

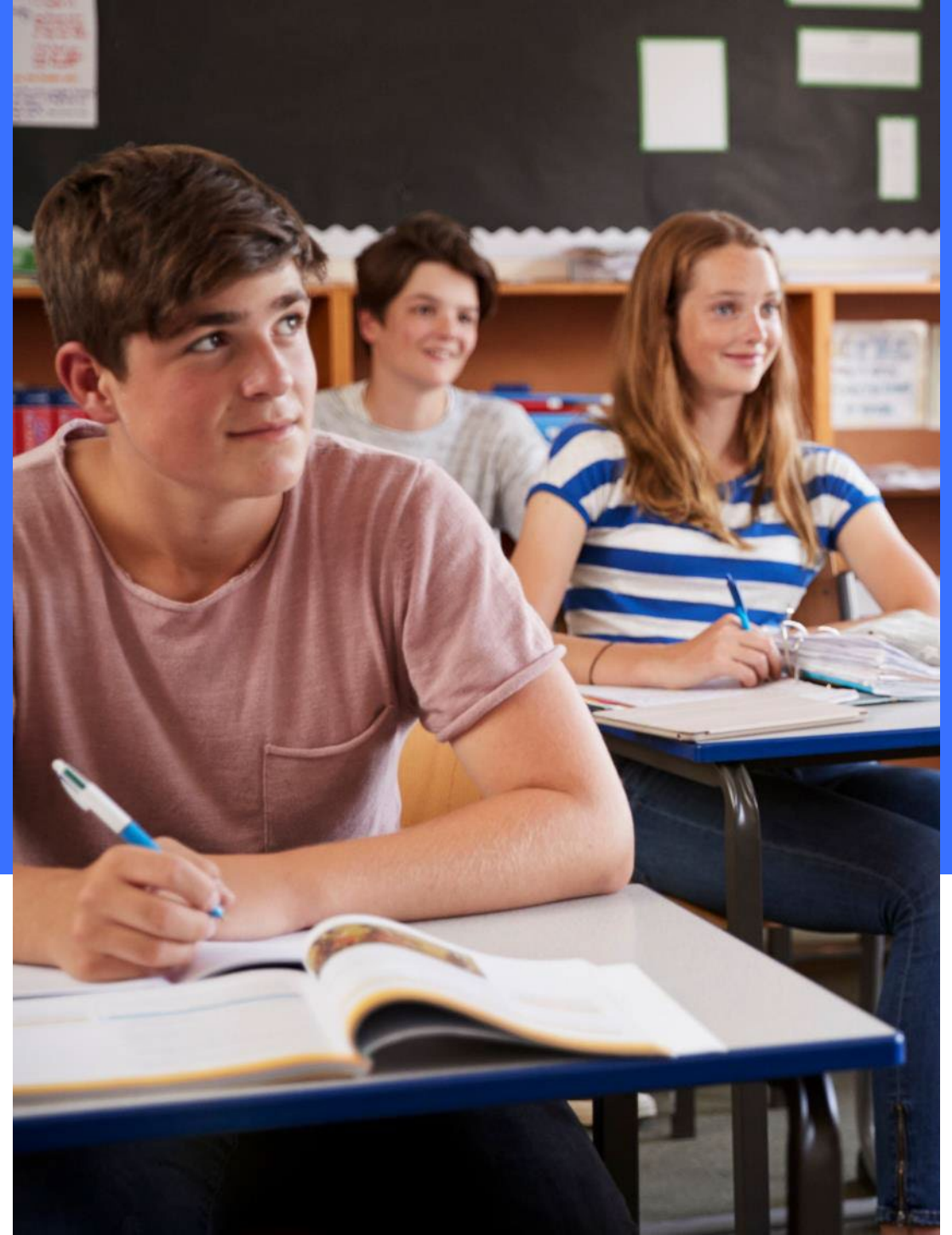
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Half-Year Report 2023:

Net sales grew, operational EBIT supported by solid Learning performance

Susan Duinhoven, President & CEO

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H1 2023

Net sales grew, operational EBIT supported by solid Learning performance

- The Group's net sales grew
 - Learning growth was driven by the acquisition in Italy and 4% organic growth
 - Lower net sales in Media Finland mainly due to declining advertising sales
- Operational EBIT impacted by solid Q2 performance in Learning, declining advertising sales and cost inflation
- Free cash flow improved significantly while being negative in-line with the seasonal pattern of the business
 - In Learning, operational actions to mitigate the seasonality brought forward approx. 50m€ cash generation from Q3 into Q2
- Leverage stable, slightly above the long-term target of < 3.0 due to acquisition of the Italian and German business
- Outlook for 2023 unchanged
 - Positive development in Learning driven by Spain offsetting the uncertainty related to H2 advertising demand in Media Finland

Key figures Q2 and H1 2023

	Q2 2023	H1 2023
Net sales	341m€ (313)	559m€ (524)
Organic net sales growth	0% (3)	0% (2)
Operational EBIT excl. PPA	54m€ (54)	23m€ (43)
Free cash flow	-16m€ (-60)	-84m€ (-99)
Net debt / Adj. EBITDA		3.3 (3.2)

(comparison period 2022 in brackets)

