

Interim Report

Q1 2023

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SANOMA CORPORATION, INTERIM REPORT JANUARY–MARCH 2023

Net sales grew, inflation and increased seasonality lowered operational EBIT

Q1 2023

- The Group's net sales grew to EUR 218 million (2022: 211). Net sales grew slightly in Learning due to the Italian and German business acquired at the end of August 2022 and were stable in Media Finland. The Group's organic net sales development was -1% (2022: 1%).
- Annual seasonality in the learning business was further amplified by the acquisition in Italy and the Group's operational EBIT excl. PPA decreased to EUR -31 million (2022: -10). Earnings were also affected by higher paper, personnel and fixed costs compared to Q1 2022, when there was no cost inflation impact yet, as well as lower advertising sales in Media Finland.
- EBIT was EUR -43 million (2022: -22). Items affecting comparability (IACs) were EUR -2 million (2022: -3). Purchase price allocation adjustments and amortisations (PPAs) grew to EUR 10 million (2022: 9) as a result of the acquisition in Italy and Germany.
- Operational EPS was EUR -0.23 (2022: -0.10).
- EPS was EUR -0.25 (2022: -0.11).
- As typical for the seasonally small first quarter, free cash flow was negative and amounted to EUR -68 million (2022: -39). The decline was mainly attributable to the addition of the acquired Italian business and lower earnings.
- Net debt/Adj. EBITDA was 3.2 (2022: 2.6), being seasonally slightly above the long-term target level of 'below 3.0'.
- On 9 March, Sanoma announced that it will issue a EUR 150 million hybrid bond to strengthen its balance sheet to increase the financial flexibility and support the execution of the strategic plan. The hybrid bond was issued on 16 March.
- On 19 April, the Annual General Meeting decided that a dividend of EUR 0.37 per share (2021: 0.54) shall be paid for 2022 in three instalments. The first instalment of EUR 0.13 was paid on 28 April, the second instalment of EUR 0.13 will be paid in September and the third instalment of EUR 0.11 in November.

Outlook for 2023 (unchanged)

In 2023, Sanoma expects that the Group's reported net sales will be EUR 1.35–1.4 billion (2022: 1.3). The Group's operational EBIT excl. PPA is expected to be EUR 150–180 million (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.

Alternative performance measures and discontinued operations

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

Definitions of key IFRS indicators and APMs are available on p. 33. Reconciliations are available on p. 16-18.

Key indicators

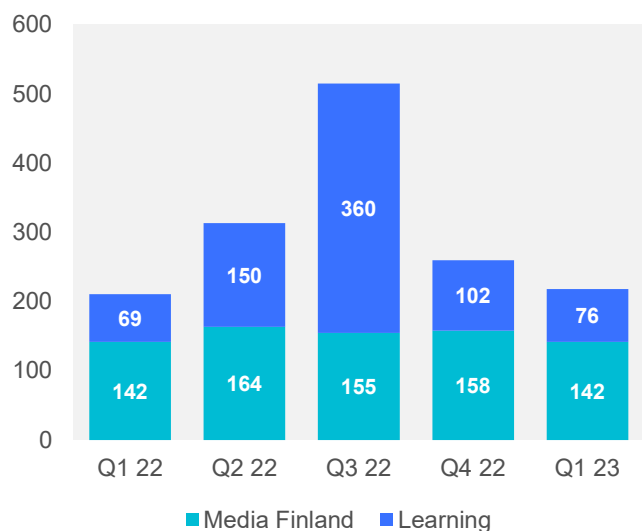
EUR million	Q1 2023	Q1 2022	Change	FY 2022
Net sales	217.8	210.6	3%	1,298.3
Operational EBITDA ¹⁾	11.7	28.8	-59%	355.4
Margin ¹⁾	5.4%	13.7%		27.4%
Operational EBIT excl. PPA ²⁾	-30.7	-10.4	-195%	189.3
Margin ²⁾	-14.1%	-4.9%		14.6%
EBIT	-43.1	-22.0	-96%	112.0
Result for the period	-39.8	-18.3	-118%	77.0
Free cash flow	-67.9	-39.3	-72%	111.7
Equity ratio ³⁾	40.6%	39.3%		35.8%
Net debt	756.5	663.0		823.4
Net debt / Adj. EBITDA	3.2	2.6		3.2
Operational EPS, EUR ¹⁾	-0.23	-0.10	-126%	0.65
EPS, EUR	-0.25	-0.11	-118%	0.47
Free cash flow per share, EUR	-0.42	-0.24	-72%	0.68
Average number of employees (FTE)	5,054	4,826		5,018
Number of employees at the end of the period (FTE)	5,070	4,852		5,079

