by 4% year-on-year on a net basis in 2023. Advertising decreased in all categories relevant to Sanoma: by 13% in newspapers, by 15% in magazines, by 4% in TV, by 2% in radio and by 2% online excluding search and social media (0% including search and social media).

Operational EBIT excl. PPA decreased to EUR 40 million (2022: 66) mostly driven by lower advertising sales. Personnel costs increased due to salary inflation and normalised bonus provisions in comparison to the lower previous year levels. However, lower paper, printing and distribution costs as well as active cost containment actions supported profitability.

EBIT declined to EUR -8 million (2022: 54) as a result of lower operational earnings, the EUR 36 million VAT claims for the years 2015–2021 booked as IACs in Q2 2023 (more information on p. 15) and costs related to recent minor M&As (more information is available on p. 36). Consequently, the IACs increased to EUR -41 million (2022: -5). PPAs were EUR 7 million (2022: 7).

Capital expenditure amounted to EUR 9 million (2022: 9) and included mainly investments in technology and investments in adapting offices to the hybrid way of working.

## Personnel

In 2023, the average number of employees in full-time equivalents (FTE) was 5,119 (2022: 5,018). The average number of employees (FTE) per SBU was as follows: Learning 2,849 (2022: 2,717), Media Finland 2,144 (2022: 2,160) and Other operations 126 (2022: 141). The increase in the average number of employees in Learning was mainly due to the acquired Italian and German business.

At the end of December, the number of employees (FTE) of the Group was 5,017 (2022: 5,079).

In 2023, the employee benefit expenses grew to EUR 405 million (2022: 356) due to salary inflation, higher bonus provisions and the increase in the number of employees resulting from the Italian and German acquisition and insourcing of certain support operations.

## Changes in management

On 6 November, Sanoma announced that President and CEO Susan Duinhoven will step down from the role of President and CEO of Sanoma Corporation during the first half of 2024.

On 20 November, the Board of Directors appointed Rob Kolkman President and CEO of Sanoma Corporation as of 1 January 2024. Rob succeeds Susan Duinhoven, who will continue as executive advisor to the company until the end of March 2024 to support a solid transition to the new CEO and assist in strategic projects.

## Executive Management Team

In 2023, Sanoma's Executive Management Team consisted of the following members: Susan Duinhoven, President and CEO; Alex Green, CFO; Pia Kalsta, CEO of Media Finland and Rob Kolkman, CEO of Learning. As of 1 January 2024, Sanoma's Executive Management Team consists of the following members: Rob Kolkman, President and CEO; Alex Green, CFO; Pia Kalsta, CEO of Media Finland.

## Acquisitions and divestments

There were no major acquisitions or divestments in 2023. Information on acquisitions and divestments conducted in 2022 and earlier is available at [sanoma.com](https://www.sanoma.com).

## Events after the reporting period

On 1 February 2024, the Shareholders' Nomination Committee proposed to the Annual General Meeting 2024 that the number of the members of the Board of Directors is set at eight. The Nomination Committee also proposed that Pekka Ala-Pietilä, Julian Drinkall, Rolf Grisebach, Anna Herlin, Mika Ihamuotila, Sebastian Langenskiöld and Eugenie van Wiechen are re-elected as members of the Board of Directors. Nils Ittonen and Denise Koopmans have informed that they do not stand for re-election to the Board. Consequently, the Nomination Committee proposed that Klaus Cawén shall be elected as a new member of the Board. In addition, the Shareholders' Nomination Committee has proposed that Pekka Ala-Pietilä is elected as the Chair and Klaus Cawén as the Vice Chair of the Board of Directors. The proposed Board members have all given their consent to being elected. The term of all the Board members ends at the end of the Annual General Meeting 2025. The Shareholders' Nomination Committee also proposed that the monthly remuneration payable as well as the meeting fees of the members of the Board of Directors remain unchanged. Essential biographical information on all Board member candidates is available at [sanoma.com](https://www.sanoma.com).

On 18 January 2024, Sanoma announced to divest its majority holding in Netwheels Oy to Alma Media. Net sales of the divested business were approx. EUR 8 million in 2023 and the company employed 29 people who will transfer to the buyer at completion. The transaction was completed at the end of January.

On 8 January 2024, Sanoma divested Stark, an exam preparation business in Germany, which it acquired in connection to the Italian K12 learning content business from Pearson in August 2022. Net sales of the divested business were approx. EUR 14 million in 2023 and the company employed 56 people who transferred to the buyer with the divestment.

## Events during the reporting period

On 26 October, Sanoma announced that Sanoma Learning's operational EBIT margin excl. PPA is estimated to reach its long-term target level of 23% in 2026 (approx. 18% in FY 2023) supported by the new process and efficiency improvement program, Solar. Annual operational efficiencies from Solar are estimated to amount to approx. EUR 55 million from 2026 onwards. Solar consists of several workstreams across the learning business and operations, including organisational

optimisation post curriculum renewals especially in Spain and Poland, process improvements in publishing operations across learning material businesses in seven countries, continuing harmonisation of digital learning platforms started in 2022, and overhead and other optimisation across the SBU. In 2023, Sanoma has booked EUR 22 million of costs related to Solar as items affecting comparability (IACs) in Sanoma Learning's result. In 2024, Solar-related costs booked as IACs are estimated to amount to approx. EUR 23 million. All organisational optimisation actions are subject to works council negotiations and other local legal procedures. Information about the progress in Program Solar is available on p. 8 under Progress in Program Solar in Learning.

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

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

On 8 June, Sanoma announced that the Administrative Court had rejected Sanoma's appeal that concerned the VAT payment decision regarding the tax audits at Sanoma Media Finland Oy for the years 2015–2018, received from the Finnish Tax Adjustment Board on 29 April 2021. The case concerned the treatment of VAT of certain magazines that were printed in multiple locations in Europe, and processed in and distributed through a centralised logistics centre in Norway. Based on the payment decision by the Tax Adjustment Board, Sanoma paid approx. EUR 25 million of VAT, penalties and interest in Q3 2021. According to the Administrative Court's decision and pursuant to the Tax Assessment Procedure Act, no tax was refunded to Sanoma. On 16 December 2022, Sanoma announced it had received a similar payment decision based on the tax audits for the years 2019–2021, and paid approx. EUR 11 million of VAT, penalties and interests in December 2022. Sanoma also considered these claims for the years 2019–2021 fully unjustified and appealed the decision to the Finnish Tax Adjustment Board, where the process is still ongoing. Based on the Administrative Court's decision on 8 June 2023, the VAT claims for the years 2015–2018 and 2019–2021, amounting to EUR 36 million, were booked as IACs in Media Finland's Q2 2023 result, and a positive EUR 5 million adjustment to the Group's income taxes. The court decision had no impact on Sanoma's free cash flow as the VAT claims were pre-paid already in 2021 and 2022. Sanoma has applied for a permission to appeal the 2015–2018 decision to the Supreme Administrative Court. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.

