

Full-Year Result

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## SANOMA CORPORATION, FULL-YEAR 2020 RESULT

# Strong operational EBIT margin in an exceptional year – net sales grew through acquisitions

## Q4 2020

- The Group's net sales grew to EUR 227 million (2019: 205). Net sales of both Learning and Media Finland grew as a result of acquisitions. The Group's comparable net sales development was 1% (2019: -1%).
- Operational EBIT excl. PPA declined to EUR -2 million (2019: 3). Earnings improved in Media Finland and declined in Learning as margin impact of the faster than expected shift from renting to selling books was recognized during the quarter.
- EBIT was EUR -23 million (2019: -10). Items affecting comparability (IACs) totalled EUR -16 million (2019: -8) and consisted largely of transaction and integration costs related to recent acquisitions. PPA amortisations were EUR 6 million (2019: 5).
- Operational EPS was EUR -0.06 (2019: -0.02) and EUR -0.07 (2019: 0.07) including discontinued operations.
- EPS was EUR -0.14 (2019: -0.06) and EUR -0.16 (2019: -0.63) including discontinued operations.
- On 31 December, Sanoma completed the acquisition of Santillana Spain, which was announced on 19 October.
- On 8 December, Sanoma updated its long-term financial targets for profitability of Learning to 'above 23%' (operational EBIT margin excl. PPA) and leverage of the Group to 'below 3.0' (net debt / adj. EBITDA).
- On 3 December, Sanoma announced that it had signed a EUR 200 million term loan, which was used as part of the acquisition finance of Santillana Spain.

## FY 2020

- The Group's net sales grew to EUR 1,062 million (2019: 913). Net sales grew in Learning as a result of acquisitions, in particular Iddink, and 5% comparable net sales growth. In Media Finland, the positive net sales contribution of the acquisition of regional news media business was offset by the adverse impact of the coronavirus pandemic. The Group's comparable net sales development was -4% (2019: -1%).
- Operational EBIT excl. PPA grew to EUR 157 million (2019: 138), corresponding to a margin of 14.7% (2019: 15.1%). Earnings improved in Learning as a result of both acquisitions and comparable net sales growth and were stable in Media Finland even with the impact of the coronavirus pandemic.
- EBIT was EUR 270 million (2019: 105). IACs totalled EUR 136 million (2019: -23) and included a capital gain of EUR 165 million related to the divestment of Oikotie. PPA amortisations were EUR 22 million (2019: 11).
- Operational EPS was EUR 0.58 (2019: 0.50) and EUR 0.67 (2019: 0.80) including discontinued operations.
- EPS was EUR 1.46 (2019: 0.39) and EUR 1.51 (2019: 0.07) including discontinued operations.
- Free cash flow declined to EUR 95 million (2019: 131) partially due to the negative free cash flow of Media Netherlands divested in April.
- Net debt/Adj. EBITDA was stable at 2.6 (2019: 2.7).
- On 16 July, Sanoma announced and completed the divestment of Oikotie to Schibsted.
- On 30 April, Sanoma completed the acquisition of Alma Media's regional news media business in Finland. The acquisition was announced on 11 February 2020.
- On 20 April, Sanoma completed the divestment of Sanoma Media Netherlands to DPG Media.
- The Board proposes a dividend of EUR 0.52 per share to be paid for the year 2020 in two instalments, EUR 0.26 on 22 April and EUR 0.26 in November (estimated).

## Outlook for 2021

In 2021, Sanoma expects that the Group's reported net sales will be EUR 1.2–1.3 billion (2020: 1.1). The Group's operational EBIT margin excluding PPA is expected to be 14%–16% (2020: 14.7%).

The midpoints of the outlook ranges are based on the assumption that the advertising market will be relatively stable compared to the previous year and that there are no major restrictions related to the events business in Finland. In addition, it is assumed that the learning business will not be significantly impacted by prolonged school closures in its main operating countries.

## Key impacts of the coronavirus pandemic

The coronavirus pandemic had a significant impact on certain parts of Sanoma's business in 2020. For its own part, the Group's well-balanced business portfolio mitigated the impacts to a certain extent; after the acquisitions completed in Learning in 2019, and the divestments of Media Netherlands and the online classifieds business Oikotie in Finland, the majority of the Group's operational earnings came from Learning in 2020.

In Learning, the coronavirus pandemic had some adverse impact on net sales due to lower on-site training sales and on earnings due to higher warehousing handling and hosting costs. The earnings impact was mostly offset by lower travel and office costs. In 2021, the prolonged closure of schools in Sanoma's main operating countries may lead to continuing net sales impact related to training sales and opportunities for market share gains in connection to curriculum renewals.

In Media Finland, subscription and other B2C sales represent approx. half of the total net sales, which, apart from the events business, were not significantly affected by the pandemic. In 2020, the subscription sales of Media Finland grew slightly on a comparable basis, and by 17% including the acquired regional news media business with total subscription sales amounting to EUR 230 million (2019: 196).

On 22 April, the Finnish authorities decided to prohibit all large events until the end of July 2020. As a consequence, all Media Finland's festivals and events for the summer season 2020 were cancelled. In 2020, net sales of the events business amounted to EUR 0.6 million and its profitability was somewhat positive due to the insurance compensation received. In 2019, net sales of the events business were approx. EUR 35 million and its operational EBIT margin was above the margin of the Media Finland SBU (12.0%). Sanoma is preparing the 2021 event season with caution on committing to any fixed costs, but with an expectation that no significant prohibitive restrictions for organising events will be in place.

The coronavirus pandemic had a material impact on the full year net sales and profitability of Media Finland's B2B advertising business. The monthly advertising market decline varied between 1% and 43% during the year with great variations also between customer categories and media channels. In 2020, Media Finland's advertising sales declined by 9% on a comparable basis (excl. the impact of acquisitions and divestments), and by 6% on a reported basis, with total advertising sales amounting to EUR 232 million (2019: 247). Advertising sales development of Media Finland during the pandemic, excluding the impact of the acquired regional news media business and the divested online classifieds business, is summarised in the table below. As the coronavirus pandemic continues, Sanoma expects continued uncertainty and low visibility in the advertising demand in 2021.

## Comparable advertising sales development (excl. acquisitions and divestments)

FY 2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
Sanoma Media Finland	-1%	-30%	-5%	3%	-9%
Overall advertising market in Finland <sup>1)</sup>	-7%	-38%	-14%	-4%	-17%

Q4 2020	October	November	December
Sanoma Media Finland	6%	3%	0%
Overall advertising market in Finland <sup>1)</sup>	-8%	-2%	-3%

1) Source: Kantar TNS Finland

During the pandemic, Sanoma's first priority has been ensuring the health and safety of its employees and providing solid support to its customers and business partners. Practically all of the teams shifted to remote operations at the start of the pandemic and have largely continued in that mode throughout the year. Remote work is largely supported by the improved,

cloud-based IT infrastructure, in which Sanoma has made investments in recent years. Throughout its operations, Sanoma has followed the guidance and measures recommended by authorities in its operating countries.

Sanoma has actively and perseveringly taken actions to mitigate the risks related to the pandemic and continuously updated the risk situation and mitigation plans for employee safety and impact on the financial results. Cost mitigation actions have included the careful cost containment of all non-mandatory cost categories and cost savings have been achieved e.g. in overall administration and travelling, marketing and content creation. Some IT expenses have increased slightly due to the increased use of Sanoma's digital services during the pandemic. During the pandemic, Sanoma has supported the users of its digital learning platforms by opening up certain services free of charge and media consumers by offering all corona-related news free of charge at HS.fi, for example. In Finland, Sanoma also initiated a specific "Anna sen soida" campaign to support the artists impacted by the cancellation of events this year, and donated EUR 350,000 reserved by the AGM for the Board of Directors to be used for charitable donations to the campaign. Sanoma has not applied for governmental support in any of its operating countries to mitigate the impacts of the coronavirus pandemic.

At the end of 2020, the Group has a solid financial position and a good ability to create a positive free cash flow. During the year, the Group's leverage and equity ratio have improved compared to the end of 2019.

## Discontinued operations

On 10 December 2019, Sanoma announced it had signed an agreement to divest its strategic business unit Sanoma Media Netherlands. The divestment was completed on 20 April 2020. Media Netherlands is reported as discontinued operations for 2019 and 2020. Unless otherwise stated, all income statement and cash flow related quarterly and FY figures presented in this report cover continuing operations only. For Q4 2020 and earlier periods, figures related to balance sheet and cash flow cover both continuing and discontinued operations.

In addition to Media Netherlands, certain Learning operations that are under strategic review were classified as discontinued operations during the course of the year. Sanoma's continuing operations include Learning and Media Finland, which are also Sanoma's reporting segments. More information is available on p. 5 and p. 37.

## Alternative performance measures

Sanoma presents certain financial performance measures on a non-IFRS basis as alternative performance measures (APMs). The APMs exclude certain non-operational or non-cash valuation items affecting comparability (IACs) and are provided to reflect the underlying business performance and to enhance comparability between reporting periods. The APMs should not be considered as a substitute for performance measures in accordance with IFRS.

Sanoma has included Operational EBITDA, and the corresponding margin, as a new APM in its financial reporting from this report onwards. The new APM is considered to extend Sanoma's financial reporting and provide better transparency on its financial performance, especially on profitability before non-cash based depreciation and amortisation, for investors. The new APM will be complementary to other performance measures.

More information is available at Sanoma.com. Definitions of key IFRS indicators and APMs are available on p. 40. Reconciliations are available on p. 19–20.

## Key indicators for continuing operations

EUR million	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Net sales	227.3	205.4	11%	1,061.7	912.6	16%
Operational EBITDA <sup>1)</sup>	43.4	44.8	-3%	309.9	276.8	12%
Margin <sup>1)</sup>	19.1%	21.8%		29.2%	30.3%	
Operational EBIT excl. PPA <sup>2)</sup>	-1.5	2.7	-154%	156.5	137.6	14%
Margin <sup>2)</sup>	-0.6%	1.3%		14.7%	15.1%	
EBIT	-22.7	-9.5	-139%	270.1	104.5	158%
Result for the period	-23.5	-9.7	-143%	237.8	64.8	267%
Operational EPS, EUR <sup>1)</sup>	-0.06	-0.02	-169%	0.58	0.50	17%
EPS, EUR	-0.14	-0.06	-129%	1.46	0.39	276%
Average number of employees (FTE)				4,255	3,551	20%
Number of employees at the end of the period (FTE)				4,806	3,937	22%

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

EUR million	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Result for the period <sup>3)</sup>	-26.9	-103.2	74%	247.1	13.3	1,755%
Free cash flow <sup>3)</sup>	30.4	75.0	-59%	94.8	131.3	-28%
Equity ratio <sup>3),4)</sup>				37.4%	30.5%	
Net debt <sup>3)</sup>				660.7	794.7	-17%
Net debt / Adj. EBITDA <sup>3)</sup>				2.6	2.7	-4%
Operational EPS, EUR <sup>1), 3)</sup>	-0.07	0.07	-192%	0.67	0.80	-17%
EPS, EUR <sup>3)</sup>	-0.16	-0.63	75%	1.51	0.07	2,039%
Free cash flow per share, EUR <sup>3)</sup>	0.19	0.46	-60%	0.58	0.81	-28%
Dividend per share, EUR <sup>5)</sup>				0.52	0.50	2%

1) Excluding IACs

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

3) In 2020 and 2019, discontinued operations include Sanoma Media Netherlands and certain Learning operations that are under strategic review. In 2020, result of discontinued operations includes a capital loss of EUR 2 million (2019: 105) related to the divestment costs of Media Netherlands. More information on discontinued operations' financial performance is available on p. 38.

4) Advances received included in the formula of equity ratio were EUR 152.3 million in 2020 (2019: 188.8).

5) 2020 is a proposal of the Board of Directors.