¹⁾ Excluding IACs

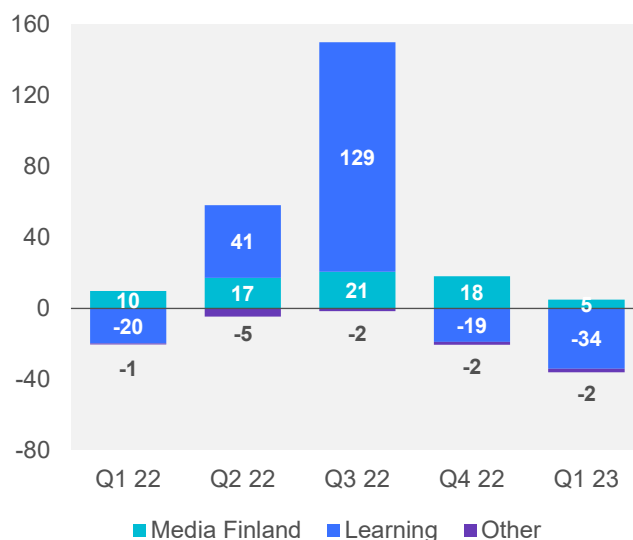
²⁾ Excluding IACs and purchase price allocation adjustments and amortisations (PPAs)

³⁾ Advances received included in the formula of equity ratio were EUR 131.6 million in Q1 2023 (2022: 138.6).

Net sales, m€



Operational EBIT excl. PPA, m€



President and CEO Susan Duinhoven:

"The year started as we had anticipated. In Learning, the first quarter is always seasonally small in net sales, with all sales and marketing efforts for the high season gearing up, and consequently this is always a loss-making quarter. The acquisition made in Italy in August 2022 has increased the seasonality of our business and thus the first quarter has become increasingly loss-making. This was further amplified by the impact of the high cost inflation, which is being compared to the close-to-zero inflation environment we still had a year ago. We have implemented increases in our selling prices that will have the biggest positive impact from the third quarter onwards, and are taking cost mitigation actions across the business. Overall, it will take 1–2 years before the impact of the high inflation will be fully transferred into prices. In Italy, the integration has continued according to our plans, the cultural fit of Sanoma Italia with the rest of Sanoma Learning is strong, and the teams are well-prepared for the upcoming high season.

In Media Finland, a different sales mix and high inflation had an impact on operational earnings. Higher margin advertising sales declined by 5% against a solid start to the comparison year 2022. We gained market share in digital advertising, but lost some in TV due to continued prudent TV content investments. This follows our projection that for the full year 2023, the advertising demand will decline slightly, with most of this taking place during the first half of the year. The slight decrease in the total number of subscriptions reflecting the weakening consumer confidence continued, while the targeted price increases generated overall stable subscription sales. There was a significant increase in paper and fixed costs compared to the first quarter of 2022, when there was basically no inflation impact yet – not even in paper prices, as we were still using the inventories we had built before the price increases accelerated. We have a good culture of active and conscious cost containment in place, and the teams across the business continue to reduce costs and improve processes very well in challenging conditions – despite this, we expect Media Finland's operational earnings to decline by one third compared to full-year 2022.

Mirroring the increased seasonality with the acquired Italian business and the inflated costs, the free cash flow decreased significantly in line with our expectations. As communicated in February, the larger scale of the learning business will significantly increase the working capital required during the first half of 2023 versus the previous year, correspondingly leading to the clear majority of the cash coming in only in the third and fourth quarters. For the full-year 2023, we expect the Group's free cash flow to temporarily decline. It will be impacted by the normalised free cash flow of the acquired Italian business, lower earnings in Media Finland, continued integrations and investments in our digital platforms as well as significantly higher financial expenses.

In early March, we issued a EUR 150 million hybrid bond. We consider the bond as the best way to strengthen our balance sheet to increase financial flexibility and support the execution of our strategic plan at all times, given the increased annual cyclicality of our business. In the current volatile capital markets, we wanted to make this transaction as soon as it was possible for us and were pleased with the broad distribution and significant oversubscription of the issue. Including the impact of the hybrid bond, our leverage (net debt / Adj. EBITDA) at 3.2 was stable compared to the end of 2022. During the second quarter, the leverage will seasonally increase. It is good to realise that the above leverage differs from the one that is used for our debt covenants, where the definition of net debt to non-adjusted EBITDA is used instead of adjusted EBITDA. Adjusted EBITDA is significantly lower compared to the non-adjusted EBITDA, as the annual amortisations typical for our business (broadcasting rights, pre-publication and rental book amortisations) have been deducted, while for debt covenants the leverage is calculated by using the much higher non-adjusted EBITDA that excludes the said amortisations.