Italian acquisition and organic growth increased net sales

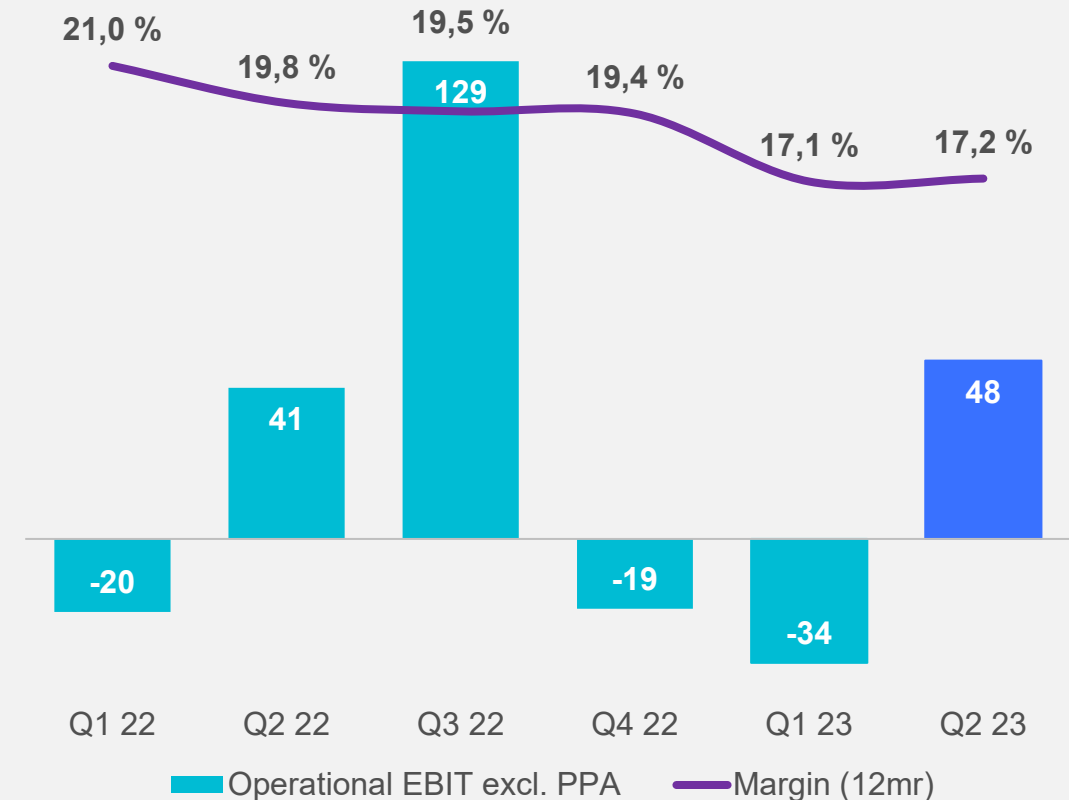
- Net sales grew to 264m€ (2022: 219)
 - The Italian and German business contributed 42m€ to net sales, while divestment of Eduarte reduced sales by 4m€
 - Organic growth of 4% with solid development across content businesses
 - Strong growth in Spain driven by the ongoing LOMLOE curriculum renewal vs. delayed ordering pattern in 2022
 - Growth in Finland and Belgium mainly driven by the higher-than-usual price increases
 - In the Netherlands, deliveries shifted to Q3 with solid sales outlook
 - Poland at PY level ahead of a minor curriculum renewal to be implemented from Q3 onwards



Growth in net sales supported earnings in Q2

- Operational EBIT excl. PPA amounted to 15m€ (2022: 21)
 - Typical annual seasonality of the business
 - The impact of the inflation on paper, personnel and fixed costs
 - Positive impact of the net sales growth in Spain offset by higher marketing and content creation costs in Poland ahead of the minor curriculum renewal
- The higher-than-usual price increases across all markets are well understood by our customers and will have a positive impact going forward
 - Full mitigation of the inflation impact will take 1–2 years

Operational EBIT excl. PPA
m€



Advertising sales decreased in-line with expectations

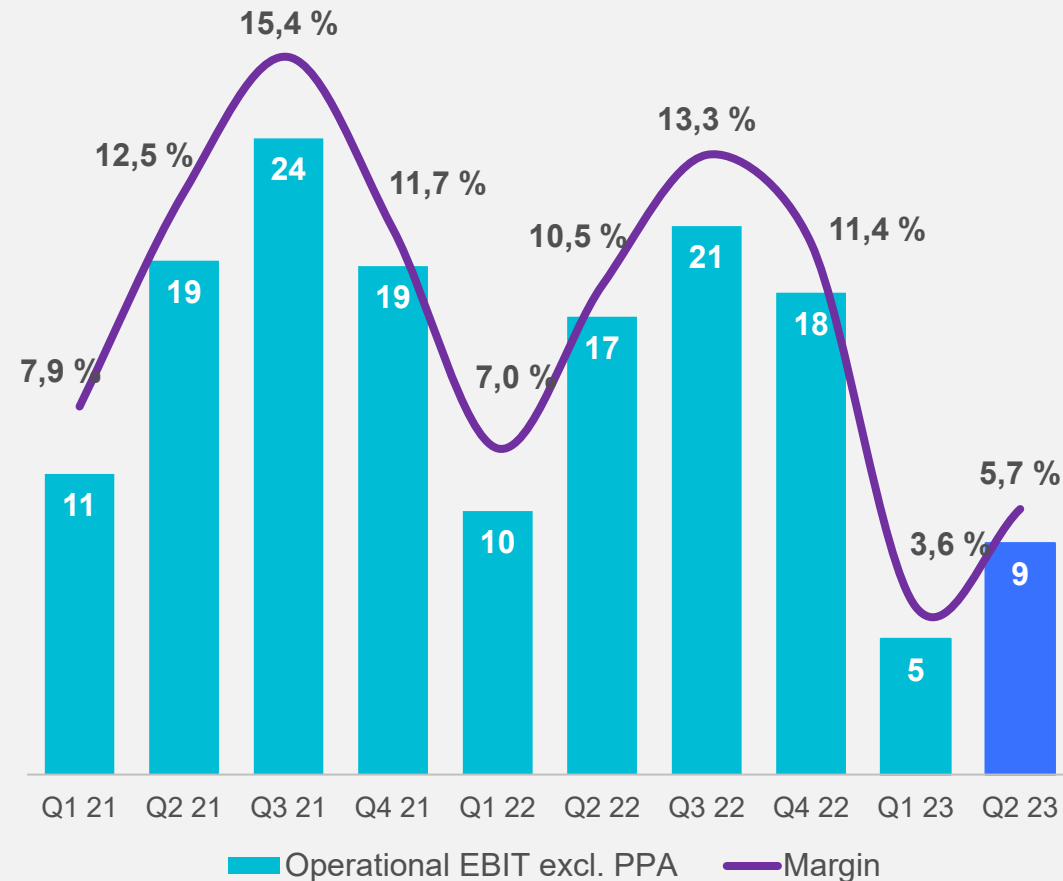
- Net sales declined to 153m€ (2022: 164)
 - Advertising sales declined by 11% with negative development across all media categories
 - Sanoma performed in-line with the market in online and radio; weaker than market in TV and newsprint
 - Launch of the free ad-supported streaming service Pluto TV as part of Ruutu in June with 800,000 starts during the first weeks
 - Subscription sales declined only slightly
 - Continued slight decrease of subscription volumes across the product portfolio was mostly offset by price increases
 - Impact of the divestment of Supla's audiobook operations in March
 - Modest growth in events sales