## President and CEO Susan Duinhoven:

"Sanoma's performance was strong in the exceptional year of 2020. Our net sales grew driven by acquisitions, and our operational EBIT excl. PPA improved with margin being very close to the previous year's level. Despite the exceptional circumstances throughout the whole year, we finalised four major transformational M&A transactions: the acquisitions of Santillana Spain and the regional news media business in Finland and the divestments of Sanoma Media Netherlands and the online classifieds business Oikotie in Finland. With this transformational year behind us, the learning business will contribute close to 70% of the Group's operational earnings going forward. The Group now consists of two focused and leading businesses in their own fields: a growing European K12 learning business and a leading cross-media business in Finland.

The full year net sales and earnings of Learning grew significantly, driven by acquisitions completed in 2019, in particular Iddink. In addition, we saw strong comparable growth of 5% driven by the curriculum renewals in Poland and in the Netherlands. As the share of the learning business in Sanoma's total portfolio grows it becomes more determinant of the Group's overall profitability, including the typical annual seasonality with loss-making first and fourth quarters. The lower margin businesses of Iddink and its learning were part of Learning for the first full year and had an adverse impact on its operational EBIT margin. In addition, we saw the desired transformation from rented books to annually sold books in all of Iddink's operating countries gathering speed. The annual margin of sold books is lower as all costs are booked at one go, whereas the costs of rented books are capitalised and depreciated over a longer period of time – the short-term impact of this was visible in Learning's fourth quarter result.

At the end of December 2020, we completed the acquisition of Santillana Spain, the leading K12 learning material provider in Spain. We are very much looking forward to integrating the business together with the experienced and committed management team. In 2021, the Spanish learning material market is expected to decline ahead of the next curriculum renewal to be implemented in 2022–2023, which is expected to accelerate market growth significantly. In addition, the coronavirus pandemic impacted the Spanish learning market in 2020 and led to slightly lower sales. This trend might continue depending on the prolongation of lockdowns and school closures.

I am particularly proud of how our whole team in Media Finland performed during this exceptional year. Our subscription sales continued to grow driven by the daily newspaper Helsingin Sanomat and our video-on-demand service Ruutu+. At the end of April, we finalised the acquisition of Alma Media's regional news media business, which supports the longer-term growth of our subscription base. On the other hand, our advertising and events businesses were severely impacted by the coronavirus pandemic: no events were held during the year, whereas the advertising sales decreased strongly in April–June, but recovered surprisingly well in the second half of the year. Media Finland's operational EBIT excl. PPA and the corresponding margin were very close to the previous year's levels, which is truly a great achievement in a year like this. Uncertainty and limited visibility related to the advertising markets and the events business are expected to continue into 2021.

In December 2020, we increased the long-term financial targets for Learning's profitability to an ambitious level of 'above 23%' and the Group's leverage to 'below 3.0'. With the new leverage target, we have EUR 300-400 million headroom for further M&A, which we aim to use mainly to expand our European K12 learning business. The Group's dividend policy remains the same, and the Board proposes to the AGM a dividend of EUR 0.52 per share. In 2021, we continue to work towards our strategic goal to further growing the learning business and strengthening our media business in its core areas: news & feature, entertainment and B2B marketing solutions. We will also focus on solid integration of both Santillana Spain and the regional news media business. Our outlook for the year is good, while the uncertainties related to the continuing coronavirus pandemic remain.

Sustainability is in the DNA of Sanoma. Our learning and media businesses have a positive impact on the lives of millions of people every day and our environmental footprint is small. We will further focus on our positive role in society through our updated Sustainability Programme, which highlights six themes: Inclusive learning, Sustainable media, Trustworthy data, Vital environment, Valued people, and Responsible business practices. We will provide more information on our 2020 sustainability performance and our targets for the coming years in March 2021."

## Financial review Q4 2020

### Net sales by SBU

EUR million	Q4 2020	Q4 2019	Change
Learning	66.6	61.3	9%
Media Finland	160.8	144.2	12%
Other operations	-0.1	-0.1	-68%
<b>Group total</b>	<b>227.3</b>	<b>205.4</b>	<b>11%</b>

The Group's net sales grew to EUR 227 million (2019: 205). During the seasonally small fourth quarter, net sales of Learning grew as a result of acquisitions completed in Q4 2019. Net sales of Media Finland grew clearly due to the regional news media business acquired in April 2020. The Group's comparable net sales development was 1% (2019: -1%).

### Operational EBIT excl. PPA by SBU

EUR million	Q4 2020	Q4 2019	Change
Learning	-17.8	-9.6	-85%
Media Finland	17.3	14.7	17%
Other operations	-1.0	-2.4	60%
<b>Group total</b>	<b>-1.5</b>	<b>2.7</b>	<b>-154%</b>

Operational EBIT excl. PPA was EUR -2 million (2019: 3). Earnings improved in Media Finland due to continued cost mitigation across cost categories. In Learning, the margin impact of the faster than expected shift from renting to selling books was recognised during the quarter and had a negative impact on earnings.

### IACs, PPAs and reconciliation of operational EBIT

EUR million	Q4 2020	Q4 2019
<b>EBIT</b>	<b>-22.7</b>	<b>-9.5</b>
<b>Items affecting comparability</b>		
Restructuring expenses	-14.9	-7.5
Impairments	-0.6	
Capital gains/losses	0.0	
<b>IACs total</b>	<b>-15.5</b>	<b>-7.5</b>
<b>Purchase price allocation adjustments and amortisations (PPAs)</b>	<b>-5.7</b>	<b>-4.7</b>
<b>Operational EBIT excl. PPA</b>	<b>-1.5</b>	<b>2.7</b>

A detailed reconciliation on SBU level is presented on p. 19.

EBIT was EUR -23 million (2019: -10). The IACs totalled EUR -16 million (2019: -8) and consisted largely of transaction and integration costs related to recent acquisitions, in particular Santillana Spain and the regional news media business in Finland. PPA amortisations amounted to EUR 6 million (2019: 5) and increased due to the acquisition of the regional news media business.

Net financial items declined to EUR -2 million (2019: -5). The improvement was due to lower interest-bearing debt during the quarter as well as lower average interest rate of external loans following the repayment of the EUR 200 million bond, which had a high interest rate, in November 2019.

Result before taxes amounted to EUR -25 million (2019: -14). Income taxes declined to EUR 1 million (2019: 5). Result for the period was EUR -24 million (2019: -10) and EUR -27 million (2019: -103) including discontinued operations.

Operational earnings per share were EUR -0.06 (2019: -0.02) and EUR -0.07 (2019: 0.07) including discontinued operations. Earnings per share were EUR -0.14 (2019: -0.06) and EUR -0.16 (2019: -0.63) including discontinued operations.

## Financial review FY 2020

### Net sales by SBU

EUR million	FY 2020	FY 2019	Change
Learning	499.7	336.0	49%
Media Finland	562.6	576.8	-2%
Other operations	-0.5	-0.3	-90%
<b>Group total</b>	<b>1,061.7</b>	<b>912.6</b>	<b>16%</b>

The Group's net sales grew to EUR 1,062 million (2019: 913). Net sales grew in Learning as a result of the Iddink acquisition and 5% comparable net sales growth. In Media Finland, the positive net sales contribution of the acquisition of regional news media business in the end of April was more than offset by the adverse impact of the coronavirus pandemic on events and advertising sales. The Group's comparable net sales development was -4% (2019: -1%).

### Operational EBIT excl. PPA by SBU

EUR million	FY 2020	FY 2019	Change
Learning	95.9	75.6	27%
Media Finland	66.6	69.4	-4%
Other operations	-5.9	-7.4	20%
<b>Group total</b>	<b>156.5</b>	<b>137.6</b>	<b>14%</b>

Operational EBIT excl. PPA improved to EUR 157 million (2019: 138). Earnings improved in Learning as a result of both acquisitions and comparable net sales growth, while remaining relatively stable in Media Finland as a consequence of the coronavirus pandemic.

### IACs, PPAs and reconciliation of operational EBIT

EUR million	FY 2020	FY 2019
<b>EBIT</b>	<b>270.1</b>	<b>104.5</b>
<b>Items affecting comparability</b>		
Restructuring expenses	-28.5	-23.0
Impairments	-0.6	
Capital gains/losses	165.0	0.5
<b>IACs total</b>	<b>135.9</b>	<b>-22.5</b>
<b>Purchase price allocation adjustments and amortisations (PPAs)</b>	<b>-22.3</b>	<b>-10.5</b>
<b>Operational EBIT excl. PPA</b>	<b>156.5</b>	<b>137.6</b>

A detailed reconciliation on SBU level is presented on p. 19.

EBIT was EUR 270 million (2019: 105). Net IACs totalled EUR 136 million (2019: -23) and included a capital gain of EUR 165 million related to the divestment of Oikotie. In addition, the IACs consisted of transaction and integration costs related to recent acquisitions, in particular Santillana Spain and the regional news media business in Finland. PPA amortisations amounted to EUR 22 million (2019: 11) and increased due to recent acquisitions especially in Learning.

Net financial items declined to EUR -9 million (2019: -22). The improvement was mainly due to decreased interest costs resulting from lower interest-bearing debt after the divestments of Media Netherlands and Oikotie and repayment of the EUR 200 million bond, which had a high interest rate, in November 2019.

Result before taxes amounted to EUR 261 million (2019: 83). Income taxes increased to EUR 23 million (2019: 18) due to higher taxable profit. Result for the period was EUR 238 million (2019: 65) and EUR 247 million (2019: 13) including discontinued operations.

Operational earnings per share were EUR 0.58 (2019: 0.50) and EUR 0.67 (2019: 0.80) including discontinued operations. Earnings per share were EUR 1.46 (2019: 0.39) and EUR 1.51 (2019: 0.07) including discontinued operations.

## Financial position

At the end of December 2020, interest-bearing net debt was EUR 661 million (2019: 795) and net debt to adjusted EBITDA ratio was 2.6 (2019: 2.7). Equity ratio was 37.4% (2019: 30.5%). Compared to the end of September 2020, net debt increased due to the Santillana Spain acquisition, which was closed on 31 December 2020.

At the end of December 2020, the Group's equity totalled EUR 710 million (2019: 551) and the consolidated balance sheet totalled EUR 2,048 million (2019: 1,998).

## Cash flow

In 2020, the Group's free cash flow declined to EUR 95 million (2019: 131) or EUR 0.58 per share (2019: 0.81). Free cash flow of Learning grew significantly driven by both acquisitions and comparable net sales growth. In Media Finland, free cash flow declined as the coronavirus pandemic had an adverse impact on EBITDA. The Group's cash flow development was adversely impacted by the divestment of Media Netherlands, which contributed approx. EUR 30 million to the free cash flow in 2019. In 2020, free cash flow of Media Netherlands was approx. EUR -22 million for 1 January–20 April following its typical seasonal pattern of strongly negative cash flow during the first months of the year. For dividend calculation purposes, the Group's free cash flow for 2020 will be adjusted for the divested Media Netherlands. In 2020, free cash flow of the continuing operations grew approx. by 16% compared to the previous year.

Capital expenditure included in the Group's free cash flow grew to EUR 43 million (2019: 32) driven by higher investments in digital platform and ICT development as a result of recent acquisitions in Learning.

## Acquisitions and divestments

On 19 October 2020, Sanoma announced the acquisition of Santillana Spain, a leading Spanish provider of K-12 learning materials, from Promotora de Informaciones S.A. (Grupo Prisa). Net sales of the acquired business were EUR 128 million and pro forma adjusted EBITDA was EUR 50 million in 2019, which was the peak year of the current curriculum. During the current curriculum in 2016–2019, Santillana Spain's annual net sales were EUR 122 million, and operational EBITDA EUR 48 million on average. The acquisition is estimated to create annual net synergies of approx. EUR 4 million, which are expected to be realised during 2022. The agreed enterprise value of the acquired business is EUR 465 million, corresponding to a multiple of 9.3 (EV / Pro forma adjusted EBITDA 2019). The 586 employees working in the acquired business became employees of Sanoma Learning at closing. The transaction was completed on 31 December 2020. Total assets and liabilities in the Group's consolidated balance sheet at the end of December 2020 include Santillana Spain, while income statement and cash flow of Santillana Spain will be reported as part of Sanoma Learning SBU as of 1 January 2021.