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

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



## Sustainability

Sanoma's purpose-driven learning and media businesses have a positive impact on the lives of millions of people every day. Sanoma's Sustainability Strategy is designed to maximise the positive impact and minimise the environmental footprint of the business. In 2023, Sanoma continued to implement its Sustainability strategy, which focuses on six topics: Inclusive learning, Sustainable media, Trustworthy data, Valued people, Vital environment and Responsible business practices. In November, the Science Based Targets initiative (SBTi) approved Sanoma's near-term science-based emission reduction targets for its own operations (Scope 1 and 2) and value chain (Scope 3). This validation confirms that Sanoma's climate strategy and business model are compatible with transition to a sustainable economy and limiting of global warming to 1.5°C in line with the Paris Agreement.

In 2023, the Group continued preparations for the EU's Corporate Sustainability Reporting Directive (CSRD) and the reporting requirements of the related European Sustainability Reporting Standards (ESRS). In September, the members of the Board of Directors and the Group's executive management were trained on the impact of the CSRD on sustainability management and reporting, and especially on the roles and responsibilities of the supervisory bodies, by the company's auditor, PwC.

Sanoma's EU Taxonomy disclosure as well as the overall progress towards its long-term sustainability targets will be reported in the Annual Report 2023, which will include both the Sustainability Report and the disclosure in line with the Non-Financial Reporting Directive (NFRD). The Sustainability Report will be prepared according to the most relevant Global Reporting Initiative (GRI) standards, Sustainability Accounting Standard Board's (SASB) standards and Task Force on Climate Related Disclosure (TCFD) guidelines. The Annual Report 2023 will be published in week 10.

### Sanoma's key ESG ratings

Rating	Sanoma score	Scale (low to high)	Change to previous score	Rating within industry	Last update
MSCI ESG rating	AA	CCC to AAA	Unchanged	Above industry average level	Q3 2022
ISS Corporate Rating	Prime C+	D to A+	Improved from C- to Prime C+	Among the highest decile in the industry	Q3 2023
Sustainalytics Risk Rating	10.9	100–0	Declined by 1.1	Above industry average level	Q4 2022
CDP Climate Change and Forest	Climate A-Forest B	D- to A	Unchanged	Among industry leaders in climate	Q1 2024
S&P Global Corporate Sustainability Assessment (CSA)	44/100	0–100	Declined by 5 points	Among top 9% in the industry	Q4 2023
Upright Net Impact	+75%	from limitless negative % to +100%	Unchanged	Among highest decile in the industry	Q4 2023

## Share capital and shareholders

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

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

Sanoma had 24,756 (2022: 23,695) registered shareholders at the end of December 2023.



## Flagging notification

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

## Share trading and performance

At the end of December 2023, Sanoma's market capitalisation was EUR 1,135 million (2022: 1,602) with Sanoma's share closing at EUR 6.95 (2022: 9.82). In January–December 2023, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 7.58 (2022: 12.56), with a low of EUR 5.91 (2022: 9.48) and a high of EUR 10.30 (2022: 14.78).

In January–December 2023, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 166 million (2022: 156). The trading volume of 22 million shares (2022: 12) equalled an average daily turnover of 87,000 shares (2022: 49,000). The traded shares accounted for some 13% (2022: 8%) of the average number of shares. Sanoma's share turnover, including alternative trading venues, CBOE DXE, Turquoise and Frankfurt, was 26 million shares (2022: 15). Nasdaq Helsinki represented 83% (2022: 83%) of the share turnover. (Source: Euroland)

## Decisions of the Annual General Meeting

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

The meeting adopted the Financial Statements, the Board of Directors' Report and the Auditor's Report for the year 2022 as well as discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2022. In addition, the meeting made an advisory decision on the adoption of the Remuneration Policy and the Remuneration Report of the governing bodies.

The AGM resolved that a dividend of EUR 0.37 per share shall be paid. The dividend shall be paid in three instalments. The first instalment of EUR 0.13 per share was paid to a shareholder who was registered in the shareholder register of the Company maintained by Euroclear Finland Ltd on the dividend record date 21 April 2023. The payment date for this instalment was 28 April 2023.

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

The third instalment of EUR 0.11 per share was paid to a shareholder who was registered in the shareholder register of the Company maintained by Euroclear Finland Ltd on the dividend record date 27 October 2023. The payment date for the instalment was 3 November 2023.

The AGM resolved that the number of the members of the Board of Directors shall be set at nine. Pekka Ala-Pietilä, Julian Drinkall, Rolf Grisebach, Anna Herlin, Mika Ihamuotila, Nils Ittonen, Denise Koopmans and Sebastian Langenskiöld were re-elected as members, and Eugenie van Wiechen was elected as a new member of the Board of Directors. Pekka Ala-Pietilä was elected as the Chair of the Board and Nils Ittonen as the Vice Chair. The term of all Board members ends at the end of the AGM 2024.

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

The meeting fees are:

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

- For Committee members who reside in Finland: EUR 1,500 / Committee meeting participated.

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

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

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

The AGM authorised the Board of Directors to decide on the repurchase of a maximum of 16,000,000 of the Company's own shares (approx. 9.8% of all shares of the Company) in one or several instalments. The shares shall be repurchased with funds from the Company's unrestricted shareholders' equity, and the repurchases shall reduce funds available for distribution of profits. The authorisation will be valid until 30 June 2024 and it terminates the corresponding authorisation granted by the AGM 2022.