Lower earnings due to advertising sales and inflation

- Operational EBIT excl. PPA decreased to 9m€ (2022: 17)
 - Advertising sales below PY
 - Positive earnings impact of lower variable costs, e.g. printing and distribution, was more than offset by higher personnel and other fixed costs
- In H1 2023, operational EBIT decreased by 49% compared to PY
 - In 2022, H1 was still a strong period prior to the accelerating inflation, which started to have an impact only in H2

Operational EBIT excl. PPA
m€



Outlook for 2023 (unchanged)

- In 2023, Sanoma expects that the Group's reported net sales will be 1.35–1.4bn€ (2022: 1.3)
- The Group's operational EBIT excluding PPA is expected to be 150–180m€ (2022: 189)
- Regarding the operating environment Sanoma expects that:
 - The economies in the Group's operating countries, particularly in Finland, will experience a mild recession
 - The advertising market in Finland will decline slightly, with most of the decline during the first half of the year



A young girl with braids is sitting at a desk in a classroom, focused on writing in a notebook. She is wearing a pink long-sleeved shirt. In front of her are several notebooks, a stack of cardboard boxes, and various colored markers and pens. Other students are visible in the background, also working at their desks. The scene is brightly lit, suggesting a sunny day.

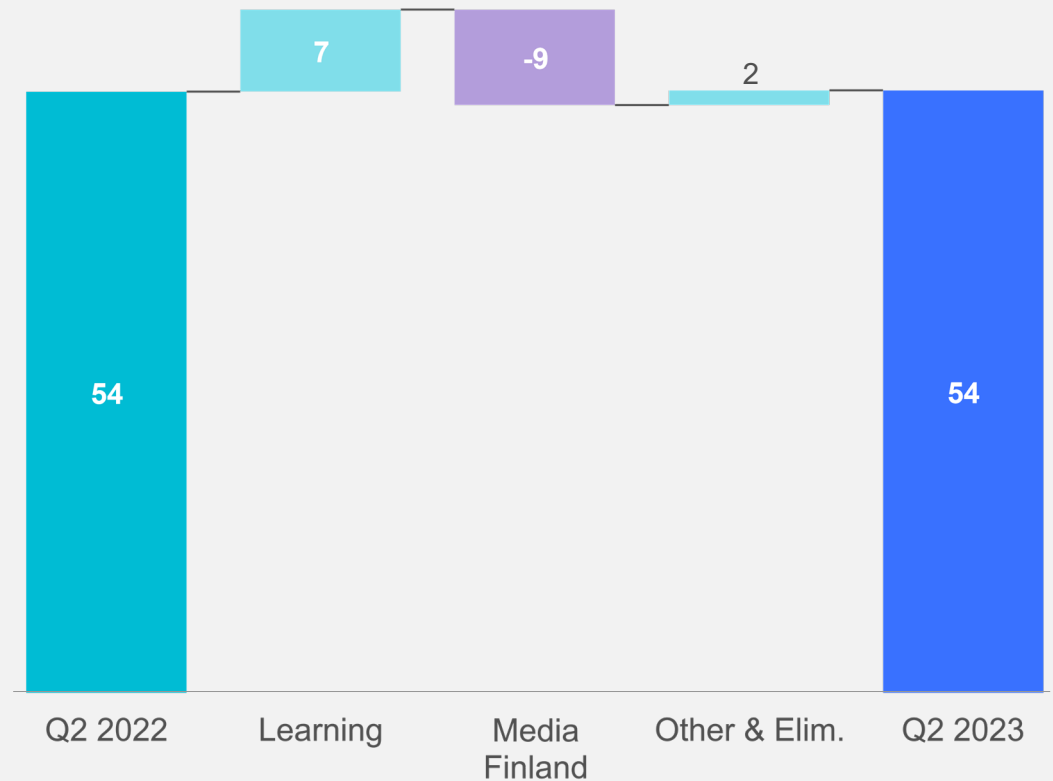
Financials

Q2 2023

Operational EBIT stable supported by growth in Learning

Learning	<ul style="list-style-type: none">+ Growth in Spain driven by LOMLOE+ Acquired Italian and German business- Inflation impact on paper, personnel and fixed costs, partially mitigated by thoughtful cost management
Media Finland	<ul style="list-style-type: none">+ Lower variable costs- Lower advertising sales- Higher personnel and other fixed costs
Other & elim.	<ul style="list-style-type: none">+ Phasing of costs between quarters