Our Outlook for 2023 remains unchanged. The first quarter performance was in line with our own internal expectations. This year, we will focus on further building the long-term strengths of our businesses around learning content, harmonisation of digital learning platforms, integration of recent acquisitions and leading offering in digital news and entertainment, and thus coming out of the recession even stronger than we went in. We remain committed to our growth strategy and continue to be interested in value-creating acquisitions in K12 learning content. In the near term, we are most interested in smaller in-market acquisitions, as our main focus this year will be on integrating the acquired Italian business and gaining the scale benefits that our European learning portfolio can offer.

Another step in integrating sustainability even deeper into our business was taken in early March, when we included climate and accessibility related sustainability KPIs into our EUR 300 million Revolving Credit Facility. Our climate targets in line with the Science-Based Targets initiative are currently being reviewed, and we are expecting the validation to be finalised after summer.

I would like to thank our employees for their commitment, innovativeness, and agility as we are progressing towards the learning high season confidently and well-prepared. Thanks to our teams, we continue to give our best in serving our customers across the business also in these volatile and sometimes challenging circumstances."

Financial review Q1 2023

Net sales by SBU

EUR million	Q1 2023	Q1 2022	Change
Learning	76.3	69.3	10%
Media Finland	141.5	141.6	0%
Other operations and eliminations	-0.1	-0.3	79%
Group total	217.8	210.6	3%

The Group's net sales grew to EUR 218 million (2022: 211). In Learning, the positive contribution from the acquired Italian and German business was partially offset by slightly negative organic net sales development due to different phasing of orders during the first, structurally small quarter. In Media Finland, net sales were stable with growth in other sales offsetting the decrease in advertising sales. The Group's comparable net sales development was -1% (2022: 1%).

Operational EBIT excl. PPA by SBU

EUR million	Q1 2023	Q1 2022	Change
Learning	-33.5	-19.7	-71%
Media Finland	5.1	9.9	-49%
Other operations and eliminations	-2.3	-0.6	-256%
Group total	-30.7	-10.4	-195%

Operational EBIT excl. PPA decreased to EUR -31 million (2022: -10). In both SBUs, paper, personnel and fixed costs were higher compared to Q1 2022, when there was no cost inflation impact yet. In Learning, the annual seasonality of the business was further amplified by the acquired Italian business, where the first quarter is clearly loss-making and the majority of earnings is accumulated in the second half of the year. In Media Finland, earnings decreased also due to lower advertising sales. The Other operations' earnings decreased due to normalised personnel and technology expenses compared to the lower level in Q1 2022.

IACs, PPAs and reconciliation of operational EBIT excl. PPA

EUR million	Q1 2023	Q1 2022
EBIT	-43.1	-22.0
Items affecting comparability (IACs)		
Restructuring expenses	-3.2	-3.2
Impairments	-2.3	
Capital gains/losses	3.1	0.4
IACs total	-2.4	-2.8
Purchase price allocation adjustments and amortisations (PPAs)	-10.0	-8.8
Operational EBIT excl. PPA	-30.7	-10.4

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

EBIT decreased to EUR -43 million (2022: -22) as a result of lower operational earnings. The IACs were EUR -2 million (2022: -3). The restructuring expenses consisted of integration costs of recent acquisitions. Impairments and capital gains were mainly related to selling of a minor property in Finland and recent minor M&As in Media Finland (more information is available on p. 30). PPAs increased to EUR 10 million (2022: 9) due to the acquisition in Italy and Germany.

Net financial items amounted to EUR -7 million (2022: -3) mainly as a result of higher debt and significant increase in interest rates. The average interest rate of external loans was 2.9% (2022: 1.2%).