On 16 July 2020, Sanoma announced it had divested its online classifieds' business Oikotie to Schibsted. Enterprise value (EV) of Oikotie was EUR 185 million, corresponding to an EV/EBITDA multiple of 19.6 (based on 2019 pro forma EBITDA). Pro forma 2019, net sales of Oikotie were EUR 27.6 million and operational EBITDA was EUR 9.4 million. Oikotie had 93 employees (88 FTE) at the end of June 2020, who transferred to the buyer. The divestment concluded the evaluation of strategic options for Oikotie, which was announced on 11 February 2020.

On 20 April 2020, Sanoma announced it had completed the divestment of Sanoma Media Netherlands to DPG Media. The divestment was announced on 10 December 2019, and it was subject to customary closing conditions, including the approval of the Dutch competition authorities, which was announced on 10 April 2020. Enterprise value (EV) of EUR 460 million was received at closing. The EV corresponds to an EV / Adjusted EBITDA multiple of 6.5. Sanoma used the funds from the divestment to reduce its debt.

On 11 February 2020, Sanoma announced it had signed an agreement to acquire Alma Media's regional news media business in Finland. In 2019, net sales of the acquired business were EUR 99 million, of which 60% were subscription and 40% advertising sales. Pro forma adjusted EBITDA was EUR 15 million or approx. EUR 20 million including the impact of the delivery outsourcing agreement that came into effect on 1 January 2020. The acquisition is estimated to create annual net synergies of approx. EUR 13 million, which are expected to be realised in full as of 2022. Enterprise value of the acquired business is EUR 115 million, corresponding to a multiple of 5.8 (EV / Pro forma adjusted EBITDA including the impact of the delivery outsourcing agreement), and 3.5 including also synergies. In the beginning of 2020, the acquired business had approx. 365 employees (FTE). The employees became employees of Sanoma Media Finland after the closing of the

acquisition. The transaction was subject to customary closing conditions, including approval by the Finnish Competition and Consumer Authority, which was received unconditionally on 19 March 2020. The transaction was completed on 30 April 2020.

Information on acquisitions and divestments conducted in 2019 and earlier is available at Sanoma.com.

## Events during the reporting period

On 8 December 2020, Sanoma updated its long-term financial targets. The profitability target of Sanoma Learning was increased to an operational EBIT margin excl. PPA of 'above 23%' (previous: 20-22%) and the Group's leverage target (net debt / adjusted EBITDA) will be increased to 'below 3.0' (previous: below 2.5). Sanoma's long-term financial targets are presented in the tables below:

Sanoma Group	Target
Net debt / Adj. EBITDA	<b>below 3.0</b>
Equity ratio	35-45%
Dividend policy <sup>1)</sup>	increasing dividend corresponding to 40-60% of annual free cash flow

Sanoma Learning	Target
Comparable net sales growth	2-5%
Operational EBIT margin excl. PPA	<b>above 23%</b>

Sanoma Media Finland	Target
Comparable net sales growth	+/- 2%
Operational EBIT margin excl. PPA	12-14%

<sup>1)</sup> When proposing a dividend to the AGM, the Board of Directors will look at the general macro-economic environment, Sanoma's current and target capital structure, Sanoma's future business plans and investment needs as well as both previous year's cash flows and expected future cash flows affecting capital structure.

On 3 December 2020, Sanoma signed a EUR 200 million syndicated credit facility with a group of ten relationship banks. Maturity of the loan is three years, with a one year extension option. The term loan was used to partially finance the acquisition of Santillana Spain, which was closed on 31 December 2020. With the term loan, Sanoma converted part of the acquisition-related EUR 480 million bridge loan facility into long-term financing.

## Learning

Sanoma Learning is the leading European learning company, serving over 20 million students in 11 countries. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education, and we aim to grow our business throughout Europe. 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 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Net sales	66.6	61.3	9%	499.7	336.0	49%
Operational EBITDA <sup>1)</sup>	-1.0	8.1	-112%	167.1	127.3	31%
Operational EBIT excl. PPA <sup>2)</sup>	-17.8	-9.6	-85%	95.9	75.6	27%
Margin <sup>2)</sup>	-26.7%	-15.7%		19.2%	22.5%	
EBIT	-32.2	-18.7	-72%	66.4	57.4	16%
Capital expenditure	9.1	8.2	12%	32.6	21.4	53%
Average number of employees (FTE)				1,987	1,472	35%

<sup>1)</sup> Excluding IACs

<sup>2)</sup> Excluding IACs of EUR -10.3 million in Q4 2020 (2019: -5.5) and EUR -13.2 million in FY 2020 (2019: -12.0) and PPA amortisations of EUR 4.0 million in Q4 2020 (2019: 3.6) and EUR 16.2 million in FY 2020 (2019: 6.1).

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 19.

### Net sales by country

EUR million	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change
The Netherlands	25.7	27.9	-8%	199.8	106.9	87%
Poland	12.2	11.7	4%	112.5	95.6	18%
Finland	8.3	7.6	9%	52.9	52.5	1%
Belgium	4.9	7.1	-30%	76.1	57.1	33%
Other countries and eliminations <sup>1)</sup>	15.6	7.0	123%	58.4	23.9	145%
<b>Net sales total</b>	<b>66.6</b>	<b>61.3</b>	<b>9%</b>	<b>499.7</b>	<b>336.0</b>	<b>49%</b>

<sup>1)</sup> Other countries include Sweden, Spain, 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 recent acquisition of Santillana Spain will further increase 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. Review of FY 2020 is available on the next page.*

### Q4 2020

Net sales of Learning grew to EUR 67 million (2019: 61) as a result of acquisitions of itslearning, ClickEdu and Essener completed during Q4 2019. On a comparable basis, net sales declined in the Netherlands and Belgium as a result of changing product mix in Iddink, where sales have shifted from renting to selling books. Rental sales are spread evenly across quarters, while net sales from selling books is more focused around the start of the new school year in the third quarter. Net sales grew slightly in Poland driven by continued impact of this year's curriculum renewal in upper primary and upper secondary education.

Operational EBIT excl. PPA decreased to EUR -18 million (2019: -10). Earnings decline was driven by a faster than expected sales shift from renting to selling books in all three operating countries of Iddink. EBIT margin of sold books is lower as the related costs are booked at one go as cost of goods sold, whereas the costs of rented books are capitalised and booked as depreciation over a longer period of time. The margin difference related to the accelerated shift was booked during the quarter.

EBIT was EUR -32 million (2019: -19). IACs totalled EUR -10 million (2019: -6) and mainly consisted of costs related to recent acquisitions. PPA amortisations were EUR 4 million (2019: 4).

Capital expenditure totalled EUR 9 million (2019: 8) and consisted of growth-investments in digital platforms and ICT.

## **FY 2020**

Net sales of Learning grew significantly and amounted to EUR 500 million (2019: 336). A majority, EUR 143 million, of the net sales growth was attributable to acquisitions, in particular Iddink. On a comparable basis, net sales growth was strong in Poland, driven by the ongoing curriculum renewal both in upper primary and upper secondary education. Net sales grew also in the Netherlands as a result of curriculum renewals. Learning's comparable net sales growth was 5% (2019: 0%). The coronavirus pandemic had a limited impact on net sales, though some adverse impact on on-site training sales was visible during the second and fourth quarters.

Operational EBIT excl. PPA improved to EUR 96 million (2019: 76) as a result of acquisitions and net sales growth in Poland and the Netherlands. Faster than expected shift from renting to selling books in Iddink had a negative impact on the operational EBIT margin, as explained in the quarterly review above. In addition, the margin was adversely impacted by the acquisitions of Iddink and itslearning, which have a lower margin than the Learning SBU on average.

EBIT was EUR 66 million (2019: 57). IACs totalled EUR -13 million (2019: -12) and mainly consisted of costs related to recent acquisitions. PPA amortisations increased to EUR 16 million (2019: 6) as a result of acquisitions completed in 2019.

Capital expenditure increased to EUR 33 million (2019: 21) as a result of acquisitions and consisted of growth investments in digital platforms and ICT.

## Media Finland

Media Finland is the leading 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, like 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 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Net sales	160.8	144.2	12%	562.6	576.8	-2%
Operational EBITDA <sup>1)</sup>	44.7	37.0	21%	146.6	151.7	-3%
Operational EBIT excl. PPA <sup>2)</sup>	17.3	14.7	17%	66.6	69.4	-4%
Margin <sup>2)</sup>	10.7%	10.2%		11.8%	12.0%	
EBIT	10.4	11.9	-13%	209.6	54.9	281%
Capital expenditure	0.9	1.1	-18%	5.1	3.8	32%
Average number of employees (FTE)				2,052	1,804	14%

<sup>1)</sup> Excluding IACs

<sup>2)</sup> Excluding IACs of EUR -5.2 million in Q4 2020 (2019: -1.7) and EUR 149.1 million in FY 2020 (2019: -10.0) and PPA amortisations of EUR 1.7 million in Q4 2020 (2019: 1.1) and EUR 6.1 million in FY 2020 (2019: 4.4).

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 19.

### Net sales by category

EUR million	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Print	81.8	69.0	19%	291.4	271.5	7%
Non-print	79.0	75.2	5%	271.1	305.3	-11%
<b>Net sales total</b>	<b>160.8</b>	<b>144.2</b>	<b>12%</b>	<b>562.6</b>	<b>576.8</b>	<b>-2%</b>

EUR million	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Advertising sales	70.8	66.2	7%	231.6	247.3	-6%
Subscription sales	64.0	49.6	29%	230.0	195.8	17%
Single copy sales	10.6	12.2	-13%	42.8	45.1	-5%
Other	15.4	16.3	-5%	58.1	88.6	-34%
<b>Net sales total</b>	<b>160.8</b>	<b>144.2</b>	<b>12%</b>	<b>562.6</b>	<b>576.8</b>	<b>-2%</b>

Other sales mainly include festivals and events, marketing services, event marketing, custom publishing, books and printing. In 2020, net sales of the events business amounted to EUR 0.6 million (2019: 35).

### Q4 2020

Net sales of Media Finland grew to EUR 161 million (2019: 144). Net sales of the regional news media business, acquired on 30 April 2020, amounted to EUR 21 million with a continued impact of the coronavirus pandemic on advertising sales. On a comparable basis (excl. the acquired regional news media business), subscription sales continued to grow driven by strong development in the daily newspaper Helsingin Sanomat, the VOD service Ruutu+ as well as the new audiobook service Supla+ launched during 2020. Comparable advertising sales grew slightly due to market recovery and some market share gains. Demand for digital and TV advertising was strong, while structural decline in print advertising continued. Media Finland outperformed the market during the quarter gaining market share especially in TV, radio and online advertising. The divestment of the online classifieds business Oikotie had an adverse net sales impact of EUR 6 million.

According to the Finnish Advertising Trends survey for December 2020 by Kantar TNS, the advertising market in Finland declined by 4% on a net basis in Q4 2020. During the quarter, advertising declined by 18% in newspapers, by 12% in magazines and by 10% in radio, while increasing by 10% in TV and by 9% in online (excluding search and social media).

Operational EBIT excl. PPA improved to EUR 17 million (2019: 15) mainly as a result of continued cost mitigation actions across main cost categories, including personnel, overall administration, content and paper. TV programming costs were higher compared to previous year due to costs saved earlier during the year were spent during the last quarter to respond to higher advertising demand. Net earnings impact of the acquisition of the regional news media business and the divestment of the online classifieds business Oikotie was flat compared to previous year.

EBIT was EUR 10 million (2019: 12). IACs totalled EUR -5 million (2019: -2) and consisted of costs related to the integration of the regional news media business. PPA amortisations were EUR 2 million (2019: 1) and increased due to the acquisition of the regional news media business.

Capital expenditure totalled EUR 1 million (2019: 1) and consisted of maintenance investments.