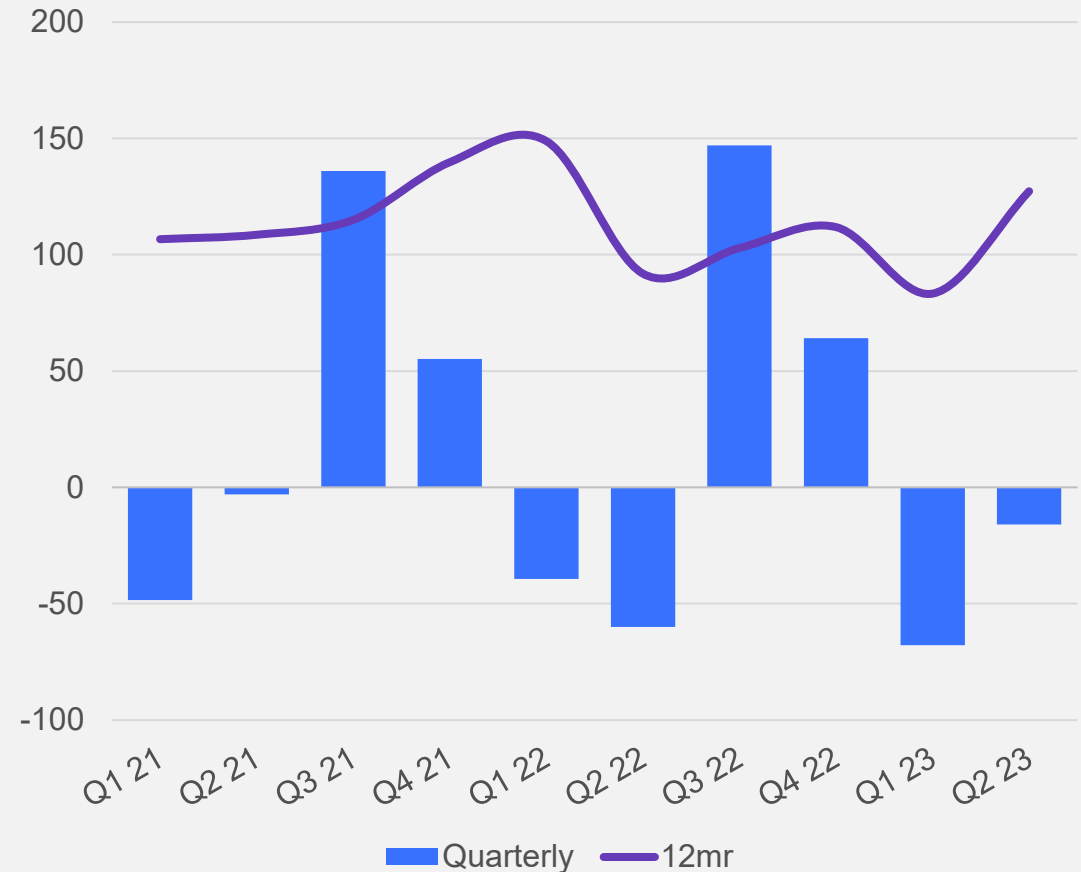
Operational EBIT excl. PPA Q2 2023 vs. Q2 2022
m€



Successful actions mitigating the increased seasonality improved the free cash flow in Q2

- Free cash flow was -84m€ (2022: -99) in H1 2023
 - Changes to the operating model to mitigate the increasing cash seasonality in Learning including wider use of pre-payments, earlier invoicing and collections
 - Seasonally negative operating cash flow of the acquired Italian and German business
 - Lower earnings in both businesses
- For 2023**, underlying free cash flow expected to remain relatively stable vs. 2022 (65m€)
- First instalment of the dividend for 2022, 0.13€/share, was paid in April
 - Second instalment to be paid in September and third in November