The AGM authorised the Board of Directors to decide on issuance of new shares and the conveyance of the Company's own shares held by the Company (treasury shares) and the issuance of option rights and other special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Companies Act. Option rights and other special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Companies Act may not be granted as part of the Company's incentive programme. The Board will be entitled to decide on the issuance of a maximum of 16,000,000 new shares (approx. 9.8% of all shares of the Company) as well as conveyance of a maximum of 21,000,000 treasury shares held by the Company in one or several instalments. The issuance of shares, the conveyance of treasury shares and the granting of option rights and other special rights entitling to shares may be done in deviation from the shareholders' pre-emptive right (directed issue). The authorisation will be valid until 30 June 2024 and it will replace the corresponding authorisation granted by the AGM 2022.

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

## Seasonal fluctuation

Seasonal fluctuations in both Learning and Media Finland influence the Group's net sales and EBIT. The learning business has, by its nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically loss-making. The acquisitions in Italy and Spain, completed in 2020–2022, have further increased the overall seasonality and the importance of the third quarter, when the new school year starts, for the business. Shifts of single orders between quarters may have a material impact when comparing quarterly net sales and earnings on a year-on-year basis, and thus year-to-date figures typically provide a more comprehensive picture of Learning's business performance and development.

In the media business, net sales and earnings are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published each quarter, which varies annually. TV advertising in Finland is usually strongest in the second and fourth quarters. The events business in Finland is typically focused on the second and third quarters. In June–August 2023, Sanoma arranged 13 festivals, which equals the number of festivals arranged in 2022.

## Significant near-term risks and uncertainties

Sanoma is exposed to numerous risks and opportunities that may arise from its own operations or the changing operating environment in the short or long term. Sanoma divides its key risks into four main categories: strategic, operational, non-financial and financial risks. A comprehensive overview of significant risks that could have a negative impact on Sanoma's business, performance, or financial status are described in the Report of the Board of Directors, part of the Annual Report 2022, on pages 107–116. These risks still apply. The main updates and the most significant near-term risks and uncertainties are summarised in each Interim Report and are described below. The Annual Report 2023, including an updated risk review as part of the Report of the Board of Directors, will be published in week 10, which starts on 4 March 2024.

Changes in the general economic conditions may be reflected in Sanoma's operational and financial performance. Cost inflation, especially salary inflation, is expected to continue to have an impact on Sanoma's operating costs during 2024. In the current macroeconomic environment, visibility to the development of advertising demand in Finland remains low and is reflected as an uncertainty related to Media Finland's financial performance. Low confidence among Finnish consumers may have an adverse impact on the demand for Media Finland's products and services. Moreover, consumer confidence may affect the demand for learning content in some of Sanoma's operating countries and/or in product segments where the parents or students themselves pay for learning content, although such segments constitute a smaller part of Learning's business.

The possible weakening of the economy in the Group's operating countries may increase the Group's credit risk, although potential concentrations of credit risk are offset by the Group's diversified operations and the fact that no individual customer or group of customers is material to the Group. In addition, the weakening of the euro against main currencies, incl. the US dollar, may increase the cost of the goods and services Sanoma buys in currencies other than euros (e.g. hosting and TV content) and poses a risk to Sanoma's financial performance. Part of the currency transaction risk is hedged with forward contracts, while hedge accounting is not applied. The impacts of the changes in the operating environment on Sanoma's financial performance can be partially mitigated through, for example, price increase and costs management actions, and the net impact is reflected in the Group's 2024 Outlook. The planned cost management actions include Program Solar in Learning, which is expected to bring annual EUR 55 million benefits from 2026 onwards. Failure in implementing the cost savings actions related to Program Solar may have an impact on Sanoma's financial performance in the coming years.

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

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

Changes in taxation, as well as in the interpretation of tax laws and practices applicable to Sanoma's products and services or their distribution, e.g. VAT, may have an effect on the Group's operations or its financial performance. Sanoma booked a total net amount of EUR 31 million of VAT claims for the years 2015–2018 and 2019–2021 concerning the treatment of VAT of certain magazines that were printed in multiple locations in Europe, and processed in and distributed through a centralised logistics centre in Norway, as IACs in Media Finland's Q2 2023 result. Sanoma has applied for permission to appeal the 2015–2018 decision to the Supreme Administrative Court. The VAT regulations have changed as of 1 July 2021 and thus further claims related to the matter are not expected. More information on the matter is available on p. 15.

At the end of December 2023, Sanoma's consolidated balance sheet included EUR 1,533 million (2022: 1,551) of goodwill, immaterial rights and other intangible assets. The majority of these are related to the learning business. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis or more frequently if there is any indication of impairment. Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's and equity-related ratios. Further, as Sanoma's strategic aim is to grow through acquisitions, material amounts of goodwill, immaterial rights and other intangible assets might be recorded on Sanoma's balance sheet in connection with the completions of acquisitions and may be impaired in the future. The impairment losses on goodwill, immaterial rights and other intangible assets in 2023 totalled EUR 11 million (2022: 8).

## Dividend proposal

On 31 December 2023, Sanoma Corporation's distributable funds were EUR 399 million, of which profit for the year made up EUR 1 million. Including the fund for non-restricted equity of EUR 210 million, the distributable funds amounted to EUR 608 million. The Board of Directors proposes to the Annual General Meeting that:

- A dividend of EUR 0.37 per share shall be paid for the year 2023. The dividend shall be paid in three instalments. The first instalment of EUR 0.13 per share shall be paid to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the dividend record date 19 April 2024. The payment date for this instalment is 26 April 2024. The record date for the second instalment of EUR 0.13 per share will be decided by the Board of Directors in September, and the estimated payment date will be in September 2024. The record date for the third instalment of EUR 0.11 per share will be decided by the Board of Directors in October, and the estimated payment date will be in November 2024.
- The amount left in equity shall be EUR 548 million.

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

## Financial reporting in 2024

Sanoma will publish the following financial reports during 2024:

Interim Report 1 January–31 March 2024	Wednesday, 8 May 2024
Interim Report 1 January–30 June 2024	Wednesday, 24 July 2024
Interim Report 1 January–30 September 2024	Thursday, 31 October 2024

Sanoma's Annual Report 2023, which in addition to the Financial Statements and Report of the Board of Directors for 2023 includes the company's Sustainability Report, Corporate Governance Statement and Remuneration Report, will be published during week 10, which starts on 4 March 2024. The Annual General Meeting 2024 is planned to be held on Wednesday, 17 April 2024 in Helsinki.