## FY 2020

Net sales of Media Finland declined slightly and amounted to EUR 563 million (2019: 577). Net sales of the regional news media business acquired on 30 April 2020 amounted to EUR 54 million being impacted by the coronavirus pandemic. On a comparable basis (excl. the acquired regional news media business), subscription sales grew steadily throughout the year driven by strong development in both Helsingin Sanomat, Ruutu+ and Supla+. Comparable advertising sales declined by 9%, or approx. EUR 20 million, as the coronavirus pandemic had a negative impact especially on print advertising. Digital advertising sales were at the previous year's level, while TV advertising sales declined slightly. During the year, there was significant fluctuation in advertising demand between months and categories due to the coronavirus pandemic. More detailed information on quarterly advertising development in 2020 is available on p. 3. Media Finland outperformed the market during the year gaining market share especially in TV, online and radio advertising. Due to restrictions set by the Finnish authorities, all Media Finland's festivals and events for the season 2020 were cancelled. The impact of the cancellation, approx. EUR 35 million, is visible in other sales. Divestment of the online classifieds business Oikotie had an adverse net sales impact of EUR 11 million. Media Finland's comparable net sales development was -10% (2019: -2%).

According to the Finnish Advertising Trends survey for December 2020 by Kantar TNS, the advertising market in Finland declined by 17% on a net basis in 2020. The decline was driven by the coronavirus pandemic. Advertising declined by 25% in newspapers, by 19% in magazines, by 9% in TV and by 4% in radio, and increased by 3% in online (including search and social media).

Operational EBIT excl. PPA was stable and amounted to EUR 67 million (2019: 69). Good profitability level was maintained mainly due to active cost mitigation actions across cost categories, including personnel, operating expenses, content and paper costs throughout the year, which almost offset the adverse earnings impact of lower advertising sales. Net earnings impact of the acquisition of the regional news media business and the divestment of the online classifieds business Oikotie was flat. Profitability of the events business was somewhat positive due to the insurance compensation received.

EBIT was EUR 210 million (2019: 55). IACs totalled EUR 149 million (2019: -10) and included a capital gain of EUR 165 million related to the divestment of Oikotie as well as the transaction and integration costs related to the acquisition of the regional news media business. PPA amortisations increased to EUR 6 million (2019: 4) due to the acquisition of the regional news media business.

Capital expenditure totalled EUR 5 million (2019: 4) and consisted of maintenance investments.

## Personnel

In 2020, the average number of employees in full-time equivalents (FTE) in continuing operations was 4,255 (2019: 3,551). The average number of employees (FTE) per SBU was as follows: Learning 1,987 (2019: 1,472), Media Finland 2,052 (2019: 1,804) and Other operations 216 (2019: 275). At the end of December, the number of employees (FTE) of the Group was 4,806 (2019: 3,937) and 19 (2019: 1,000) in discontinued operations. The number of employees increased as a consequence of acquisitions.

Wages, salaries and fees paid to Sanoma's employees, including the expense recognition of share-based payments, amounted to EUR 295 million (2019: 243).

## Changes in management

On 1 January 2020, Rob Kolkman started as a CEO for Sanoma Learning. He reports to Susan Duinhoven, President and CEO of Sanoma Corporation, and continues as a member of Sanoma's Executive Management Team. Rob Kolkman was the CEO for Sanoma Media Netherlands until the closing of the divestment on 20 April 2020.

## Executive Management Team

Sanoma's Executive Management Team consists of the following members: Susan Duinhoven, President and CEO; Markus Holm, CFO and COO; Pia Kalsta, CEO of Sanoma Media Finland; and Rob Kolkman, CEO of Sanoma Learning.

## Share capital and shareholders

At the end of December 2020, Sanoma's registered share capital was EUR 71 million (2019: 71), and the total number of shares was 163,565,663 (2019: 163,565,663), including 528,977 (2019: 549,140) own shares. Own shares represented 0.3% (2019: 0.3%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 163,036,686 (2019: 163,016,523).

In March 2020, Sanoma delivered a total of 324,163 own shares (without consideration and after taxes) as part of its long-term share-based incentive plans.

Sanoma had 22,748 (2019: 20,730) registered shareholders at the end of December 2020.

## Acquisition of own shares

Sanoma repurchased own shares from 26 March until 2 April 2020. During that time, Sanoma acquired a total of 304,000 own shares for an average price of EUR 7.95 per share. The shares were acquired in public trading on Nasdaq Helsinki Ltd. at the market price prevailing at the time of purchase. The repurchased shares were acquired on the basis of the authorisation given by the Annual General Meeting on 25 March 2020 to be used as part of the Company's incentive programme.

## Share trading and performance

At the end of December 2020, Sanoma's market capitalisation was EUR 2,240 million (2019: 1,541) with Sanoma's share closing at EUR 13.74 (2019: 9.45). In 2020, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 10.15 (2019: 9.03), with a low of EUR 6.84 (2019: 7.96) and a high of EUR 14.00 (2019: 10.44).

In 2020, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 298 million (2019: 172). The trading volume of 29 million shares (2019: 19) equalled an average daily turnover of 116,000 shares (2019: 76,000). The traded shares accounted for some 18% (2019: 12%) of the average number of shares. Sanoma's share turnover, including alternative trading venues BATS and Chi-X, was 34 million shares (2019: 24). Nasdaq Helsinki represented 87% (2019: 81%) of the share turnover. (Source: Euroland)

## Decisions of the Annual General Meeting

Sanoma Corporation's Annual General Meeting (AGM) was held on 25 March 2020 in Helsinki. The meeting adopted the Financial Statements, the Board of Directors' Report and the Auditor's Report for the year 2019, considered the Remuneration Policy for governing bodies and discharged the members of the Board of Directors as well as the President and CEO from liability for the financial year 2019.

The AGM resolved that a dividend of EUR 0.50 per share shall be paid and a sum of EUR 350,000 be reserved for charitable donations to be used at the Board of Directors' discretion. The dividend shall be paid in two instalments. The first instalment of EUR 0.25 per share was paid to a shareholder who was registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the dividend record date 27 March 2020. The payment date for this instalment was 3 April 2020.

The second instalment of EUR 0.25 per share shall be paid to a shareholder who, on the dividend record date, is registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd. In its meeting on 28 October 2020 the Board of Directors decided the dividend record date for the second instalment to be 30 October 2020 and the dividend payment date 6 November 2020.

The AGM resolved that the number of the members of the Board of Directors shall be set at ten. Pekka Ala-Pietilä, Antti Herlin, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, Sebastian Langenskiöld, Rafaela Seppälä and Kai Öistämö were re-elected as members, and Julian Drinkall and Rolf Grisebach were elected as new members of the Board of Directors. Pekka Ala-Pietilä was elected as the Chairman of the Board and Antti Herlin as the Vice Chairman. The term of all the Board members ends at the end of the AGM 2021.

The AGM resolved that the monthly remuneration payable to the members of the Board of Directors shall be increased. The monthly remunerations are: EUR 12,000 for the Chairman of the Board, EUR 7,000 for the Vice Chairman of the Board, and EUR 6,000 for the members of the Board. The meeting fees of the Board of Directors remained unchanged.

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. Own 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 2021, and it terminated the corresponding authorisation granted by the AGM 2019.

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 Limited Liability Companies Act. Option rights and other special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Limited Liability 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 18,000,000 new shares as well as conveyance of a maximum of 5,000,000 treasury shares held by the Company in one or several instalments. The issuance of shares, the conveyance of treasury shares and the granting of option rights and other special rights entitling to shares may be done in deviation from the shareholders' pre-emptive right (directed issue). The authorisation will be valid until 30 June 2021, and it replaced the authorisation to decide on issuance of shares, option rights and other special rights entitling to shares, which was granted to the Board of Directors by the Annual General Meeting on 27 March 2019.

## Seasonal fluctuation

The learning business has, by its nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically loss-making. The recent acquisition of Santillana Spain will further increase 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 results 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, but did not have an impact on the Group's seasonality in 2020 as no events were arranged due to the restrictions related to the coronavirus pandemic. Seasonal business fluctuations influence the Group's net sales and EBIT, with the first and fourth quarter traditionally being the smallest ones for both.

## Significant near-term risks and uncertainties

Sanoma is exposed to numerous risks and opportunities, which may arise from its own operations or the changing operating environment. The ongoing coronavirus pandemic may possess a near-term risk for the Group's business and financial performance in 2021. Key impacts and risk mitigation actions related to the pandemic in 2020 are presented on p. 3 under the title "Key impacts of the coronavirus pandemic". Other significant risks that could have a negative impact on Sanoma's business, performance, or financial status, and how the coronavirus pandemic has impacted their likelihood and/or magnitude, are described below. However, in addition to risks mentioned below, other currently unknown or immaterial risks may arise or become material in the future.

Sanoma's strategic aim is to grow through acquisitions. The key risks in M&A may relate to the availability and valuation of the potential targets as well as the suitability of timing for the parties and the transaction process itself, including the regulation of M&A activity by the competition authorities, for example. Sanoma may not be able to identify suitable M&A opportunities or suitable targets may not be available at the right valuation. Even if suitable M&A opportunities were identified and feasible, M&A risks may relate to the unidentified liabilities of the target companies or their assets, changes in market conditions, the inability to ensure the right valuation and effective integration of acquisitions or that the anticipated economies of scale or synergies do not materialise.

In learning, digital and blended (= print-and-digital) learning materials, methods and platforms have gradually been gaining ground, and the outbreak of the coronavirus pandemic has further amplified the growing need for remote learning tools and digital learning materials. Also in the learning material distribution services, this shift is being paralleled by a move from renting and selling books towards subscription-based commercial models. Both trends and/or their acceleration may have an impact on the operational performance, financial performance and/or financial position of Sanoma Learning.

With the continued development of alternative forms of media, particularly digital media, the Group's media businesses and the strength of its media brands depend on its continued ability to identify and respond to constantly shifting consumer preferences and industry trends as well as its ability to develop new and appealing products and services in a timely manner. Changes in customer preferences are visible not only in consumer behaviour, but also both directly and indirectly in advertising demand. Demand for digital advertising has been growing, while demand for print advertising has been declining in recent years, and the trend is expected to continue. The increasing use of mobile devices is changing the way people consume media, while the viewing time of free-to-air TV is decreasing.

The media and learning markets in which the Group operates are highly competitive and include many regional, national and international companies. In media, competition is affected by the level of consolidation within the Group's markets as well as by the development of alternative distribution channels for the products and services offered by the Group. Competition may arise from large international media and telecom companies entering new geographic markets or expanding the distribution of their products and services to new distribution channels, which may have a significant impact on competition. In Learning there is a similar risk stemming from large international media companies (e.g. Google, Apple, Microsoft), digital entrants, educational technology companies, open educational resources and user generated content. New entrants and/or new technological developments entering the markets possess a risk for Sanoma's established businesses.

The Group's operations are subject to various the laws and regulations in the countries the Group operates and changes in such laws and regulations could have a material effect on Sanoma's ability to conduct its business effectively. For example, changes in educational regulation could have a material effect on Sanoma's commercial propositions, content investments needs or financial performance. Although legislation related to learning is typically country-specific, which limits the magnitude of said risk at group level, Sanoma faces an increased legislative risk in Poland, one of its largest markets, where broad or abrupt education-related legislative changes could have a material effect on Sanoma Learning business.

Furthermore, the deterioration of publishers' and broadcasters' copyright protection or increase in legal obligations towards original authors of copyright protected works affects the Group's ability to provide its customers with new products and services and may increase costs related to acquiring and managing copyrights. In addition, changes in the Digital Single Market Initiative could have a material effect on Sanoma's cost efficient access to high quality TV content for the Finnish market. 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. the VAT, may have an effect on the operations of the Group or on its financial performance.

The general economic conditions in Sanoma's operating countries and the overall industry trends could influence Sanoma's business, performance or financial status. In general, the risks associated with the performance of the learning business relate to the development of public and private education spending especially during the curriculum renewals. In the media

business, risks associated with business and financial performance typically relate to the advertising demand and consumer spending. Economic downturns characterised by declines in overall economic activity and consumer spending typically result in a decreased demand for advertising.