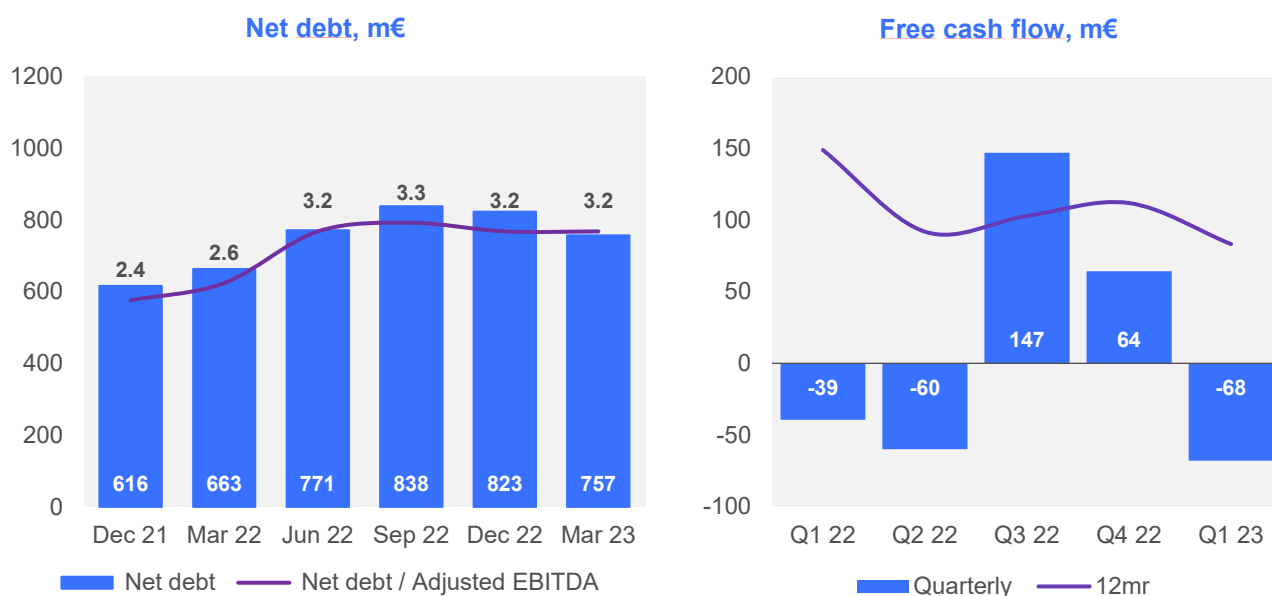
Result before taxes decreased to EUR -51 million (2022: -25) due to lower operational earnings and higher net financial expenses. Income taxes were positive and amounted to EUR 11 million (2022: 7). Result for the period was EUR -40 million (2022: -18)

Operational earnings per share were EUR -0.23 (2022: -0.10) and earnings per share were EUR -0.25 (2022: -0.11).

Financial position

At the end of March 2023, net debt amounted to EUR 757 million (2022: 663). The net debt declined compared to the end of December 2022 as in March 2023 part of the debt financing was replaced with a EUR 150 million hybrid bond that is recognised as equity. Net debt to adjusted EBITDA ratio was 3.2 (2022: 2.6) being slightly above the long-term target of below 3.0. The leverage ratio was stable compared to the end of 2022, with the impact of seasonally higher working capital needs being offset by the hybrid bond issued in March. Equity ratio was 40.6% (2022: 39.3%) being within the long-term target range of 35–45%. The equity ratio was positively impacted by the new hybrid bond. More information on the hybrid bond is available on p. 11 under Events during the reporting period.

At the end of March 2023, the Group's equity totalled EUR 805 million (2022: 702) and the consolidated balance sheet amounted to EUR 2,117 million (2022: 1,924).



Cash flow

The Group's free cash flow decreased to EUR -68 million (2022: -39) or EUR -0.42 per share (2022: -0.24) and was negative according to the seasonal pattern of the learning business. The majority of the decrease was attributable to the addition of the seasonally negative operating cash flow of the acquired Italian business. Lower earnings in both businesses, phasing of investments in TV programs in Media Finland and higher interest paid also had a negative impact on free cash flow.

Capital expenditure included in the Group's free cash flow amounted to EUR 11 million (2022: 11) and mainly consisted of growth investments in digital platforms and ICT in Learning as well as investments in adapting offices to the hybrid way of working and in technology development in Media Finland.

Learning

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

Key indicators

EUR million	Q1 2023	Q1 2022	Change	FY 2022
Net sales	76.3	69.3	10%	681.0
Operational EBITDA ¹⁾	-12.9	-1.3	-857%	212.8
Operational EBIT excl. PPA ²⁾	-33.5	-19.7	-71%	131.8
Margin ²⁾	-43.9%	-28.4%		19.4%
EBIT	-43.8	-27.7	-58%	67.2
Capital expenditure	8.1	8.9	-9%	40.4
Average number of employees (FTE)	2,834	2,591	9%	2,717

¹⁾ Excluding IACs

²⁾ Excluding IACs of EUR -2.0 million in Q1 2023 (2022: -1.0) and EUR -32.2 million in FY 2022 as well as PPA adjustments and amortisations of EUR 8.3 million in Q1 2023 (2022: 7.0) and EUR 32.5 million in FY 2022.