Helsinki, 6 February 2024

Board of Directors  
Sanoma Corporation

## Reconciliation of operational EBIT excl. PPA

EUR million	Q4 2023	Q4 2022	FY 2023	FY 2022
<b>EBIT</b>	<b>-51.4</b>	<b>-20.8</b>	<b>51.7</b>	<b>112.0</b>
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations</b>				
<b>Learning</b>				
Impairments	-4.1	-1.1	-10.1	-11.6
Capital gains/losses		0.5		0.5
Restructuring expenses	-8.1	-5.7	-33.3	-21.1
PPA adjustments and amortisations	-8.2	-8.8	-34.5	-32.5
<b>Media Finland</b>				
Impairments	-0.9		-3.2	
Capital gains/losses			1.6	0.4
Restructuring expenses	-1.4	-2.5	-3.8	-5.0
VAT claims for years 2015-2018 and 2019-2021			-35.9	
PPA adjustments and amortisations	-1.8	-1.7	-6.8	-6.9
<b>Other operations</b>				
Capital gains/losses			2.9	
Restructuring expenses	0.2	0.8	-0.6	-1.1
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations total</b>	<b>-24.4</b>	<b>-18.5</b>	<b>-123.7</b>	<b>-77.2</b>
<b>Operational EBIT excl. PPA</b>	<b>-27.0</b>	<b>-2.3</b>	<b>175.4</b>	<b>189.3</b>
Depreciation of buildings and structures	-8.1	-7.1	-27.9	-26.6
Depreciation of rental books	-1.1	-2.7	-7.4	-11.5
Amortisation of film and TV broadcasting rights	-16.8	-14.9	-58.9	-54.2
Amortisation of prepublication rights	-12.9	-13.9	-42.5	-31.6
Other depreciations, amortisations and impairments	-19.2	-9.3	-57.8	-53.2
Items affecting comparability in depreciation, amortisation and impairments	3.3	0.5	11.6	11.1
<b>Operational EBITDA</b>	<b>27.8</b>	<b>45.3</b>	<b>358.3</b>	<b>355.4</b>

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

EUR million	Q4 2023	Q4 2022	FY 2023	FY 2022
<b>Media Finland</b>				
Fair value remeasurement of previously held equity interest			-1.0	

## Reconciliation of operational EPS

EUR million	Q4 2023	Q4 2022	FY 2023	FY 2022
<b>Result for the period attributable to the equity holders of the Parent Company</b>	<b>-44.7</b>	<b>-21.4</b>	<b>3.3</b>	<b>76.2</b>
Accrued interest on the hybrid bond net of tax	-2.4		-7.6	
Items affecting comparability	14.3	8.0	83.3	37.9
Tax effect of items affecting comparability	-2.5	1.6	-14.6	-7.8
<b>Operational result for the period attributable to the equity holders of the Parent Company</b>	<b>-35.2</b>	<b>-11.8</b>	<b>64.4</b>	<b>106.3</b>
Weighted average number of shares on the market	163,267,618	163,177,768	163,253,094	163,130,613
<b>Operational EPS</b>	<b>-0.22</b>	<b>-0.07</b>	<b>0.39</b>	<b>0.65</b>

## Reconciliation of net debt

EUR million	31 Dec 2023	31 Dec 2022
Non-current financial liabilities	249.4	599.4
Current financial liabilities	301.4	100.1
Non-current lease liabilities	124.8	119.6
Current lease liabilities	30.0	45.3
Cash and cash equivalents	-65.9	-41.0
<b>Net debt</b>	<b>639.7</b>	<b>823.4</b>

## Reconciliation of adjusted EBITDA

EUR million	FY 2023	FY 2022
12-month rolling operational EBITDA	358.3	355.4
Impact of acquired and divested operations	0.1	17.2
Impact of programming rights	-64.9	-54.3
Impact of prepublication rights	-55.3	-55.4
Impact of rental books	-8.7	-7.5
<b>Adjusted EBITDA</b>	<b>229.5</b>	<b>255.4</b>

## Reconciliation of comparable net sales

EUR million	Q4 2023	Q4 2022	FY 2023	FY 2022
<b>Group</b>				
Net sales	253.4	259.5	1,392.9	1,298.3
Impact of acquired and divested operations	-1.5	-2.1	-82.7	-10.5
<b>Comparable net sales</b>	<b>251.9</b>	<b>257.4</b>	<b>1,310.2</b>	<b>1,287.8</b>
<b>Learning</b>				
Net sales	100.4	101.6	795.2	681.0
Impact of acquired and divested operations	0.0	0.0	-80.0	-6.0
<b>Comparable net sales</b>	<b>100.4</b>	<b>101.6</b>	<b>715.2</b>	<b>675.0</b>
<b>Media Finland</b>				
Net sales	153.1	158.0	597.8	618.1
Impact of acquired and divested operations	-1.5	-2.1	-2.7	-4.5
<b>Comparable net sales</b>	<b>151.5</b>	<b>155.9</b>	<b>595.1</b>	<b>613.6</b>

## Income statement by quarter

EUR million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022
<b>NET SALES</b>	<b>217.8</b>	<b>341.3</b>	<b>580.3</b>	<b>253.4</b>	<b>210.6</b>	<b>313.2</b>	<b>514.9</b>	<b>259.5</b>
Other operating income	7.3	5.5	6.0	6.7	4.7	2.6	5.2	8.5
Materials and services	-73.5	-101.9	-227.8	-83.9	-65.0	-91.2	-212.5	-89.3
Employee benefit expenses	-97.2	-102.6	-104.2	-101.4	-87.7	-92.0	-84.2	-92.3
Other operating expenses	-43.0	-87.9	-50.1	-58.1	-36.7	-45.3	-46.4	-48.8
Share of results in joint ventures	0.2	0.2	0.3	0.0	0.1	0.1	0.2	0.0
Depreciation, amortisation and impairment losses	-54.7	-55.1	-57.9	-68.2	-48.0	-49.0	-60.9	-58.6
<b>EBIT</b>	<b>-43.1</b>	<b>-0.5</b>	<b>146.7</b>	<b>-51.4</b>	<b>-22.0</b>	<b>38.5</b>	<b>116.3</b>	<b>-20.8</b>
Share of results in associated companies	-1.0	0.0	0.0	0.4	0.1	0.0	-0.2	-0.2
Financial income	2.4	6.2	-0.3	0.4	1.1	4.1	3.4	0.9
Financial expenses	-8.8	-14.4	-8.4	-7.4	-4.4	-4.0	-6.9	-6.7
<b>RESULT BEFORE TAXES</b>	<b>-50.6</b>	<b>-8.7</b>	<b>138.0</b>	<b>-58.1</b>	<b>-25.2</b>	<b>38.6</b>	<b>112.6</b>	<b>-26.8</b>
Income taxes	10.8	-2.5	-38.3	13.5	6.9	-7.7	-27.0	5.6
<b>RESULT FOR THE PERIOD</b>	<b>-39.8</b>	<b>-11.2</b>	<b>99.7</b>	<b>-44.6</b>	<b>-18.3</b>	<b>30.8</b>	<b>85.6</b>	<b>-21.1</b>
<b>Result attributable to:</b>								
Equity holders of the Parent Company	-40.0	-11.4	99.3	-44.7	-18.5	30.7	85.4	-21.4
Non-controlling interests	0.2	0.2	0.3	0.1	0.2	0.2	0.2	0.2
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>								
Earnings per share, EUR	-0.25	-0.08	0.59	-0.29	-0.11	0.19	0.52	-0.13
Diluted earnings per share, EUR	-0.25	-0.08	0.59	-0.29	-0.11	0.19	0.52	-0.13