Data is an increasingly essential part of Sanoma's business putting privacy and consumer trust at the core of the Group's daily operations. Regulatory changes regarding the use of consumer data for commercial purposes could, therefore, have an adverse effect on Sanoma's ability to utilise data in its business. The proposed ePrivacy Regulation related to telesales and content personalization may have an impact on B2C media sales and B2B advertising business. Changes in the digital advertising ecosystem, such as the deprecation of third party cookies, may result in changes in business models used in digital advertising sales.

Sanoma's financial risks include interest rate, currency, liquidity and credit risks. Other risks include risks related to equity and impairment of assets. As part of the full-year reporting, Sanoma has reviewed the potential impact of the coronavirus pandemic on the expected credit losses and adjusted provisions related to Media Finland accordingly.

Sanoma's consolidated balance sheet included EUR 1,438 million (2019: 949) of goodwill, immaterial rights and other intangible assets at the end of December 2020. After the acquisitions of Iddink and Santillana Spain, most of this is related to the learning business. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity-related ratios. According to management assessment at the end December 2020, the coronavirus pandemic is not considered a triggering event for impairment testing.

More information on Sanoma's most significant risks and uncertainty factors and the main principles of risk management is available in the Report of the Board of Directors, Financial Statements and Corporate Governance Statement for 2020, which will be published on week 10.

## Dividend proposal

On 31 December 2020, Sanoma Corporation's distributable funds were EUR 313 million, of which profit for the year made up EUR 40 million. Including the fund for non-restricted equity of EUR 210 million, the distributable funds amounted to EUR 523 million. The Board of Directors proposes to the Annual General Meeting that:

- A dividend of EUR 0.52 per share shall be paid for the year 2020. The dividend shall be paid in two instalments. The first instalment of EUR 0.26 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 15 April 2021. The payment date for this instalment is 22 April 2021. Record date for the second instalment of EUR 0.26 per share will be decided by the Board of Directors in October, and the estimated payment date will be in November 2021.
- A sum of EUR 700,000 shall be transferred to the donation reserve and used at the Board's discretion.
- The amount left in equity shall be EUR 438 million.

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

## Financial reporting and AGM in 2021

Sanoma will publish the following financial reports during 2021:

Interim Report 1 January–31 March 2021	Friday, 30 April 2021, approx. at 8:30
Half-Year Report 1 January–30 June 2021	Wednesday, 28 July 2021, approx. at 8:30
Interim Report 1 January–30 September 2021	Wednesday, 27 October, approx. at 8:30

Sanoma's Financial Statements and Board of Directors' Report for 2020 will be published during week 10 (starting on 8 March 2021). The Annual General Meeting 2021 is planned to be held on Thursday, 13 April 2021 pursuant to temporary legislation.

Helsinki, 9 February 2021

Board of Directors  
Sanoma Corporation

## Reconciliation of operational EBIT excl. PPA

EUR million	Q4 2020	Restated Q4 2019	FY 2020	Restated FY 2019
<b>EBIT</b>	<b>-22.7</b>	<b>-9.5</b>	<b>270.1</b>	<b>104.5</b>
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations</b>				
<b>Learning</b>				
Impairments	-0.6		-0.6	
Restructuring expenses	-9.8	-5.5	-12.7	-12.1
PPA adjustments and amortisations	-4.0	-3.6	-16.2	-6.1
<b>Media Finland</b>				
Capital gains/losses	-0.2		164.8	
Restructuring expenses	-5.0	-1.7	-15.7	-10.0
PPA adjustments and amortisations	-1.7	-1.1	-6.1	-4.4
<b>Other companies</b>				
Capital gains/losses	0.2		0.2	0.5
Restructuring expenses	-0.1	-0.3	-0.2	-1.0
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations total</b>	<b>-21.2</b>	<b>-12.2</b>	<b>113.6</b>	<b>-33.0</b>
<b>Operational EBIT excl. PPA adjustments and amortisations total</b>	<b>-1.5</b>	<b>2.7</b>	<b>156.5</b>	<b>137.6</b>
Depreciation of buildings and structures	-6.4	-4.5	-23.8	-18.5
Depreciation of rental books	-1.9	-3.7	-13.2	-3.7
Amortisation of film and TV broadcasting rights	-19.1	-15.3	-52.4	-57.2
Amortisation of prepublication rights	-5.6	-4.8	-20.7	-19.9
Other depreciations, amortisations and impairments	-12.5	-13.8	-43.8	-39.9
Items affecting comparability in depreciation, amortisation and impairments	0.6		0.6	
<b>Operational EBITDA</b>	<b>43.4</b>	<b>44.8</b>	<b>309.9</b>	<b>276.8</b>
<b>Items affecting comparability (IACs) in financial income and expenses</b>				
Capital gains/losses				1.0
Financial items			0.6	
Impairments				-1.1
<b>Total</b>			<b>0.6</b>	<b>-0.2</b>
<b>Items affecting comparability (IACs) and PPA adjustments and amortisations in discontinued operations</b>				
Capital gains/losses	-0.1		-1.8	10.8
Impairments <sup>1)</sup>	-2.6	-105.1	-2.6	-105.1
Restructuring expenses	0.1	-5.5	-0.6	-9.1
PPA adjustments and amortisations		-1.0	-1.4	-3.9
<b>Total</b>	<b>-2.6</b>	<b>-111.7</b>	<b>-6.4</b>	<b>-107.3</b>

<sup>1</sup> In 2020, capital gains/losses include capital loss of EUR 1.6 million related to costs to sell for the divestment of Media Netherlands. In 2019, the impairment of EUR 105.1 million relates to the impairment loss on classification as assets held for sale under IFRS 5 following the announcement to divest Media Netherlands.

## Reconciliation of operational EPS

EUR million	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Result for the period attributable to the equity holders of the Parent Company</b>	<b>-25.9</b>	<b>-103.5</b>	<b>246.7</b>	<b>11.5</b>
Items affecting comparability	18.3	118.1	-131.6	126.1
Tax effect of items affecting comparability	-3.3	-2.9	-6.3	-7.2
Non-controlling interests' share of items affecting comparability	0.0	0.0	0.0	0.0
<b>Operational result for the period attributable to the equity holders of the Parent Company</b>	<b>-10.8</b>	<b>11.7</b>	<b>108.8</b>	<b>130.4</b>
Weighted average number of shares on the market	163,036,686	163,016,523	163,041,596	162,933,737
<b>Operational EPS</b>	<b>-0.07</b>	<b>0.07</b>	<b>0.67</b>	<b>0.80</b>

## Reconciliation of net debt

EUR million	31 Dec 2020	31 Dec 2019
Non-current financial liabilities	317.7	227.9
Current financial liabilities	265.0	400.7
Non-current lease liabilities	163.2	162.0
Current lease liabilities	29.5	27.3
Cash and cash equivalents	-114.6	-23.2
<b>Net debt</b>	<b>660.7</b>	<b>794.7</b>

Net debt includes financial assets and liabilities of certain Learning operations that are presented as part of assets and liabilities held for sale in the balance sheet 31 December 2020. In addition, net debt 31 December 2019 includes financial assets and liabilities of Sanoma Media Netherlands. More details are presented on p. 38.

## Reconciliation of adjusted EBITDA

EUR million	FY 2020	FY 2019
12-month rolling operational EBITDA	329.3	356.4
Impact of acquired and divested operations	18.1	31.0
Impact of programming rights	-52.7	-59.9
Impact of prepublication assets	-31.9	-23.2
Impact of rental books	-10.7	-13.8
<b>Adjusted EBITDA</b>	<b>252.1</b>	<b>290.4</b>

## Reconciliation of comparable net sales growth

EUR million	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Net sales</b>	<b>227.3</b>	<b>205.4</b>	<b>1,061.7</b>	<b>912.6</b>
Impact of acquired and divested operations	-26.8	-6.1	-201.9	-12.8
<b>Comparable net sales</b>	<b>200.5</b>	<b>199.4</b>	<b>859.8</b>	<b>899.8</b>

## Income statement by quarter

EUR million	Q1	Q2	Q3	Q4	Restated	Restated	Restated	Restated
	2020	2020	2020	2020	Q1	Q2	Q3	Q4
					2019	2019	2019	2019
<b>NET SALES</b>	<b>187.6</b>	<b>246.0</b>	<b>400.8</b>	<b>227.3</b>	<b>162.8</b>	<b>259.6</b>	<b>284.7</b>	<b>205.4</b>
Other operating income	6.5	15.0	173.9	12.0	7.5	7.6	7.2	8.7
Materials and services	-55.2	-65.7	-160.9	-74.7	-50.0	-77.8	-95.2	-59.5
Employee benefit expenses	-71.6	-73.6	-66.7	-83.0	-58.1	-58.7	-56.1	-69.6
Other operating expenses	-40.7	-40.2	-37.8	-53.3	-38.3	-39.1	-39.5	-47.9
Share of results in joint ventures	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Depreciation, amortisation and impairment losses	-43.6	-38.8	-42.7	-51.1	-34.1	-37.3	-31.6	-46.8
<b>EBIT</b>	<b>-17.0</b>	<b>42.8</b>	<b>266.9</b>	<b>-22.7</b>	<b>-10.1</b>	<b>54.4</b>	<b>69.7</b>	<b>-9.5</b>
Share of results in associated companies	-0.1	-0.1	0.0	-0.1	-0.1	0.0	0.0	0.0
Financial income	4.1	-0.3	1.5	1.7	1.4	0.5	0.6	0.6
Financial expenses	-4.8	-3.3	-3.8	-3.8	-5.9	-5.9	-7.7	-5.4
<b>RESULT BEFORE TAXES</b>	<b>-17.7</b>	<b>39.1</b>	<b>264.6</b>	<b>-25.0</b>	<b>-14.7</b>	<b>49.1</b>	<b>62.6</b>	<b>-14.3</b>
Income taxes	5.3	-9.5	-20.4	1.4	3.7	-12.6	-13.6	4.6
<b>RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>-12.4</b>	<b>29.5</b>	<b>244.2</b>	<b>-23.5</b>	<b>-11.0</b>	<b>36.5</b>	<b>49.0</b>	<b>-9.7</b>
<b>DISCONTINUED OPERATIONS</b>								
Result for the period from discontinued operations	8.7	4.0	0.1	-3.4	18.3	13.5	10.2	-93.6
<b>RESULT FOR THE PERIOD</b>	<b>-3.8</b>	<b>33.5</b>	<b>244.3</b>	<b>-26.9</b>	<b>7.3</b>	<b>50.0</b>	<b>59.2</b>	<b>-103.2</b>
<b>Result from continuing operations attributable to:</b>								
Equity holders of the Parent Company	-12.1	28.4	243.7	-22.5	-11.0	36.4	47.5	-9.8
Non-controlling interests	-0.3	1.2	0.6	-1.1	0.0	0.1	1.5	0.1
<b>Result from discontinued operations attributable to:</b>								
Equity holders of the Parent Company	8.6	4.0	0.1	-3.4	18.4	13.6	10.2	-93.7
Non-controlling interests	0.1	0.0	0.0	-	0.0	0.0	0.0	0.1
<b>Result attributable to:</b>								
Equity holders of the Parent Company	-3.6	32.3	243.7	-25.9	7.4	50.0	57.7	-103.5
Non-controlling interests	-0.2	1.2	0.6	-1.1	0.0	0.1	1.5	0.3
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>								
Earnings per share, EUR, continuing operations	-0.07	0.17	1.49	-0.14	-0.07	0.22	0.29	-0.06
Diluted earnings per share, EUR, continuing operations	-0.07	0.17	1.49	-0.14	-0.07	0.22	0.29	-0.06
Earnings per share, EUR, discontinued operations	0.05	0.02	0.00	-0.02	0.11	0.08	0.06	-0.57
Diluted earnings per share, EUR, discontinued operations	0.05	0.02	0.00	-0.02	0.11	0.08	0.06	-0.57
Earnings per share, EUR	-0.02	0.20	1.50	-0.16	0.05	0.31	0.35	-0.63
Diluted earnings per share, EUR	-0.02	0.20	1.49	-0.16	0.05	0.31	0.35	-0.63

In 2020 and 2019, discontinued operations include Sanoma Media Netherlands and certain Learning operations that are under strategic review. The divestment of Sanoma Media Netherlands was completed on 20 April 2020.