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

Net sales by country

EUR million	Q1 2023	Q1 2022	Change	FY 2022
The Netherlands	33.8	35.1	-4%	223.4
Poland	8.0	7.4	9%	109.0
Spain	5.0	6.1	-18%	129.7
Italy	7.3			30.8
Finland	6.9	6.6	5%	59.7
Belgium	5.4	6.2	-12%	83.7
Other countries and eliminations ¹⁾	9.9	7.9	24%	44.7
Net sales total	76.3	69.3	10%	681.0

¹⁾ Other countries include Sweden, Norway, France, Germany, Denmark and the UK.

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

Q1 2023

Net sales of Learning grew to EUR 76 million (2022: 69) in a structurally small first quarter. The EUR 11 million contribution of the acquired Italian and German business was partially offset by slightly negative organic net sales development due to different phasing of orders compared to the previous year as well as the divestment of Eduarte, a Dutch student administration system provider for vocational education in October 2022.

Operational EBIT excl. PPA was seasonally negative and declined to EUR -34 million (2022: -20). Typical annual seasonality of the business was further amplified by the acquired Italian business, where the first quarter is clearly loss-making and the

majority of net sales and earnings is accruing in the second half of the year. In addition, paper, personnel and fixed costs were higher compared to Q1 2022, when there was no cost inflation impact yet.

Following the lower operational earnings, EBIT amounted to EUR -44 million (2022: -28). IACs amounted to EUR -2 million (2022: -1) and mainly consisted of integration costs of recent acquisitions. PPAs increased to EUR 8 million (2022: 7) as a result of the acquisition in Italy and Germany.

Capital expenditure amounted to EUR 8 million (2022: 9) and mainly consisted of growth investments in digital platforms and ICT.

Media Finland

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

Key indicators

EUR million	Q1 2023	Q1 2022	Change	FY 2022
Net sales	141.5	141.6	0%	618.1
Operational EBITDA ¹⁾	26.6	30.7	-13%	150.2
Operational EBIT excl. PPA ²⁾	5.1	9.9	-49%	65.8
Margin ²⁾	3.6%	7.0%		10.6%
EBIT	1.5	7.5	-81%	54.3
Capital expenditure	2.7	1.1	143%	8.9
Average number of employees (FTE)	2,093	2,099	0%	2,160

¹⁾ Excluding IACs

²⁾ Excluding IACs of EUR -1.9 million in Q1 2023 (2022: -0.6) and EUR -4.6 million in FY 2022 as well as PPA adjustments and amortisations of EUR 1.7 million in Q1 2023 (2022: 1.8) and EUR 6.9 million in FY 2022.

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

Net sales by category

EUR million	Q1 2023	Q1 2022	Change	FY 2022
Print	69.1	73.9	-7%	297.6
Non-print	72.4	67.7	7%	320.6
Net sales total	141.5	141.6	0%	618.1

EUR million	Q1 2023	Q1 2022	Change	FY 2022
Advertising sales	51.4	53.9	-5%	235.7
Subscription sales	61.8	61.6	0%	247.4
Single copy sales	9.1	9.2	-1%	39.3
Other	19.2	16.9	13%	95.8
Net sales total	141.5	141.6	0%	618.1

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

Q1 2023

Net sales of Media Finland were stable at EUR 142 million (2022: 142). Total advertising sales declined by 5% as growth in online and radio was not sufficient to offset the decline in TV, newspapers and magazines. Subscription sales were stable as the impact of decreasing volumes across the product portfolio was offset by price increases. Growth in lower margin other sales compensated for the decline in advertising sales.

According to the Finnish Advertising Trends survey for March 2023 by Kantar TNS, the advertising market in Finland grew by 1% year-on-year on a net basis in the first quarter (including the election advertising), but declined by 1% in the categories relevant to Sanoma. Advertising grew by 5% in radio and decreased by 7% in newspapers, by 6% in magazines and by 1% in TV. Advertising was stable in online (excluding search and social media).

Operational EBIT excl. PPA decreased significantly and amounted to EUR 5 million (2022: 10). Earnings were affected by lower advertising sales as well as higher paper, personnel and fixed costs compared to Q1 2022, when there was no cost inflation impact yet.