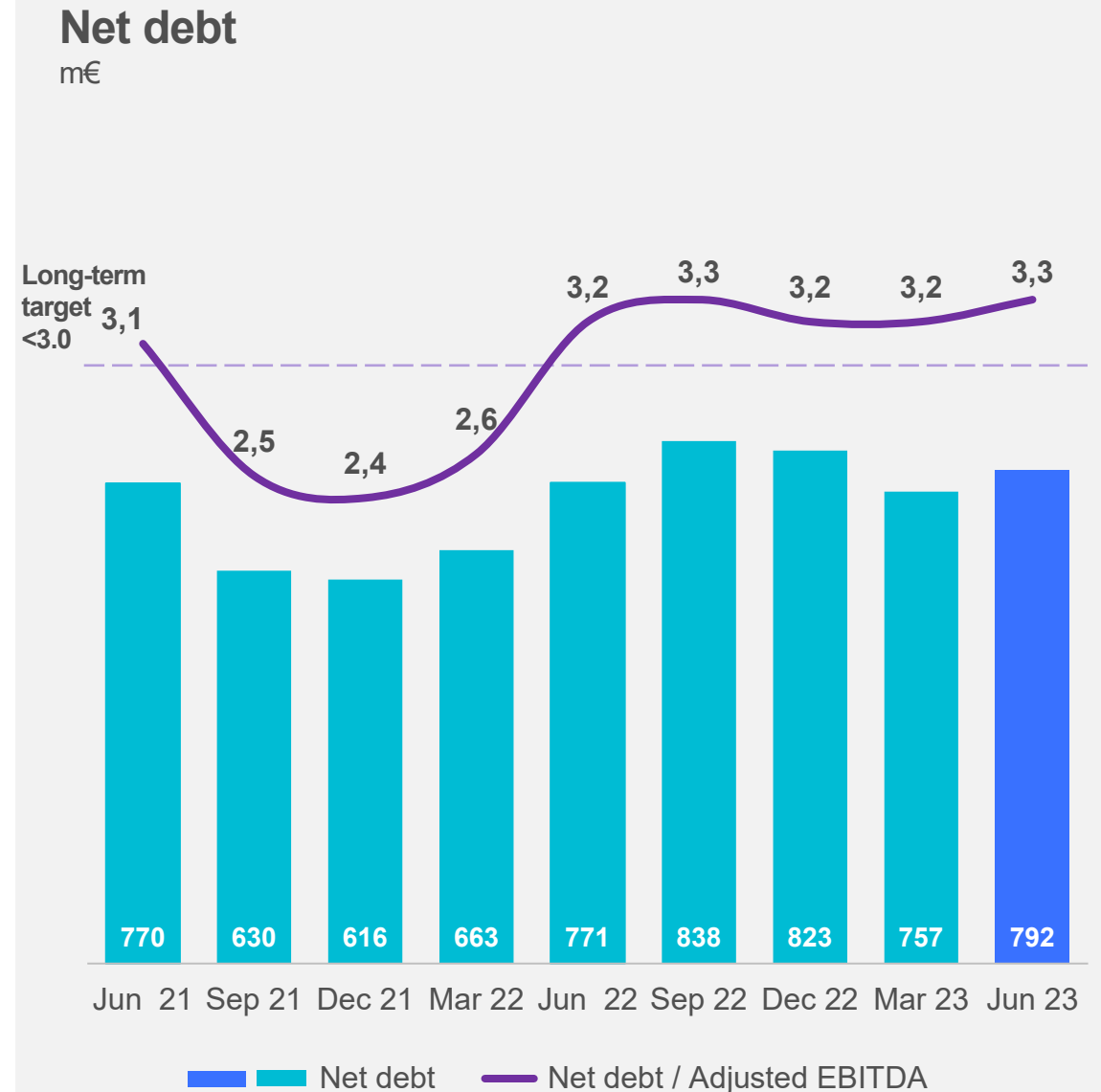
Free cash flow m€

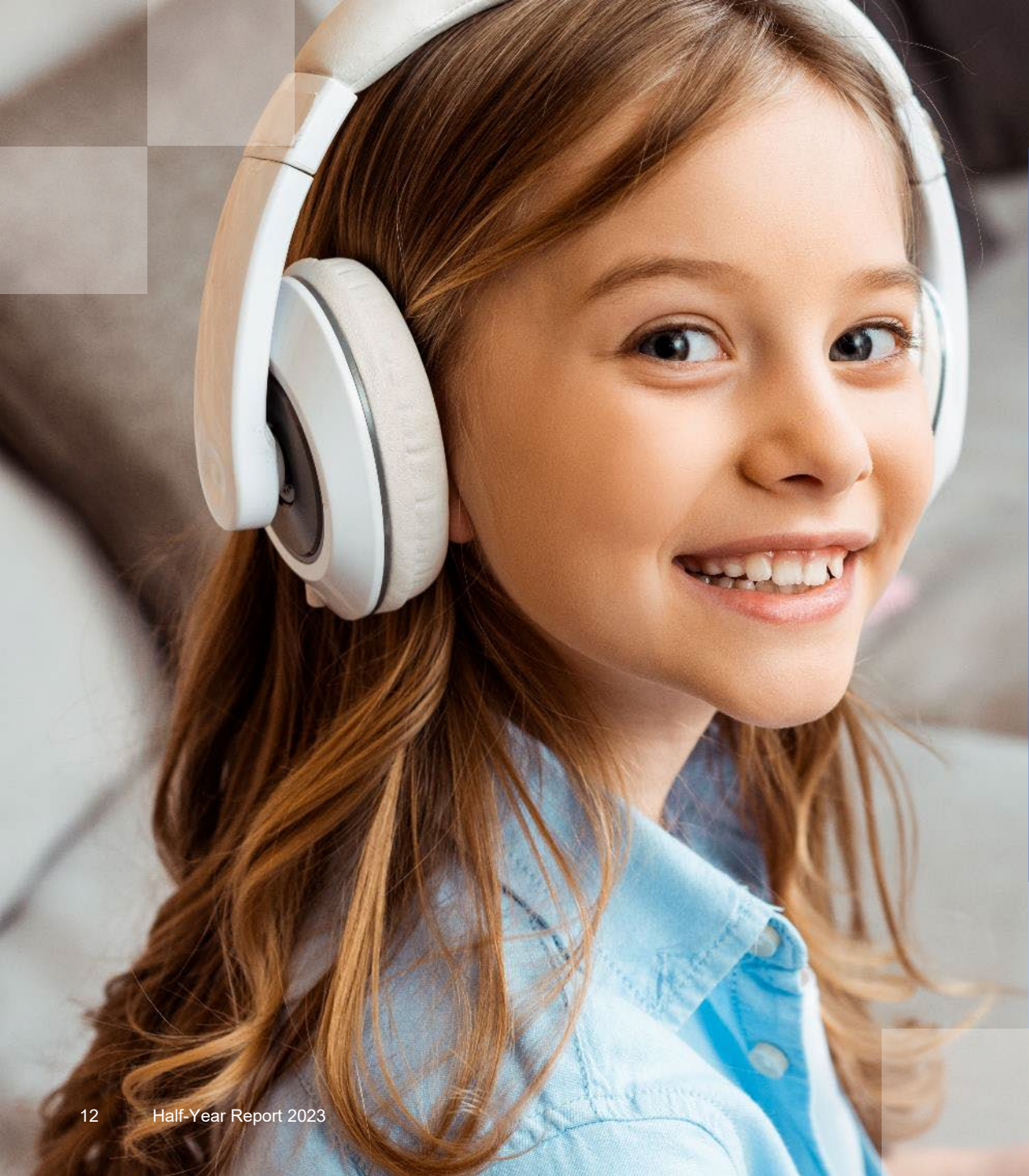


Free cash flow = Cash flow from operations less capital expenditure

Leverage remained stable

- Net debt increased to 792 m€ from end of March
 - In-line with the seasonally high working capital of the learning business
 - Net debt / Adj. EBITDA stable at 3.3 (2022: 3.2)
 - Equity ratio at 35.4% (2022: 33.7%), within the long-term target range of 35–45%
- Net financial items increased to -8m€ (2022: 0) in Q2 mainly due to the increase in interest rates and higher debt
 - Average interest rate of external loans 3.2% (2022: 1.1%)
 - Interest expenses of the hybrid bond are not included in net financial items but deducted directly from equity





Capital Markets Day

Save
the Date

22 November 2023
Helsinki & virtual

Financial reporting in 2023

Interim Report Q3 2023

Thu 26 October




Q&A




Appendix

Sanoma in 2022

NET SALES
 **1,298m€**

NON-PRINT SALES
 **57%**

OPERATIONAL EBIT MARGIN
 **14.6%**

PERSONNEL
 **over 5,000**

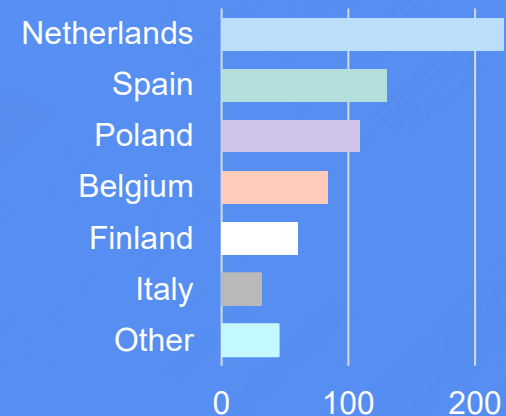
Learning

Net sales **681m€**

Non-print **62%**

Margin **19.4%**