## Net sales by SBU

EUR million	Q1	Q2	Q3	Q4	FY	Restated	Restated	Restated	Restated	Restated
	2020	2020	2020	2020	2020	Q1	Q2	Q3	Q4	FY
						2019	2019	2019	2019	2019
Learning	57.9	115.2	259.9	66.6	499.7	31.3	105.2	138.3	61.3	336.0
Media Finland	129.9	130.9	141.0	160.8	562.6	131.6	154.5	146.5	144.2	576.8
Other companies and eliminations	-0.2	-0.1	-0.1	-0.1	-0.5	-0.1	-0.1	0.0	-0.1	-0.3
<b>Total</b>	<b>187.6</b>	<b>246.0</b>	<b>400.8</b>	<b>227.3</b>	<b>1,061.7</b>	<b>162.8</b>	<b>259.6</b>	<b>284.7</b>	<b>205.4</b>	<b>912.6</b>

## EBIT by SBU

EUR million	Q1	Q2	Q3	Q4	FY	Restated	Restated	Restated	Restated	Restated
	2020	2020	2020	2020	2020	Q1	Q2	Q3	Q4	FY
						2019	2019	2019	2019	2019
Learning	-20.0	34.8	83.7	-32.2	66.4	-18.0	41.5	52.6	-18.7	57.4
Media Finland	5.3	9.4	184.5	10.4	209.6	9.3	14.7	19.0	11.9	54.9
Other companies and eliminations	-2.3	-1.4	-1.3	-0.9	-5.8	-1.5	-1.8	-1.9	-2.7	-7.9
<b>Total</b>	<b>-17.0</b>	<b>42.8</b>	<b>266.9</b>	<b>-22.7</b>	<b>270.1</b>	<b>-10.1</b>	<b>54.4</b>	<b>69.7</b>	<b>-9.5</b>	<b>104.5</b>

## Operational EBIT excl. PPA by SBU

EUR million	Q1	Q2	Q3	Q4	FY	Restated	Restated	Restated	Restated	Restated
	2020	2020	2020	2020	2020	Q1	Q2	Q3	Q4	FY
						2019	2019	2019	2019	2019
Learning	-15.1	39.2	89.6	-17.8	95.9	-16.1	43.1	57.8	-9.6	75.6
Media Finland	9.5	16.0	23.7	17.3	66.6	13.5	19.4	21.7	14.7	69.4
Other companies and eliminations	-2.2	-1.2	-1.5	-1.0	-5.9	-1.3	-2.3	-1.4	-2.4	-7.4
<b>Total</b>	<b>-7.8</b>	<b>54.0</b>	<b>111.8</b>	<b>-1.5</b>	<b>156.5</b>	<b>-3.9</b>	<b>60.6</b>	<b>78.1</b>	<b>2.7</b>	<b>137.6</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 2020. 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 at Sanoma.com. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

Sanoma uses a provision matrix to measure expected credit losses of trade receivables. Loss rates are defined separately for different geographic regions, type of business and types of customers (B2B and B2C). Loss rates are based on past information on actual credit loss experience, adjusted by current information and future expectations on economic conditions where deemed necessary. As part of the third quarter reporting, Sanoma has reviewed the potential impact of the corona virus pandemic on the expected credit losses.

For the Learning SBU, management currently considers the impact of the corona virus pandemic to be very limited and not material, mainly due to the fact that the majority of the customers are B2B customers funded by state, regional or municipal governments.

With respect to Sanoma Media Finland's B2B customer receivables there has not yet been any significant change in payment delays. However, if the corona virus pandemic continues or would even intensify, it will potentially increase the credit risk. The financial crisis of 2008-2009 was used as a reference point for estimating the impact of the corona virus pandemic, and the subsequent financial downturn caused by it, on the future B2B credit losses of Sanoma Media Finland. The credit losses have been adjusted to reflect the increased risk accordingly.

In previous impairment calculations, the recoverable amounts for the Cash Generating Units Media Finland and Learning were significantly higher than the carrying amounts. Based on further sensitivity analyses performed for the reporting period ended 31 December 2020, management concludes that the corona virus pandemic will not have eliminated this difference and therefore is not considered a triggering event for impairment testing.

## Consolidated income statement

EUR million	Q4 2020	Restated Q4 2019	FY 2020	Restated FY 2019
<b>NET SALES</b>	<b>227.3</b>	<b>205.4</b>	<b>1,061.7</b>	<b>912.6</b>
Other operating income	12.0	8.7	207.5	31.0
Materials and services	-74.7	-59.5	-356.5	-282.5
Employee benefit expenses	-83.0	-69.6	-294.9	-242.6
Other operating expenses	-53.3	-47.9	-171.9	-164.8
Share of results in joint ventures	0.1	0.1	0.5	0.4
Depreciation, amortisation and impairment losses	-51.1	-46.8	-176.3	-149.8
<b>EBIT</b>	<b>-22.7</b>	<b>-9.5</b>	<b>270.1</b>	<b>104.5</b>
Share of results in associated companies	-0.1	0.0	-0.4	0.0
Financial income	1.7	0.6	6.9	3.1
Financial expenses	-3.8	-5.4	-15.7	-24.9
<b>RESULT BEFORE TAXES</b>	<b>-25.0</b>	<b>-14.3</b>	<b>261.0</b>	<b>82.7</b>
Income taxes	1.4	4.6	-23.2	-17.9
<b>RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>-23.5</b>	<b>-9.7</b>	<b>237.8</b>	<b>64.8</b>
<b>DISCONTINUED OPERATIONS</b>				
Result for the period from discontinued operations	-3.4	-93.6	9.3	-51.5
<b>RESULT FOR THE PERIOD</b>	<b>-26.9</b>	<b>-103.2</b>	<b>247.1</b>	<b>13.3</b>
<b>Result from continuing operations attributable to:</b>				
Equity holders of the Parent Company	-22.5	-9.8	237.4	63.1
Non-controlling interests	-1.1	0.1	0.4	1.7
<b>Result from discontinued operations attributable to:</b>				
Equity holders of the Parent Company	-3.4	-93.7	9.3	-51.6
Non-controlling interests	-	0.1	0.1	0.1
<b>Result attributable to:</b>				
Equity holders of the Parent Company	-25.9	-103.5	246.7	11.5
Non-controlling interests	-1.1	0.3	0.5	1.8
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>				
Earnings per share, EUR, continuing operations	-0.14	-0.06	1.46	0.39
Diluted earnings per share, EUR, continuing operations	-0.14	-0.06	1.45	0.39
Earnings per share, EUR, discontinued operations	-0.02	-0.57	0.06	-0.32
Diluted earnings per share, EUR, discontinued operations	-0.02	-0.57	0.06	-0.32
Earnings per share, EUR	-0.16	-0.63	1.51	0.07
Diluted earnings per share, EUR	-0.16	-0.63	1.51	0.07

In 2020 and 2019, discontinued operations include Sanoma Media Netherlands and certain Learning operations that are under strategic review. The divestment of Sanoma Media Netherlands was completed on 20 April 2020.

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

EUR million	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Result for the period</b>	<b>-26.9</b>	<b>-103.2</b>	<b>247.1</b>	<b>13.3</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Change in translation differences	1.4	0.8	-2.4	2.5
Share of other comprehensive income of equity-accounted investees		0.1		0.1
<b>Items that will not be reclassified to profit or loss</b>				
Defined benefit plans	-0.6	0.7	4.1	6.1
Income tax related to defined benefit plans	0.1	-0.1	-0.8	-1.1
<b>Other comprehensive income for the period, net of tax</b>	<b>0.9</b>	<b>1.6</b>	<b>0.9</b>	<b>7.6</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-26.0</b>	<b>-101.7</b>	<b>248.0</b>	<b>20.9</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent Company	-24.9	-101.9	247.6	19.1
Non-controlling interests	-1.1	0.3	0.5	1.8

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

## Consolidated balance sheet

EUR million	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
Property, plant and equipment	73.9	78.0
Right-of-use assets	186.7	157.0
Investment property	7.9	9.1
Goodwill	752.7	505.8
Other intangible assets	685.7	443.3
Equity-accounted investees	2.3	1.9
Other investments	4.0	3.9
Deferred tax receivables	18.2	12.6
Trade and other receivables	15.3	13.6
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>1,746.7</b>	<b>1,225.2</b>
Inventories	45.8	25.4
Income tax receivables	19.4	7.6
Contract assets	0.4	0.4
Trade and other receivables	120.9	103.8
Cash and cash equivalents	114.6	16.3
<b>CURRENT ASSETS, TOTAL</b>	<b>301.1</b>	<b>153.5</b>
Assets held for sale and discontinued operations	0.4	619.2
<b>ASSETS, TOTAL</b>	<b>2,048.3</b>	<b>1,997.9</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	71.3	71.3
Treasury shares	-4.3	-4.6
Fund for invested unrestricted equity	209.8	209.8
Other equity	413.5	253.0
Total equity attributable to the equity holders of the Parent Company	690.2	529.4
Non-controlling interests	19.7	21.5
<b>EQUITY, TOTAL</b>	<b>709.9</b>	<b>550.9</b>
Deferred tax liabilities	140.9	74.6
Pension obligations	7.4	7.1
Provisions	0.8	0.6
Financial liabilities	317.7	221.3
Lease liabilities	163.2	138.4
Contract liabilities	3.5	4.2
Trade and other payables	2.8	6.5
<b>NON-CURRENT LIABILITIES, TOTAL</b>	<b>636.4</b>	<b>452.8</b>
Provisions	0.9	1.3
Financial liabilities	265.0	398.4
Lease liabilities	29.4	22.5
Income tax liabilities	22.5	8.4
Contract liabilities	148.1	129.7
Trade and other payables	235.4	210.4
<b>CURRENT LIABILITIES, TOTAL</b>	<b>701.4</b>	<b>770.8</b>
Liabilities related to assets held for sale and discontinued operations	0.7	223.3
<b>LIABILITIES, TOTAL</b>	<b>1,338.4</b>	<b>1,447.0</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>2,048.3</b>	<b>1,997.9</b>

## Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company						
	Share capital	Treasury shares	Fund for invested unrestricted equity	Other equity	Total	Non-controlling interests	Equity, total
<b>Equity at 1 Jan 2019</b>	<b>71.3</b>	<b>-8.4</b>	<b>209.8</b>	<b>333.8</b>	<b>606.4</b>	<b>5.0</b>	<b>611.4</b>
Comprehensive income for the period				19.1	19.1	1.8	20.9
Share-based compensation				-0.4	-0.4		-0.4
Shares delivered		3.8		-3.8			
Dividends				-73.4	-73.4	-1.2	-74.5
Acquisitions and other changes in non-controlling interests				-22.3	-22.3	15.9	-6.4
<b>Equity at 31 Dec 2019</b>	<b>71.3</b>	<b>-4.6</b>	<b>209.8</b>	<b>253.0</b>	<b>529.4</b>	<b>21.5</b>	<b>550.9</b>
<b>Equity at 1 Jan 2020</b>	<b>71.3</b>	<b>-4.6</b>	<b>209.8</b>	<b>253.0</b>	<b>529.4</b>	<b>21.5</b>	<b>550.9</b>
Comprehensive income for the period				247.6	247.6	0.5	248.0
Purchase of treasury shares		-2.4			-2.4		-2.4
Share-based compensation				-0.4	-0.4		-0.4
Shares delivered		2.8		-2.8			
Dividends				-81.6	-81.6	-1.0	-82.6
Acquisitions and other changes in non-controlling interests				-2.4	-2.4	-1.3	-3.6
<b>Equity at 31 Dec 2020</b>	<b>71.3</b>	<b>-4.3</b>	<b>209.8</b>	<b>413.5</b>	<b>690.2</b>	<b>19.7</b>	<b>709.9</b>