Following the lower operational earnings, EBIT amounted to EUR 2 million (2022: 8). IACs amounted to EUR -2 million (2022: -1) and mainly consisted of an impairment and a capital gain related to recent minor M&As. PPAs were EUR 2 million (2022: 2).

Capital expenditure increased to EUR 3 million (2022: 1) due to higher investments in adapting offices to the hybrid way of working and in technology.

Personnel

In January-March, the average number of employees in full-time equivalents (FTE) was 5,054 (2022: 4,826). The average number of employees (FTE) per SBU was as follows: Learning 2,834 (2022: 2,591), Media Finland 2,093 (2022: 2,099) and Other operations 127 (2022: 137). The increase in the number of employees in Learning was mainly due to the acquired Italian and German business.

At the end of March, the number of employees (FTE) of the Group was 5,070 (2022: 4,852).

Employee benefit expenses grew to EUR 97 million (2022: 88) mainly due to the increase in the number of employees as a result of the Italian acquisition and insourcing of certain support operations.

Acquisitions and divestments

There were no major acquisitions or divestments in January–March 2023. Information on acquisitions and divestments conducted in 2022 and earlier is available at www.sanoma.com/en/investors/sanoma-as-an-investment/.

Events during the reporting period

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

On 2 March 2023, Sanoma signed a Sustainability Side Letter to add sustainability-linked KPIs to its EUR 300 million Revolving Credit Facility signed in November 2022 with ten banks. With the addition, a minor part of the pricing of the loan will be linked to Sanoma's sustainability performance in reducing greenhouse gas emissions in line with Sanoma's commitment to Science Based Targets and developing inclusive learning solutions, more specifically accessibility of digital learning content and platforms. The KPIs will be measured annually and the progress will be reported in Sanoma's Sustainability Report as well as directly to the lenders.

Sustainability

On 6 March 2023, Sanoma published its annual Sustainability Report as a part of the Annual Report 2022. The Sustainability Report was prepared according to the most relevant Global Reporting Initiative (GRI) standards, Sustainability Accounting Standard Board's (SASB) standards and Task Force on Climate Related Disclosure (TCFD) guidelines. Sanoma's EU Taxonomy disclosure as well as the disclosure in line with the Non-Financial Reporting Directive (NFRD) was published as a part of the Report of the Board of Directors. A limited assurance engagement was conducted on selected material economic, social and environmental sustainability indicators in accordance with the International Standard on Assurance Engagements (ISAE) 3000.

On 2 March 2023, Sanoma added sustainability-linked KPIs to its EUR 300 million Revolving Credit Facility. More information is available above, under Events during the reporting period.

Share capital and shareholders

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

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

Sanoma had 24,196 (2022: 23,642) registered shareholders at the end of March 2023.

Share trading and performance

At the end of March 2023, Sanoma's market capitalisation was EUR 1,327 million (2022: 2,097) with Sanoma's share closing at EUR 8.11 (2022: 12.82). In January–March 2023, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 9.11 (2022: 12.76), with a low of EUR 7.86 (2022: 11.72) and a high of EUR 10.30 (2022: 14.06).

In January–March 2023, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 48 million (2022: 63). The trading volume of 5 million shares (2022: 5) equalled an average daily turnover of 83,000 shares (2022: 79,000). The traded shares accounted for some 3% (2022: 3%) of the average number of shares. Sanoma's share turnover, including alternative trading venues, CBOE DXE, Turquoise and Frankfurt, was 6 million shares (2022: 6). Nasdaq Helsinki represented 84% (2022: 83%) of the share turnover. (Source: Euroland)

Decisions of the Annual General Meeting

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

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

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

The second instalment of EUR 0.13 per share shall be paid in September 2023. The second instalment shall be paid to a shareholder who is registered in the shareholder register of the Company maintained by Euroclear Finland Ltd on the dividend record date, which, together with the dividend payment date, shall be decided by the Board of Directors in its meeting scheduled for 4 September 2023.

The third instalment of EUR 0.11 per share shall be paid in November 2023. The third instalment shall be paid to a shareholder who is registered in the shareholder register of the Company maintained by Euroclear Finland Ltd on the dividend record date, which, together with the dividend payment date, shall be decided by the Board of Directors in its meeting scheduled for 25 October 2023.

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

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

The meeting fees are:

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

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

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

- For members of the Shareholders' Nomination Committee who reside in Finland: EUR 1,500 / Committee meeting participated.