NET SALES, m€



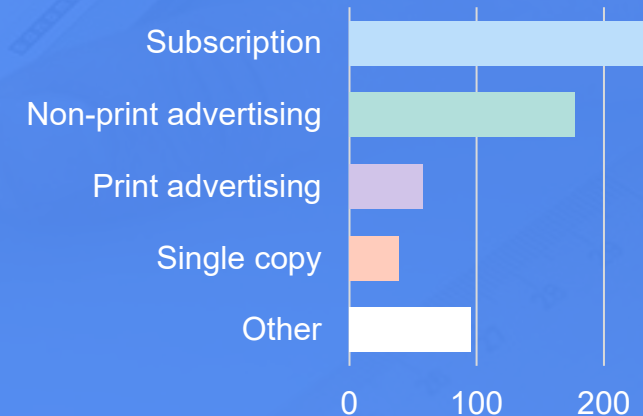
Media Finland

Net sales **618m€**

Non-print **52%**

Margin **10.6%**

NET SALES, m€



Group key figures Q2 2023

m€	Q2 2023	Q2 2022
Net sales	341.3	313.2
Operational EBITDA	97.9	92.9
margin	28.7%	29.7%
Operational EBIT excl. PPA	53.7	53.6
margin	15.7%	17.1%
EBIT	-0.5	38.5
Result for the period	-11.2	30.8
Free cash flow	-16.0	-60.0
Equity ratio	35.4%	33.7%
Net debt	792.0	770.9
Net debt / Adj. EBITDA	3.3	3.2
Operational EPS, €	0.14	0.21
EPS, €	-0.08	0.19

	Q2 2023	Q2 2022
Average number of employees (FTE)	5,116	4,906
Number of employees at the end of the period (FTE)	5,295	5,117

Group key figures H1 2023

m€	H1 2023	H1 2022
Net sales	559.1	523.9
Operational EBITDA	109.6	121.7
margin	19.6%	23.2%
Operational EBIT excl. PPA	23.0	43.2
margin	4.1%	8.2%
EBIT	-43.6	16.5
Result for the period	-51.0	12.6
Free cash flow	-83.9	-99.3
Equity ratio	35.4%	33.7%
Net debt	792.0	770.9
Net debt / Adj. EBITDA	3.3	3.2
Operational EPS, €	-0.09	0.11
EPS, €	-0.33	0.07

	H1 2023	H1 2022
Average number of employees (FTE)	5,116	4,906
Number of employees at the end of the period (FTE)	5,295	5,117