## Net sales by SBU

EUR million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Learning	76.3	188.0	430.4	100.4	795.2	69.3	149.8	360.3	101.6	681.0
Media Finland	141.5	153.4	149.9	153.1	597.8	141.6	163.7	154.8	158.0	618.1
Other operations and eliminations	-0.1	-0.1	0.0	0.0	-0.2	-0.3	-0.3	-0.1	-0.1	-0.8
<b>Total</b>	<b>217.8</b>	<b>341.3</b>	<b>580.3</b>	<b>253.4</b>	<b>1,392.9</b>	<b>210.6</b>	<b>313.2</b>	<b>514.9</b>	<b>259.5</b>	<b>1,298.3</b>

## EBIT by SBU

EUR million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Learning	-43.8	33.1	132.4	-51.1	70.6	-27.7	30.5	98.4	-34.0	67.2
Media Finland	1.5	-29.5	14.6	5.1	-8.4	7.5	14.6	18.2	13.9	54.3
Other operations and eliminations	-0.7	-4.1	-0.3	-5.5	-10.5	-1.8	-6.7	-0.3	-0.7	-9.4
<b>Total</b>	<b>-43.1</b>	<b>-0.5</b>	<b>146.7</b>	<b>-51.4</b>	<b>51.7</b>	<b>-22.0</b>	<b>38.5</b>	<b>116.3</b>	<b>-20.8</b>	<b>112.0</b>

## Operational EBIT excl. PPA by SBU

EUR million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Learning	-33.5	48.3	164.3	-30.6	148.4	-19.7	41.0	129.4	-18.9	131.8
Media Finland	5.1	8.7	16.8	9.2	39.8	9.9	17.2	20.6	18.1	65.8
Other operations and eliminations	-2.3	-3.3	-1.7	-5.7	-12.9	-0.6	-4.6	-1.6	-1.5	-8.4
<b>Total</b>	<b>-30.7</b>	<b>53.7</b>	<b>179.4</b>	<b>-27.0</b>	<b>175.4</b>	<b>-10.4</b>	<b>53.6</b>	<b>148.4</b>	<b>-2.3</b>	<b>189.3</b>

## Interim report (unaudited)

### Accounting policies

Sanoma Group prepares its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards and interpretations applicable within the EU on 31 December 2023. The accounting policies of the Interim Report, the definitions of key indicators as well as the explanations of use and definitions of Alternative Performance Measures (APMs) are available in the Annual Report 2022. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

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

Hybrid bond holders have no control over the Group and no right to vote at shareholders' meetings. When calculating earnings per share (EPS), unpaid interest net of tax is adjusted in the result for the period. For the period January–December 2023 the result was adjusted by EUR 7.6 million, which is the accumulated unpaid interest net of tax since the hybrid bond issuance on 16 March 2023 until the end of the reporting period 31 December 2023.

## Consolidated income statement

EUR million	Q4 2023	Q4 2022	FY 2023	FY 2022
<b>NET SALES</b>	<b>253.4</b>	<b>259.5</b>	<b>1,392.9</b>	<b>1,298.3</b>
Other operating income	6.7	8.5	25.6	21.0
Materials and services	-83.9	-89.3	-487.0	-458.0
Employee benefit expenses	-101.4	-92.3	-405.4	-356.2
Other operating expenses	-58.1	-48.8	-239.0	-177.2
Share of results in joint ventures	0.0	0.0	0.7	0.5
Depreciation, amortisation and impairment losses	-68.2	-58.6	-235.9	-216.5
<b>EBIT</b>	<b>-51.4</b>	<b>-20.8</b>	<b>51.7</b>	<b>112.0</b>
Share of results in associated companies	0.4	-0.2	-0.6	-0.4
Financial income	0.4	0.9	8.6	9.5
Financial expenses	-7.4	-6.7	-39.1	-22.0
<b>RESULT BEFORE TAXES</b>	<b>-58.1</b>	<b>-26.8</b>	<b>20.6</b>	<b>99.2</b>
Income taxes	13.5	5.6	-16.5	-22.2
<b>RESULT FOR THE PERIOD</b>	<b>-44.6</b>	<b>-21.1</b>	<b>4.1</b>	<b>77.0</b>
<b>Result attributable to:</b>				
Equity holders of the Parent Company	-44.7	-21.4	3.3	76.2
Non-controlling interests	0.1	0.2	0.8	0.7
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>				
Earnings per share, EUR	-0.29	-0.13	-0.03	0.47
Diluted earnings per share, EUR	-0.29	-0.13	-0.03	0.47

## Statement of comprehensive income

EUR million	Q4 2023	Q4 2022	FY 2023	FY 2022
<b>Result for the period</b>	<b>-44.6</b>	<b>-21.1</b>	<b>4.1</b>	<b>77.0</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Change in translation differences	2.4	5.3	1.7	2.3
<b>Items that will not be reclassified to profit or loss</b>				
Defined benefit plans	10.8	-13.6	15.7	-6.9
Income tax related to defined benefit plans	-2.2	2.7	-3.2	1.3
<b>Other comprehensive income for the period, net of tax</b>	<b>11.0</b>	<b>-5.7</b>	<b>14.2</b>	<b>-3.3</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-33.6</b>	<b>-26.8</b>	<b>18.3</b>	<b>73.6</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent Company	-33.7	-27.1	17.5	72.9
Non-controlling interests	0.1	0.2	0.8	0.7