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

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

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

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

Seasonal fluctuation

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

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

Significant near-term risks and uncertainties

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

Changes in the general economic conditions may be reflected in Sanoma's operational and financial performance. Cost inflation, especially salary inflation and continuing high paper prices, is expected to continue to have an impact on Sanoma's operating costs in 2023. Weakening confidence among Finnish consumers, impacted by the war in Ukraine as well as increasing inflation and interest rates, may have an adverse impact on the demand for Media Finland's products and services. Moreover, the consumer confidence may affect the demand of learning content in some of Sanoma's operating countries and/or in product segments where the parents or students themselves pay for learning materials, while such segments constitute a smaller part of Learning's business. Sanoma has been able to partially mitigate these impacts on its financial performance through e.g. active costs management actions and price increases; however the higher operating

expenses are expected to have an adverse impact on earnings in 2023 as reflected in the 2023 Outlook. The possible weakening of the economy in the Group's operating countries may increase the Group's credit risk, although potential concentrations of credit risk are offset by the Group's diversified operations and the fact that no individual customer or group of customers is material to the Group. In addition, the weakening of the euro against main currencies, incl. the US dollar, may increase the cost of the goods and services Sanoma buys in currencies other than euro (e.g. hosting and TV content) and poses a risk to Sanoma's financial performance. Part of the currency transaction risk is hedged with forward contracts, while hedge accounting is not applied.

Changes in the geopolitical situation particularly in relation to Finland could increase the risk of certain indirect impacts, such as usability and accessibility of internet connections and global applications as well as cyber-attacks, which may potentially cause disruption in Sanoma's daily business activities for an unknown period of time.

In Learning, the phasing and manner of the educational reform implementation in Spain during the high seasons between 2023 and 2024 is still partially uncertain. This may influence Sanoma's commercial propositions, content investment needs and/or financial performance.

Privacy and consumer trust are at the core of the Group's daily operations. Regulatory changes and new guidance by authorities or regulatory enforcement actions regarding the use of consumer or cookie data for commercial purposes could, therefore, have an adverse effect on Sanoma's ability to utilise data in its advertising business. To mitigate this risk, Sanoma aims to anticipate any changes by closely monitoring the regulatory developments and adapting its business models accordingly.

Data is an increasingly essential part of Sanoma's products and services in both Learning and Media Finland. Sanoma is subject to privacy laws, such as the General Data Protection Regulation (GDPR). Non-compliance with them, or potential inadequacy of the data protection processes and practices may cause problems, difficulties or additional costs to Sanoma. In addition, Sanoma is exposed to potential data breaches resulting from unauthorised or accidental loss of, or access to, personal data managed by Sanoma or by third parties processing data on Sanoma's behalf. To mitigate these risks, Sanoma runs Privacy and Security Programmes to implement adequate measures into its operations.

Changes in taxation, as well as in the interpretation of tax laws and practices applicable to Sanoma's products and services or their distribution, e.g. VAT, may have an effect on the Group's operations or its financial performance. On 16 December 2022, Sanoma received a payment decision from the Finnish Tax Administration regarding the tax audits at Sanoma Media Finland Oy for years 2019–2021, concerning the treatment of VAT of certain magazines that were printed in multiple locations in Europe, and processed in and distributed through a centralised logistic centre in Norway. Sanoma considers the claim wholly unjustified and has appealed the decision. Based on the decision received, Sanoma paid EUR 11 million of VAT, penalties and interests at year end 2022 in order to avoid interest accumulation. The decision is in line with the earlier decision concerning years 2015–2018 by the Finnish Tax Adjustment Board, as a result of which Sanoma paid EUR 25 million of VAT, penalties or interests in 2021. Sanoma considers the claim wholly unjustified and has appealed the decision to the Administrative Court, where the process is still ongoing. No provisions related to the matters have been made. In case the decision of the Administrative Court is negative, the case will be appealed to the Supreme Administrative Court. In case of a negative decision of the Administrative Court, the net amount of 2015–2021 VAT claims, approx. EUR 30 million, currently booked as receivables, would be recognised as IACs. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.

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

At the end of March 2023, Sanoma's consolidated balance sheet included EUR 1,549 million (2022: 1,430) of goodwill, immaterial rights and other intangible assets. The majority of these are related to the learning business. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis or more frequently if there is any indication of impairment. Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity and equity-related ratios. Further, as Sanoma's strategic aim is to grow through acquisitions, material amounts of goodwill, immaterial rights and other intangible assets might be recorded on Sanoma's balance sheet in connection with the completions of acquisitions and may be impaired in the future.