Learning: Quarterly key figures

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

Media Finland: Quarterly key figures

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

Finnish advertising market development

Finnish measured media advertising markets

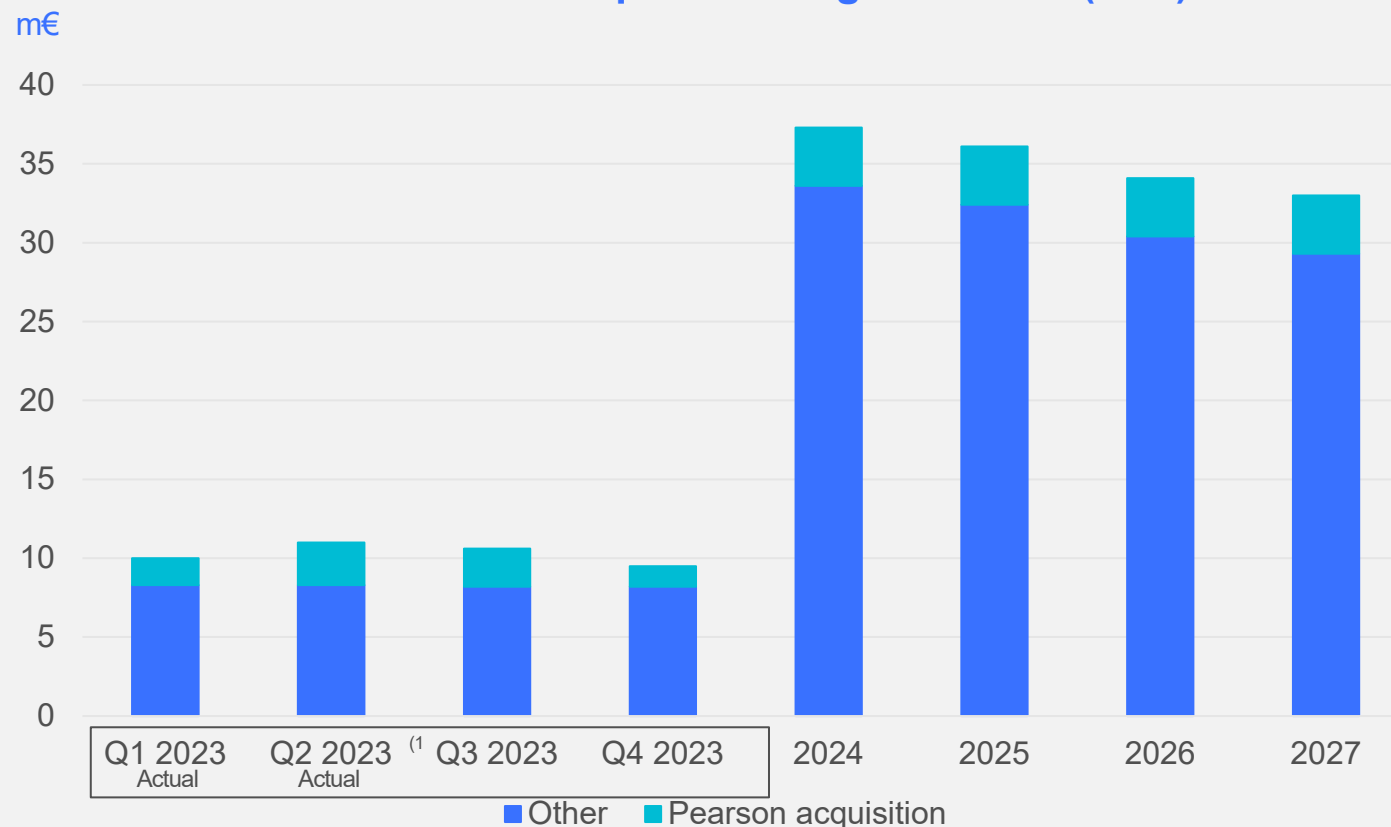
	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Q1 22
Newspapers	-11%	-7%	-13%	-7%	-12%	0%
Magazines	-22%	-6%	-20%	-5%	-5%	-14%
TV	-4%	-1%	-5%	-4%	-1%	-2%
Radio	-8%	5%	-7%	-3%	12%	16%
Online (excl. search and social media)	-4%	0%	-1%	6%	4%	12%
Total market	-6%	1%	-7%	0%	2%	7%

Source: Kantar TNS, Media Advertising Trends, March 2022

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

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

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

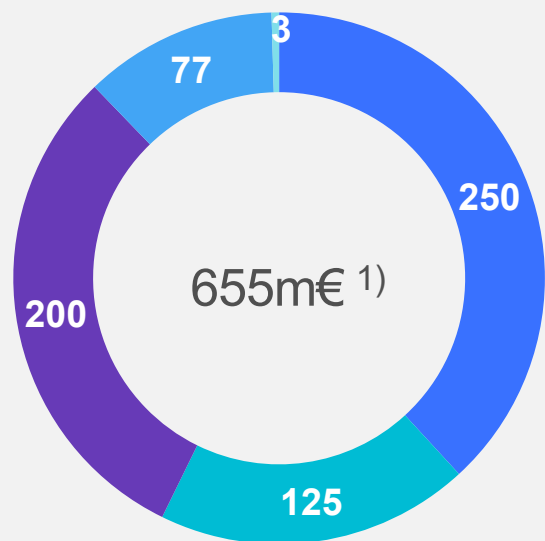


(¹) The Pearson acquisition related PPA amortisations in Q2 and Q3 2023 are higher due to the inventory step-up amortisations