## Consolidated balance sheet

EUR million	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>		
Property, plant and equipment	40.3	49.2
Right-of-use assets	144.2	156.5
Investment property	2.9	5.2
Goodwill	812.2	812.1
Other intangible assets	720.5	739.0
Equity-accounted investees	3.6	4.1
Other investments	2.8	3.7
Deferred tax receivables	5.5	10.7
Non-current receivables	31.4	20.8
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>1,763.4</b>	<b>1,801.3</b>
Inventories	53.5	71.2
Income tax receivables	13.9	10.4
Contract assets	0.5	0.6
Trade and other receivables	139.4	179.1
Cash and cash equivalents	65.9	41.0
<b>CURRENT ASSETS, TOTAL</b>	<b>273.2</b>	<b>302.3</b>
<b>ASSETS, TOTAL</b>	<b>2,036.6</b>	<b>2,103.6</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	71.3	71.3
Treasury shares	-4.1	-5.2
Fund for invested unrestricted equity	209.8	209.8
Other equity	370.8	419.2
Hybrid bond	149.1	
Total equity attributable to the equity holders of the Parent Company	796.8	695.1
Non-controlling interests	2.6	7.0
<b>EQUITY, TOTAL</b>	<b>799.4</b>	<b>702.1</b>
Deferred tax liabilities	116.0	121.4
Pension obligations	3.4	4.1
Provisions	2.0	0.1
Financial liabilities	249.4	599.4
Lease liabilities	124.8	119.6
Contract liabilities	0.8	2.5
Trade and other payables	2.5	2.8
<b>NON-CURRENT LIABILITIES, TOTAL</b>	<b>498.9</b>	<b>850.0</b>
Provisions	12.3	1.7
Financial liabilities	301.4	100.1
Lease liabilities	30.0	45.3
Income tax liabilities	0.6	12.9
Contract liabilities	151.9	139.3
Trade and other payables	242.1	252.2
<b>CURRENT LIABILITIES, TOTAL</b>	<b>738.3</b>	<b>551.5</b>
<b>LIABILITIES, TOTAL</b>	<b>1,237.2</b>	<b>1,401.5</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>2,036.6</b>	<b>2,103.6</b>

## Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company							Equity, total
	Share capital	Treasury shares	Fund for invested unrestricted equity	Other equity	Hybrid bond	Total	Non-controlling interests	
<b>Equity at 1 Jan 2022</b>	<b>71.3</b>	<b>-7.5</b>	<b>209.8</b>	<b>440.1</b>		<b>713.6</b>	<b>7.2</b>	<b>720.9</b>
Comprehensive income for the period				72.9		72.9	0.7	73.6
Share-based compensation				-0.4		-0.4		-0.4
Shares delivered		2.3		-2.3				
Dividends				-88.1		-88.1	-1.0	-89.1
Acquisitions and other changes in non-controlling interests				0.2		0.2	0.0	0.2
Reclassification of translation difference				-3.2		-3.2		-3.2
<b>Equity at 31 Dec 2022</b>	<b>71.3</b>	<b>-5.2</b>	<b>209.8</b>	<b>419.2</b>		<b>695.1</b>	<b>7.0</b>	<b>702.1</b>
<b>Equity at 1 Jan 2023</b>	<b>71.3</b>	<b>-5.2</b>	<b>209.8</b>	<b>419.2</b>		<b>695.1</b>	<b>7.0</b>	<b>702.1</b>
Comprehensive income for the period				17.5		17.5	0.8	18.3
Share-based compensation				3.4		3.4		3.4
Shares delivered		1.1		-1.1				
Dividends				-60.4		-60.4	-0.7	-61.1
Acquisitions and other changes in non-controlling interests				1.7		1.7	-4.5	-2.8
Interest on hybrid bond				-9.6		-9.6		-9.6
Issuance of hybrid bond (net of issuance costs)					149.1	149.1		149.1
<b>Equity at 31 Dec 2023</b>	<b>71.3</b>	<b>-4.1</b>	<b>209.8</b>	<b>370.8</b>	<b>149.1</b>	<b>796.8</b>	<b>2.6</b>	<b>799.4</b>

## Consolidated cash flow statement

EUR million	FY 2023	FY 2022
<b>OPERATIONS</b>		
Result for the period	4.1	77.0
Adjustments		
Income taxes	16.5	22.2
Financial income and expenses	30.5	12.5
Share of results in equity-accounted investees	-0.1	-0.2
Depreciation, amortisation and impairment losses	235.9	216.5
Gains/losses on sales of non-current assets	-6.0	-3.3
Other adjustments	7.3	2.1
Adjustments, total	284.1	249.9
Change in working capital	48.3	4.4
Acquisitions of broadcasting rights, prepublication costs and rental books	-128.9	-111.2
Dividends received	0.6	0.6
Interest paid and other financial items	-26.4	-13.2
Taxes paid	-33.6	-42.8
<b>Cash flow from operations</b>	<b>148.2</b>	<b>164.6</b>
<b>INVESTMENTS</b>		
Capital expenditure	-43.1	-52.9
Operations acquired	-0.4	-204.9
Proceeds from sale of tangible and intangible assets	9.3	1.4
Operations sold	3.5	7.7
Loans granted	0.0	-3.2
Repayments of loan receivables		0.4
Interest received	2.2	0.8
<b>Cash flow from investments</b>	<b>-28.5</b>	<b>-250.7</b>
<b>Cash flow before financing</b>	<b>119.6</b>	<b>-86.2</b>
<b>FINANCING</b>		
Proceeds from issue of hybrid bond (net of issuance costs)	148.9	
Change in loans with short maturity	-69.7	69.7
Drawings of other loans	0.6	250.3
Repayments of other loans	-76.2	-124.7
Payment of lease liabilities	-31.1	-30.5
Acquisitions of non-controlling interests	-7.1	-1.0
Dividends paid	-61.1	-89.1
<b>Cash flow from financing</b>	<b>-95.8</b>	<b>74.6</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT</b>	<b>23.9</b>	<b>-11.6</b>
Effect of exchange rate differences on cash and cash equivalents	0.3	0.2
<b>Net change in cash and cash equivalents</b>	<b>24.1</b>	<b>-11.4</b>
Cash and cash equivalents at the beginning of the period	41.0	52.4
Cash and cash equivalents at the end of the period	65.1	41.0
<b>FREE CASH FLOW (Cash flow from operations – Capital expenditure)</b>	<b>105.1</b>	<b>111.7</b>

At the end of December 2023, cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 0.8 million (2022: 0.0).