## Consolidated cash flow statement

EUR million	FY 2020	FY 2019
<b>OPERATIONS</b>		
Result for the period	247.1	13.3
Adjustments		
Income taxes	26.5	32.5
Financial income and expenses	9.1	23.5
Share of results in equity-accounted investees	-1.2	-4.3
Depreciation, amortisation and impairment losses	177.8	266.2
Gains/losses on sales of non-current assets	-161.1	-12.4
Other adjustments	-3.9	-4.1
Adjustments, total	47.1	301.4
Change in working capital	-29.2	-18.4
Acquisitions of broadcasting rights, prepublication costs and rental books	-88.0	-83.9
Dividends received	0.5	4.7
Interest paid and other financial items	-13.6	-17.9
Taxes paid	-26.6	-36.2
<b>Cash flow from operations</b>	<b>137.4</b>	<b>163.0</b>
<b>INVESTMENTS</b>		
Capital expenditure	-42.5	-31.7
Operations acquired	-462.0	-237.0
Proceeds from sale of tangible and intangible assets	2.5	2.5
Operations sold	606.5	53.4
Loans granted	0.0	-0.4
Repayments of loan receivables	0.3	0.0
Interest received	1.4	0.3
<b>Cash flow from investments</b>	<b>106.1</b>	<b>-212.8</b>
<b>Cash flow before financing</b>	<b>243.5</b>	<b>-49.7</b>
<b>FINANCING</b>		
Contribution by non-controlling interests		0.2
Purchase of treasury shares	-2.4	
Change in loans with short maturity	-325.8	193.6
Drawings of other loans	405.0	250.3
Repayments of other loans	-109.3	-289.2
Payment of lease liabilities	-29.4	-24.8
Acquisitions of non-controlling interests		-8.4
Dividends paid	-82.6	-74.5
<b>Cash flow from financing</b>	<b>-144.4</b>	<b>47.3</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT</b>	<b>99.1</b>	<b>-2.4</b>
Effect of exchange rate differences on cash and cash equivalents	-0.4	-0.1
<b>Net change in cash and cash equivalents</b>	<b>98.7</b>	<b>-2.6</b>
Cash and cash equivalents at the beginning of the period	15.9	18.4
Cash and cash equivalents at the end of the period	114.6	15.9
<b>FREE CASH FLOW (Cash flow from operations – Capital expenditure)</b>	<b>94.8</b>	<b>131.3</b>

Includes continuing and discontinued operations.

Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 0.0 million (2019: 7.4) at the end of the period. Cash and cash equivalents in the cash flow statement include EUR 0.0 million (31 Dec 2019: 6.9) cash and cash equivalents of discontinued operations, which are presented as part of assets held for sale in the balance sheet 31 December 2020.

## 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 Media Netherlands is reported as discontinued operations starting from December 2019. The divestment of Sanoma Media Netherlands was completed on 20 April 2020.

Sanoma Learning is the leading European learning company, serving over 20 million students in 11 countries. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education, and we aim to grow our business throughout Europe. 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 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, like Helsingin Sanomat, Ilta-Sanomat, Aamulehti, Me Naiset, Aku Ankka, Nelonen, Ruutu, Supla and Radio Suomipop. For advertisers, we are a trusted partner with insight, impact and reach.

In addition to the Group eliminations, the column unallocated/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 2020

EUR million	Learning	Media Finland	Unallocated/ eliminations	Continuing operations
External net sales	499.7	562.0		1,061.7
Internal net sales	0.0	0.5	-0.5	
<b>Net sales, total</b>	<b>499.7</b>	<b>562.6</b>	<b>-0.5</b>	<b>1,061.7</b>
<b>EBIT</b>	<b>66.4</b>	<b>209.6</b>	<b>-5.8</b>	<b>270.1</b>
<b>Operational EBIT excl. PPA</b>	<b>95.9</b>	<b>66.6</b>	<b>-5.9</b>	<b>156.5</b>
Share of results in associated companies		-0.4		-0.4
Financial income			6.9	6.9
Financial expenses			-15.7	-15.7
<b>Result before taxes</b>				<b>261.0</b>
Income taxes				-23.2
<b>Result for the period from continuing operations</b>				<b>237.8</b>
Result for the period from discontinued operations				9.3
<b>Result for the period</b>				<b>247.1</b>
<b>Segment assets</b>	<b>1,604.9</b>	<b>422.3</b>	<b>-132.1</b>	<b>1,895.2</b>

### Segment information 1 January–31 December 2019, restated

EUR million	Learning	Media Finland	Unallocated/ eliminations	Continuing operations
External net sales	336.0	576.5	0.1	912.6
Internal net sales	0.0	0.3	-0.4	
<b>Net sales, total</b>	<b>336.0</b>	<b>576.8</b>	<b>-0.3</b>	<b>912.6</b>
<b>EBIT</b>	<b>57.4</b>	<b>54.9</b>	<b>-7.9</b>	<b>104.5</b>
<b>Operational EBIT excl. PPA</b>	<b>75.6</b>	<b>69.4</b>	<b>-7.4</b>	<b>137.6</b>
Share of results in associated companies		0.0		0.0
Financial income			3.1	3.1
Financial expenses			-24.9	-24.9
<b>Result before taxes</b>				<b>82.7</b>
Income taxes				-17.9
<b>Result for the period from continuing operations</b>				<b>64.8</b>
Result for the period from discontinued operations				-51.5
<b>Result for the period</b>				<b>13.3</b>
<b>Segment assets</b>	<b>1,137.5</b>	<b>345.5</b>	<b>-141.3</b>	<b>1,341.8</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 2020

EUR million	Learning	Media Finland	Unallocated/ eliminations	Total
Finland	52.9	562.6	-0.5	614.9
The Netherlands	199.8			199.8
Poland	112.5			112.5
Belgium	76.1			76.1
Other companies and eliminations	58.4			58.4
<b>Primary geographical markets</b>	<b>499.7</b>	<b>562.6</b>	<b>-0.5</b>	<b>1,061.7</b>
Learning solutions	377.2		0.0	377.2
Advertising		231.6	-0.3	231.3
Subscription		230.0	0.0	230.0
Single copy		42.8		42.8
Other	122.5	58.1	-0.2	180.4
<b>Major product lines/services</b>	<b>499.7</b>	<b>562.6</b>	<b>-0.5</b>	<b>1,061.7</b>
Recognition at a point-in-time	363.0	166.2	-0.5	528.7
Recognition over-time	136.7	396.3		533.0
<b>Timing of revenue recognition</b>	<b>499.7</b>	<b>562.6</b>	<b>-0.5</b>	<b>1,061.7</b>

## Disaggregation of revenue 1 January–31 December 2019, restated

EUR million	Learning	Media Finland	Unallocated/eliminations	Total
Finland	52.5	576.8	-0.3	629.1
The Netherlands	106.9			106.9
Poland	95.6			95.6
Belgium	57.1			57.1
Other companies and eliminations	23.9			23.9
<b>Primary geographical markets</b>	<b>336.0</b>	<b>576.8</b>	<b>-0.3</b>	<b>912.6</b>
Learning solutions	322.5		0.0	322.5
Advertising		247.3	-0.1	247.2
Subscription		195.8	0.0	195.8
Single copy		45.1		45.1
Other	13.5	88.6	-0.2	102.0
<b>Major product lines/services</b>	<b>336.0</b>	<b>576.8</b>	<b>-0.3</b>	<b>912.6</b>
Recognition at a point-in-time	265.5	216.6	-0.3	481.8
Recognition over-time	70.6	360.2		430.8
<b>Timing of revenue recognition</b>	<b>336.0</b>	<b>576.8</b>	<b>-0.3</b>	<b>912.6</b>

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

EUR million	31 Dec 2020	31 Dec 2019
Carrying amount at 31 Dec	235.1	37.4
Effect of IFRS 16 on 1 Jan 2019		183.9
Carrying amount at 1 Jan	235.1	221.3
Increases	22.3	12.6
Acquisitions of operations	57.2	70.1
Decreases	-1.0	-2.7
Disposal of operations	-1.1	-3.0
Depreciation for the period	-50.9	-37.7
Impairment losses for the period	-0.6	0.0
Transferred to assets held for sale	-0.1	-25.1
Exchange rate differences and other changes	-0.2	-0.3
<b>Carrying amount at the end of the period</b>	<b>260.6</b>	<b>235.1</b>

## Acquisitions and divestments

### Acquisitions in 2020

On 30 April 2020 Sanoma completed the acquisition of Alma Media's regional news media business. The acquisition was announced on 11 February 2020 and unconditional approval of the Finnish Competition and Consumer Authority was received on 19 March 2020. Sanoma acquired 100 % of the shares of Alma Media Kustannus Oy and Alma Manu Oy.

The acquired business consists of Alma Media Kustannus Oy, publisher of leading regional newspapers Aamulehti and Satakunnan Kansa, as well as thirteen local newspapers in Tampere region, Western Finland and Central Finland. It also includes Alma Manu Oy, provider of printing services with a state-of-the-art printing facility in Tampere. Net sales of the acquired business were EUR 99 million in 2019. Subscription sales compose approx. 60% and advertising sales approx. 40% of the total net sales of the acquired business. 365 employees (FTE) working in the acquired business were with the closing become employees of Sanoma Group.

The net sales of the acquired business included in the Group's consolidated income statement since acquisition from 1 May 2020 were approx. EUR 53 million and result for the period was approx. EUR 3 million.

Sanoma estimates that, on top of the approx. EUR 5 million cost savings related to the delivery outsourcing agreement that came into effect on 1 January 2020, the acquisition will create net annual synergies of approx. EUR 13 million. These synergies are expected to be realised in full in 2022 and mainly relate to operational efficiency, procurement and IT, as well as shared operations and support functions.

Cash and debt free purchase price of the acquired business was EUR 115 million, including approx. EUR 37 million of net debt and advances received, and it was paid at closing. The enterprise value represents an EV / pro forma adjusted EBITDA multiple of 5.8 including the impact of the delivery outsourcing agreement, and 3.5 including also synergies. Sanoma has financed the acquisition with funds received from the divestment of Sanoma Media Netherlands, which was completed on 20 April 2020.

Acquisition accounting for acquired business is disclosed in 2020 financial statements. The final purchase price of EUR 79 million has been allocated to identified net assets which include trademarks and publishing rights and advertising and printing customer relationships with the remaining residual accounted for as goodwill. The goodwill is attributable mainly to the synergies related to the leverage of Sanoma's digital capabilities, regional access and assembled workforce.

Sanoma booked EUR 12 million of transaction and integration costs as items affecting comparability (IACs) in Sanoma Media Finland's 2020 result.

On 31 December 2020 Sanoma acquired 100% of the shares of Santillana Spain, a leading Spanish provider of K12 learning materials, from Promotora de Informaciones S.A. (Grupo Prisa). The acquisition was announced on 19 October 2020. The acquired business is reported as part of Sanoma Learning SBU as of 31 December 2020.

Santillana Spain is a leading provider of learning materials, primarily textbooks, for primary and secondary education in Spain. It offers schools, students and parents recognised and reputable high-quality learning content under well-known brands, such as Santillana, Loqueleo and Richmond, which Sanoma has the right to use through exclusive license agreements. In total, K12 represents approx. 90% and primary education approx. 65% of Santillana Spain's net sales, offering the business high resilience over-the-cycle. Net sales of the acquired business were EUR 128 million in 2019. The 586 employees working in the acquired business became employees of Sanoma Learning as from closing.

Total assets and liabilities of Santillana are included in the Group's consolidated balance sheet on 31 December 2020. Santillana's income statement will be reported as part of Sanoma Learning SBU as of 1 January 2021.

Sanoma estimates that the acquisition will create run-rate net annual synergies of approx. EUR 4 million. The synergies are expected to be realised in full during 2022 and mainly relate to procurement, technology as well as shared operations and support functions.