We have a well-balanced debt portfolio

External debt structure ¹⁾

m€, 30 June 2023

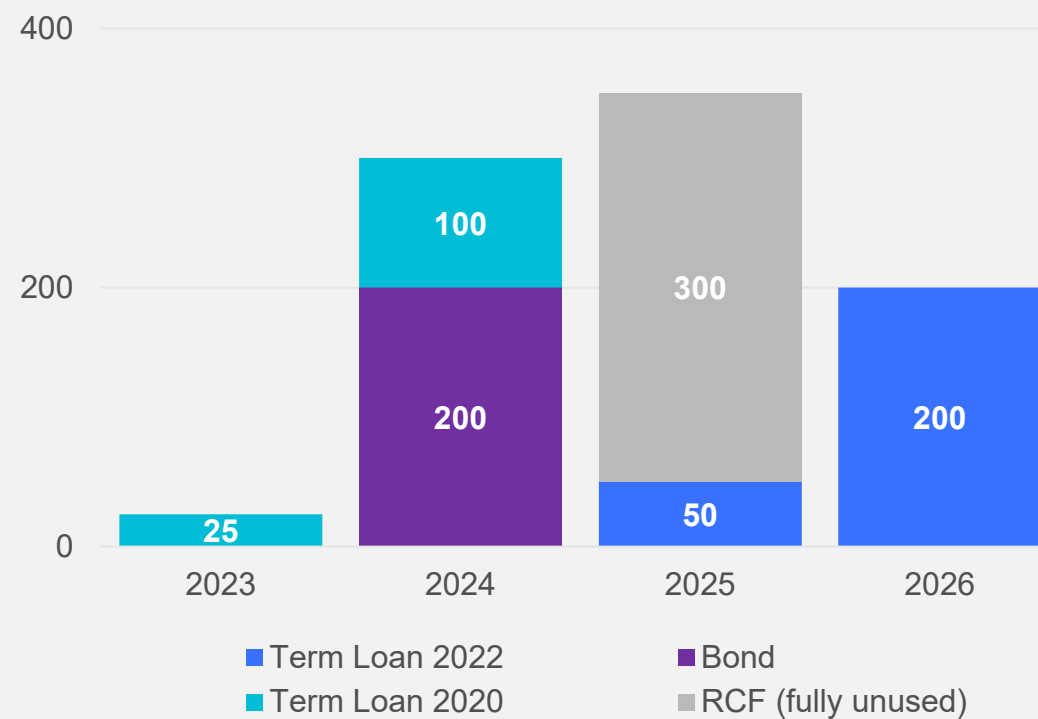


- Term loan 2022
- Term loan 2020
- Bond
- Commercial papers
- Other loans

¹⁾ Excl. IFRS 16 liabilities

Maturity profile 2023–2026

m€, 30 June 2023



150m€ hybrid bond was issued in March

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



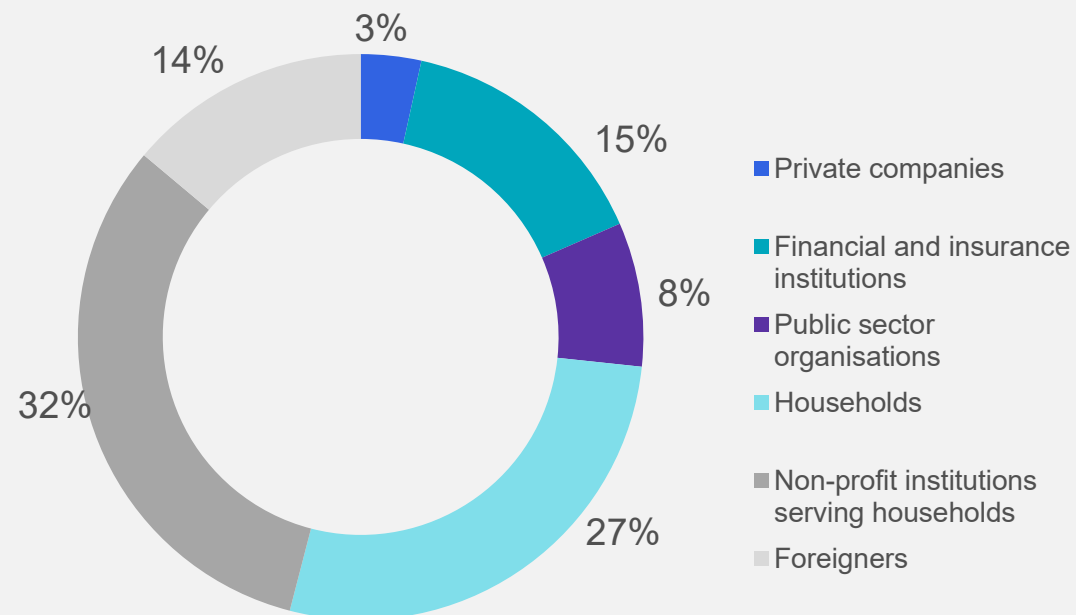
Largest shareholders

30 June 2023

Largest shareholders

Shareholders	Number of shares	% of shares
1. Jane and Aatos Erkkö Foundation	39,820,286	24.4
2. Holding Manutas Oy	19,785,000	12.1
3. Langenskiöld Robin	12,273,371	7.5
4. Seppälä Rafaela	7,654,746	4.7
5. Varma Mutual Pension Insurance Company	5,538,352	3.4
6. Helsingin Sanomat Foundation	4,701,570	2.9
7. Ilmarinen Mutual Pension Insurance Company	3,805,800	2.3
8. Noyer Alex	3,213,277	2.0
9. Elo Mutual Pension Insurance Company	1,892,000	1.2
10. Bernardin-Aubouin Lorna	1,852,470	1.1
10 largest shareholders, total	100,536,872	61.5
Foreign holding	22,724,420	13.9
Other shareholders	40,304,371	24.6
Total number of shares	163,565,663	100.0
Total number of shareholders	24,424	

Holding by sector



Analyst coverage

Carnegie Investment Bank

Danske Markets Equities

Inderes

Kepler Cheuvreux

Nordea

OP Corporate Bank

SEB

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