## Segment information

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

Sanoma Learning is the leading European learning company serving over 25 million students in 12 countries. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning materials as well as digital learning and teaching platforms for K12. i.e. primary, secondary and vocational education, and we aim to continue to grow our business in Europe and beyond. We develop our methodologies based on deep teacher and student insight and truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact.

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

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

### Segment information 1 January–31 December 2023

EUR million	Learning	Media Finland	Other operations/eliminations	Total
External net sales	795.2	597.7		1,392.9
Internal net sales	0.0	0.2	-0.2	
<b>Net sales, total</b>	<b>795.2</b>	<b>597.8</b>	<b>-0.2</b>	<b>1,392.9</b>
<b>EBIT</b>	<b>70.6</b>	<b>-8.4</b>	<b>-10.5</b>	<b>51.7</b>
<b>Operational EBIT excl. PPA</b>	<b>148.4</b>	<b>39.8</b>	<b>-12.9</b>	<b>175.4</b>
Share of results in associated companies		-0.6		-0.6
Financial income			8.6	8.6
Financial expenses			-39.1	-39.1
<b>Result before taxes</b>				<b>20.6</b>
Income taxes				-16.5
<b>Result for the period</b>				<b>4.1</b>
<b>Segment assets</b>	<b>1,745.2</b>	<b>376.5</b>	<b>-170.5</b>	<b>1,951.3</b>

## Segment information 1 January–31 December 2022

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
External net sales	681.0	617.3		1,298.3
Internal net sales		0.8	-0.8	
<b>Net sales, total</b>	<b>681.0</b>	<b>618.1</b>	<b>-0.8</b>	<b>1,298.3</b>
<b>EBIT</b>	<b>67.2</b>	<b>54.3</b>	<b>-9.4</b>	<b>112.0</b>
<b>Operational EBIT excl. PPA</b>	<b>131.8</b>	<b>65.8</b>	<b>-8.4</b>	<b>189.3</b>
Share of results in associated companies		-0.4		-0.4
Financial income			9.5	9.5
Financial expenses			-22.0	-22.0
<b>Result before taxes</b>				<b>99.2</b>
Income taxes				-22.2
<b>Result for the period</b>				<b>77.0</b>
<b>Segment assets</b>	<b>1,757.4</b>	<b>423.4</b>	<b>-140.9</b>	<b>2,039.9</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–31 December 2023

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
Finland	60.9	597.8	-0.2	658.5
The Netherlands	218.7			218.7
Poland	125.7			125.7
Spain	152.4			152.4
Italy	104.7			104.7
Belgium	82.1			82.1
Other companies and eliminations	50.8			50.8
<b>Primary geographical markets</b>	<b>795.2</b>	<b>597.8</b>	<b>-0.2</b>	<b>1,392.9</b>
Learning solutions	660.4		0.0	660.4
Advertising		219.2	-0.1	219.1
Subscription		246.0	0.0	246.0
Single copy		38.3		38.3
Other	134.7	94.3	0.0	229.0
<b>Major product lines/services</b>	<b>795.2</b>	<b>597.8</b>	<b>-0.2</b>	<b>1,392.9</b>
Recognition at a point-in-time	655.5	178.9	-0.2	834.2
Recognition over-time	139.7	419.0		558.7
<b>Timing of revenue recognition</b>	<b>795.2</b>	<b>597.8</b>	<b>-0.2</b>	<b>1,392.9</b>

## Disaggregation of revenue 1 January–31 December 2022

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

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

EUR million	31 Dec 2023	31 Dec 2022
Carrying amount at 1 Jan	205.7	212.4
Increases	39.2	48.8
Acquisitions of operations	0.1	9.0
Decreases	-5.6	-6.2
Disposal of operations		-1.1
Depreciation for the period	-48.7	-52.7
Impairment losses for the period	-7.0	-4.2
Exchange rate differences and other changes	0.7	-0.3
<b>Carrying amount at the end of the period</b>	<b>184.5</b>	<b>205.7</b>

## Acquisitions and divestments

### Acquisitions in 2023

In 2023, Sanoma invested EUR 4.4 million in business acquisitions.

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

On 3 April 2023 Sanoma Learning acquired the rest of the shares of Tutorhouse Oy and increased its ownership from 80% to 100%.

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

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

On 10 February 2023, Sanoma Media Finland increased its ownership in Kaiku Entertainment Oy from 60% to 100%.

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

Net sales of Sanoma Group would have totalled approx. EUR 1,397 million, if acquisitions had taken place at the beginning of the year 2023. The effect of the acquisitions on the Group's 2023 result before taxes was minor.

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

EUR million	FY 2023	Italy and Germany	Other	FY 2022
Property, plant and equipment	0.0	2.0	0.0	2.0
Right-of-use assets	0.1	6.7	0.3	7.0
Intangible assets	2.0	86.5	3.1	89.6
Other non-current assets	0.0	15.5	0.0	15.5
Inventories		34.8	0.0	34.8
Other current assets	3.3	85.0	0.5	85.4
<b>Assets, total</b>	<b>5.4</b>	<b>230.5</b>	<b>3.9</b>	<b>234.4</b>
Non-current liabilities	-2.3	-29.6	-1.0	-30.6
Current liabilities	-2.5	-44.3	-0.7	-44.9
<b>Liabilities, total</b>	<b>-4.8</b>	<b>-73.9</b>	<b>-1.7</b>	<b>-75.5</b>
Fair value of acquired net assets	0.6	156.6	2.3	158.9
Acquisition cost	1.6	212.1	5.0	217.0
Fair value of previously held interest	0.2			
Fair value of acquired net assets	-0.6	-156.6	-2.3	-158.9
<b>Goodwill from the acquisitions</b>	<b>1.2</b>	<b>55.5</b>	<b>2.7</b>	<b>58.2</b>

## Acquisitions of non-controlling interests

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

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

EUR million	FY 2023	Italy and Germany	Other	FY 2022
Acquisition cost	1.6	212.1	5.0	217.0
Cash and cash equivalents of acquired operations	-1.5	-9.9	-0.3	-10.2
Decrease (+) / increase (-) in acquisition liabilities	0.2		-2.0	-2.0
<b>Cash paid to obtain control, net of cash acquired</b>	<b>0.4</b>	<b>202.2</b>	<b>2.7</b>	<b>204.9</b>
Acquisition cost	2.8			
Decrease (+) / increase (-) in acquisition liabilities	4.3		1.0	1.0
<b>Cash paid on acquisitions of non-controlling interests</b>	<b>7.1</b>		<b>1.0</b>	<b>1.0</b>

## Divestments in 2023

On 1 November 2023 Sanoma Media Finland sold Earlybird distribution business to distribution company PPP Finland Oy.