Cash and debt free purchase price of the acquired business was EUR 465 million, including approx. EUR 56 million of net debt and adjustments, and it was paid at closing. The purchase price represents an EV / pro forma adjusted EBITDA 2019 multiple of 9.3. Sanoma has financed the acquisition fully with debt through two existing debt facilities: a syndicated three-year term loan of EUR 200 million with a group of ten relationship banks signed on 3 December 2020 and a committed bridge financing facility of EUR 280 million (original amount EUR 480 million) with Nordea Bank Abp and OP Corporate

Bank plc, of which EUR 200 million was utilized at closing. Subsequently, Sanoma will convert the bridge facility into long-term funding.

Acquisition accounting for Santillana Spain is disclosed in 2020 financial statements as provisional and subject to changes. The final purchase price of EUR 409 million has been allocated to identified net assets which include trademarks, customer relationships and inventory with the remaining residual accounted for as goodwill. The goodwill is attributable mainly to the skills of Santillana's work force and the synergies expected to be achieved from integrating the company into the Sanoma Learning business.

Sanoma booked EUR 5 million of transaction costs as items affecting comparability (IACs) in Sanoma Learning's 2020 result.

On 1 December 2020 Sanoma Media Finland acquired media sales operations of Four Partners.

On 13 September 2019 Sanoma completed the acquisition of Iddink Group, a leading Dutch provider of educational platforms and distribution services. Acquisition accounting for Iddink was disclosed in the 2019 financial statements as provisional. The final purchase price of EUR 212 million was allocated to identified net assets which include customer relationships, brand, software/platforms and deferred income with the remaining residual accounted for as goodwill. Purchase price allocation was adjusted during Q1 2020 resulting in EUR 1,6 million increase in goodwill.

On 5 December 2019 Sanoma Learning acquired itslearning, an international provider of award-winning cloud-based learning platforms founded in 1999 in Norway. Acquisition accounting for itslearning was disclosed in the 2019 financial statements as provisional. The purchase price allocation was finalized during Q2 2020 resulting in EUR 0.2 million decrease in goodwill. The purchase has been allocated to identified net assets which mainly include customer relationships and learning technology platform.

On 17 December 2019 Sanoma Learning acquired 67.3% of the shares of Clickedu, one of the leading providers of digital educational platforms in Spain. The Group elected to recognise the non-controlling interests in Clickedu at its proportionate share of the acquired net identifiable assets. Purchase price allocation was finalized during Q2 2020. The purchase price has been allocated to identified net assets which mainly include customer relationship and learning technology platform, resulting in EUR 8.1 million decrease in goodwill.

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

EUR million	Santillana	Alma	Other	FY 2020	Iddink	Other	FY 2019
Property, plant and equipment	1.0	2.0		3.1	51.1	0.3	51.4
Right-of-use assets	5.6	48.5		54.1	16.2	2.5	18.6
Intangible assets	221.5	34.0	8.9	264.3	192.1	40.1	232.1
Other non-current assets	4.3	0.4		4.6	1.4	5.9	7.2
Inventories	18.1	2.5	0.0	20.6	3.9	0.1	4.0
Other current assets	21.4	33.5	0.0	54.9	52.3	11.6	63.9
Assets, total	271.8	120.8	8.9	401.5	316.9	60.4	377.3
Non-current liabilities	-67.3	-51.6	-2.3	-121.2	-143.3	-11.1	-154.4
Current liabilities	-25.9	-28.9	-0.1	-54.9	-83.8	-17.6	-101.3
Liabilities, total	-93.2	-80.5	-2.4	-176.1	-227.0	-28.7	-255.7
Fair value of acquired net assets	178.7	40.3	6.4	225.4	89.9	31.7	121.6
Acquisition cost	408.7	79.1	0.7	488.5	212.1	58.8	270.9
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities			-0.2	-0.2	0.0	0.2	0.2
Fair value of acquired net assets	-178.7	-40.3	-6.4	-225.4	-89.9	-31.7	-121.6
<b>Goodwill from the acquisitions</b>	<b>230.1</b>	<b>38.8</b>	<b>-5.9</b>	<b>262.9</b>	<b>122.2</b>	<b>27.2</b>	<b>149.4</b>

## Acquisitions of non-controlling interests

EUR million	FY 2020	FY 2019
Acquisition cost	-	8.4
Book value of the acquired interest	-	1.0
<b>Impact on consolidated equity</b>	<b>-</b>	<b>-7.4</b>

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

EUR million	Santillana	Alma	Other	FY 2020	Iddink	Other	FY 2019
Acquisition cost	408.7	79.1	0.7	488.5	212.1	58.8	270.9
Cash and cash equivalents of acquired operations	-4.5	-24.7	0.0	-29.2	-4.5	-7.8	-12.3
Decrease (+) / increase (-) in acquisition liabilities			2.0	2.0	-11.0	-11.2	-22.2
<b>Cash paid to obtain control, net of cash acquired</b>	<b>404.2</b>	<b>54.4</b>	<b>2.7</b>	<b>461.3</b>	<b>196.5</b>	<b>39.7</b>	<b>236.3</b>
<b>Cash paid on acquisitions of non-controlling interests</b>							<b>8.4</b>

## Divestments in 2020

On 20 April 2020 Sanoma completed the divestment of Sanoma Media Netherlands to DPG Media. The divestment was announced on 10 December 2019 and it was subject to customary closing conditions, including the approval of Dutch competition authorities, which was announced on 10 April 2020. Sanoma Media Netherlands has been reported as discontinued operations in 2019 and 2020 financial statements.

In total, the divestment resulted in a non-cash capital loss of EUR 107 million (incl. divestment-related transaction costs), of which EUR 105 million has been booked in discontinued operations' 2019 result and EUR 2 million in discontinued operations' 2020 result. See more details in discontinued operations' disclosure on p. 38.

The total sales consideration included a cash-based sales price of EUR 62.5 million and EUR 379.9 million of debt repayments.

On 16 July 2020 Sanoma Media Finland divested Oikotie Ltd, a leading online classifieds player in Finland, to Schibsted, the leading player within marketplaces in the Nordics. The agreed enterprise value (EV) of Oikotie was EUR 185 million, corresponding to an EV/EBITDA multiple of 19.6 (based on 2019 pro forma EBITDA). The divestment concluded the evaluation of strategic options for Oikotie, which was announced on 11 February 2020.

Oikotie is included in Sanoma's financial reporting until 31 July 2020. Related to the transaction, Sanoma booked a non-cash capital gain of EUR 165 million including divestment-related transaction costs of EUR 2 million in Sanoma Media Finland's 2020 result.

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

EUR million	SMN	Oikotie	Other	FY 2020	FY 2019
Property, plant and equipment	1.6	0.2	0.0	1.8	0.9
Right-of-use assets	24.2		0.2	24.4	2.1
Goodwill	440.3	17.0		457.3	37.9
Other intangible assets	30.8	2.4		33.2	0.3
Equity-accounted investees	16.8			16.8	
Inventories	10.2	0.0		10.2	0.3
Trade and other receivables	83.5	1.9	2.0	87.4	2.3
Cash and cash equivalents	18.5	7.9	0.6	27.0	3.0
<b>Assets, total</b>	<b>626.0</b>	<b>29.3</b>	<b>2.9</b>	<b>658.2</b>	<b>46.9</b>
Deferred tax liabilities	-5.3	-0.2		-5.4	
Financial liabilities	-37.2		-0.1	-37.3	-8.9
Trade and other payables	-518.6	-5.0	-3.2	-526.8	-5.9
<b>Liabilities, total</b>	<b>-561.1</b>	<b>-5.1</b>	<b>-3.3</b>	<b>-569.6</b>	<b>-14.8</b>
Derecognised non-controlling interest	-4.4			-4.4	
Net assets	60.4	24.2	-0.5	84.2	32.1
Sales price	62.4	191.0		253.4	44.3
Transaction fees	-3.5	-2.0	-0.2	-5.7	-1.1
Adjustment to capital loss	0.1		-0.5	-0.4	
Recognised in Other comprehensive income	-0.3			-0.3	
<b>Net result from sale of operations</b>	<b>-1.6</b>	<b>164.8</b>	<b>-0.2</b>	<b>163.0</b>	<b>11.1</b>

## Cash flow from sale of operations

EUR million	SMN	Oikotie	Other	FY 2020	FY 2019
Sales consideration received in cash	62.4	191.0		253.4	44.3
Debt repayments	380.0			380.0	
Cash and cash equivalents of divested operations	-18.5	-7.9	-0.6	-27.0	-3.0
Decrease (+) / increase (-) in receivables from divestment			0.1	0.1	12.1
<b>Cash flow from sale of operations</b>	<b>423.8</b>	<b>183.1</b>	<b>-0.5</b>	<b>606.5</b>	<b>53.4</b>

Other divestments include the divestment of itslearning Inc.

## Discontinued operations

In December 2019, Sanoma signed an agreement to divest the strategic business unit Sanoma Media Netherlands to DPG Media. The transaction was subject to customary closing conditions and the Dutch ACM gave its unconditional approval for DPG Media to acquire Sanoma Media Netherlands on 10 April 2020. Sanoma completed the transaction on 20 April 2020. Media Netherlands is reported as discontinued operations in 2019 and 2020 reporting as well as certain Learning operations that are under strategic review.

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

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

## Income statement of discontinued operations

EUR million	FY 2020	Restated FY 2019
<b>Net sales</b>	<b>101.5</b>	<b>369.3</b>
Other operating income	1.0	15.0
Materials and services	-39.0	-155.0
Employee benefit expenses	-26.5	-75.6
Other operating expenses	-21.6	-76.4
Share of results in joint ventures	1.1	4.0
Depreciation, amortisation and impairment losses	-3.5	-116.4
<b>EBIT</b>	<b>13.0</b>	<b>-35.1</b>
Financial income	0.0	0.1
Financial expenses	-0.3	-1.8
<b>Result before taxes</b>	<b>12.6</b>	<b>-36.9</b>
Income taxes	-3.3	-14.6
<b>Result for the period from discontinued operations</b>	<b>9.3</b>	<b>-51.5</b>

## Cash flows related to discontinued operations

EUR million	FY 2020	Restated FY 2019
Cash flow from operations	-40.0	29.0
Cash flow from investments	511.0	63.7
Cash flow from financing	-415.3	-90.4

## Assets held for sale and discontinued operations

EUR million	31 Dec 2020	31 Dec 2019
Property, plant and equipment and right-of-use assets		25.2
Goodwill		440.9
Other intangible assets		27.4
Equity-accounted investees		15.7
Non-current trade and other receivables		0.9
Deferred tax receivables		4.5
Inventories		11.8
Income tax receivables		0.8
Trade and other receivables	0.4	76.4
Contract assets		8.7
Cash and cash equivalents		6.9
<b>Total</b>	<b>0.4</b>	<b>619.2</b>

## Liabilities related to assets held for sale and discontinued operations

EUR million	31 Dec 2020	31 Dec 2019
Deferred tax liabilities	0.2	5.6
Non-current provisions		3.0
Non-current financial liabilities and lease liabilities	0.0	30.2
Current provisions		4.9
Current financial liabilities and lease liabilities	0.1	7.1
Income tax liabilities	0.0	0.8
Current trade and other payables	0.3	122.3
Contract liabilities	0.2	49.5
<b>Total</b>	<b>0.7</b>	<b>223.3</b>

## Contingent liabilities

EUR million	31 Dec 2020	31 Dec 2019
<b>Contingencies for own commitments</b>		
Pledges	0.8	1.4
Other items	24.8	15.0
Total	25.6	16.4
<b>Other commitments</b>		
Royalties	2.5	6.0
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	17.0	22.6
Other items	36.1	50.7
Other commitments total	55.6	79.4
<b>Total</b>	<b>81.2</b>	<b>95.8</b>

## Derivative instruments

EUR million	31 Dec 2020	31 Dec 2019
<b>Fair values</b>		
<b>Currency derivatives</b>		
Forward contracts (negative fair values)	-0.1	-0.1
<b>Nominal values</b>		
<b>Currency derivatives</b>		
Forward contracts	2.7	5.2

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

## Definitions of key indicators

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