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

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

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

## Cash flow from sale of operations

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

## Contingent liabilities

EUR million	31 Dec 2023	31 Dec 2022
<b>Contingencies for own commitments</b>		
Pledges	0.9	0.9
Other items	24.3	24.3
Contingencies for own commitments total	25.2	25.2
<b>Other commitments</b>		
Royalties	0.5	0.2
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	40.7	41.0
Other items <sup>1)</sup>	89.3	91.3
Other commitments total	130.5	132.5
<b>Total</b>	<b>155.7</b>	<b>157.7</b>

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

## Derivative instruments

EUR million	31 Dec 2023	31 Dec 2022
<b>Fair values</b>		
<b>Currency derivatives</b>		
Forward contracts (positive fair values)	0.0	0.0
Forward contracts (negative fair values)	0.0	-0.1
<b>Nominal values</b>		
<b>Currency derivatives</b>		
Forward contracts	9.7	15.0

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

## Disputes and litigations

On 8 June 2023, Sanoma announced that the Administrative Court had rejected Sanoma's appeal that concerned the VAT payment decisions regarding the tax audits at Sanoma Media Finland Oy for years 2015–2018. The case concerned the treatment of VAT of certain magazines that were printed in multiple locations in Europe, and processed in and distributed through a centralised logistic centre in Norway.

Based on the decision from the Finnish Tax Adjustment Board on 29 April 2021, Sanoma paid EUR 25 million of VAT, penalties and interests in July 2021 in order to avoid further interest accumulation. Sanoma considered this payment to be a deposit with the tax authority while the dispute was ongoing, and consequently reported the amount paid as a receivable. On August 2021, the tax authorities made an ex officio decision on a corporate income tax adjustment as a consequence of value added tax adjustment and refunded EUR 3 million of corporate income tax to Sanoma. Sanoma considered this refund to be a liability towards the tax authority while the dispute was ongoing, and consequently reported the amount received as a liability. According to the Administrative Court's decision on 8 June 2023 and pursuant to the Tax Assessment Procedure Act, no tax was refunded to Sanoma. Sanoma has applied for a permission to appeal the 2015–2018 decision to the Supreme Administrative Court.

On 16 December 2022, Sanoma announced it had received a similar payment decisions based on the tax audits for years 2019-2021. Based on the payment decisions, Sanoma paid EUR 11 million of VAT, penalties and interests in December 2022 in order to avoid interest accumulation. Sanoma considered this payment to be a deposit with the tax authority, and reported the amount paid as a receivable. In March 2023, the tax authorities made an ex officio decision on a corporate income tax adjustment as a consequence of value added tax and refunded EUR 2 million of corporate income tax to Sanoma. Sanoma considered this refund to be a liability towards the tax authority, and reported the amount received as a liability. Sanoma has appealed the decisions to the Finnish Tax Adjustment Board, where the process is still ongoing.

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

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

## Definitions of key indicators

KPI	Definition	Reason to use
Comparable (or organic) net sales (growth)	= Net sales (growth) adjusted for the impact of acquisitions and divestments	Complements reported net sales by reflecting the underlying business performance and enhancing comparability between reporting periods
Items affecting comparability (IACs)	= Gains/losses on sale, restructuring incl. transaction and integration costs of acquisitions or efficiency program expenses and impairments that exceed EUR 1 million	Reflects the underlying business performance and enhances comparability between reporting periods
Operational EBITDA	= Operating profit + depreciation, amortisation and impairments - IACs	Measures the profitability before non-cash based depreciation and amortisation, reflects the underlying business performance and enhances comparability between reporting periods
Purchase price allocation adjustments and amortisations (PPAs)	= Purchase price allocation amortisations and cost impact of the inventory fair value adjustments	A component used in the calculation of KPIs (incl. operational EBIT excl. PPA)
Operational EBIT excl. PPA	= EBIT – IACs – Purchase price allocation adjustments and amortisations (PPAs)	Measures the profitability excl. acquisition-related PPA adjustments and amortisations, reflects the underlying business performance and enhances comparability between reporting periods
Equity ratio, %	= $\frac{\text{Equity total}}{\text{Balance sheet total} - \text{advances received}} \times 100$	One of Sanoma's long-term financial targets, measures the relative proportion of equity to total assets
Free cash flow	= Cash flow from operations – capital expenditure	Basis for Sanoma's dividend policy
Free cash flow / share	= $\frac{\text{Free cash flow}}{\text{Weighted average number of shares on the market}}$	Basis for Sanoma's dividend policy
Net debt	= Interest-bearing liabilities (short or long-term liabilities which have separately determined interest cost) – cash and cash equivalents	Measures Sanoma's net debt position
Net debt / Adj. EBITDA	= $\frac{\text{Net debt}}{\text{The adjusted EBITDA used in this ratio is the 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash flow basis}}$	One of Sanoma's long-term financial targets, provides investors information on Sanoma's ability to service its debt
Net financial items	= Financial income – financial expenses	Measures Sanoma's net financing cost
EPS	= $\frac{\text{Result for the period attributable to the equity holders of the Parent Company – tax adjusted interest on hybrid loan}}{\text{Weighted average number of shares on the market}}$	Measures Sanoma's result for the period per share
Operational EPS	= $\frac{\text{Result for the period attributable to the equity holders of the Parent Company – tax adjusted interest on hybrid loan – IACs – tax effect of IACs – non-controlling interests' share of IACs}}{\text{Weighted average number of shares on the market}}$	In addition to EPS, reflects the underlying business performance and enhances comparability between reporting periods