Financial reporting in 2023

Sanoma will publish the following financial reports during 2023:

Interim Report 1 January–30 June 2023

Wednesday, 26 July 2023

Interim Report 1 January–30 September 2023

Thursday, 26 October 2023

Helsinki, 3 May 2023

Board of Directors
Sanoma Corporation

Reconciliation of operational EBIT excl. PPA

EUR million	Q1 2023	Q1 2022	FY 2022
EBIT	-43.1	-22.0	112.0
Items affecting comparability (IACs) and PPA adjustments and amortisations			
Learning			
Impairments			-11.6
Capital gains/losses			0.5
Restructuring expenses	-2.0	-1.0	-21.1
PPA adjustments and amortisations	-8.3	-7.0	-32.5
Media Finland			
Impairments	-2.3		
Capital gains/losses	1.2	0.4	0.4
Restructuring expenses	-0.8	-1.0	-5.0
PPA adjustments and amortisations	-1.7	-1.8	-6.9
Other operations			
Capital gains/losses	1.9		
Restructuring expenses	-0.3	-1.2	-1.1
Items affecting comparability (IACs) and PPA adjustments and amortisations total	-12.4	-11.5	-77.2
Operational EBIT excl. PPA	-30.7	-10.4	189.3
Depreciation of buildings and structures	-6.4	-6.4	-26.6
Depreciation of rental books	-2.2	-2.9	-11.5
Amortisation of film and TV broadcasting rights	-14.1	-13.6	-54.2
Amortisation of prepublication rights	-8.3	-5.2	-31.6
Other depreciations, amortisations and impairments	-13.8	-11.2	-53.2
Items affecting comparability in depreciation, amortisation and impairments	2.3		11.1
Operational EBITDA	11.7	28.8	355.4

Items affecting comparability (IACs) in results of associated companies

EUR million	Q1 2023	Q1 2022	FY 2022
Media Finland			
Fair value remeasurement of previously held equity interest	-1.0		

Reconciliation of operational EPS

EUR million	Q1 2023	Q1 2022	FY 2022
Result for the period attributable to the equity holders of the Parent Company	-40.0	-18.5	76.2
Current year interest on the hybrid bond net of tax	-0.4		
Items affecting comparability	3.4	2.8	37.9
Tax effect of items affecting comparability	-0.1	-0.7	-7.8
Operational result for the period attributable to the equity holders of the Parent Company	-37.0	-16.3	106.3
Weighted average number of shares on the market	163,208,716	162,986,530	163,130,613
Operational EPS	-0.23	-0.10	0.65

Reconciliation of net debt

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current financial liabilities	599.6	433.6	599.4
Current financial liabilities	32.8	127.3	100.1
Non-current lease liabilities	144.7	113.0	119.6
Current lease liabilities	29.2	45.1	45.3
Cash and cash equivalents	-49.9	-56.0	-41.0
Net debt	756.5	663.0	823.4

Reconciliation of adjusted EBITDA

EUR million	Q1 2023	Q1 2022	FY 2022
12-month rolling operational EBITDA	338.2	358.9	355.4
Impact of acquired and divested operations	20.3	0.0	17.2
Impact of programming rights	-56.8	-57.7	-54.3
Impact of prepublication rights	-56.9	-42.1	-55.4
Impact of rental books	-7.5	-6.3	-7.5
Adjusted EBITDA	237.3	252.9	255.4

Reconciliation of comparable net sales growth

EUR million	Q1 2023	Q1 2022
Group		
Net sales	217.8	210.6
Impact of acquired and divested operations	-11.3	-2.0
Comparable net sales	206.4	208.6
Learning		
Net sales	76.3	69.3
Impact of acquired and divested operations	-10.9	-2.0
Comparable net sales	65.4	67.2
Media Finland		
Net sales	141.5	141.6
Impact of acquired and divested operations	-0.4	0.0
Comparable net sales	141.1	141.6

Income statement by quarter

EUR million	Q1 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
NET SALES	217.8	210.6	313.2	514.9	259.5	1,298.3
Other operating income	7.3	4.7	2.6	5.2	8.5	21.0
Materials and services	-73.5	-65.0	-91.2	-212.5	-89.3	-458.0
Employee benefit expenses	-97.2	-87.7	-92.0	-84.2	-92.3	-356.2
Other operating expenses	-43.0	-36.7	-45.3	-46.4	-48.8	-177.2
Share of results in joint ventures	0.2	0.1	0.1	0.2	0.0	0.5
Depreciation, amortisation and impairment losses	-54.7	-48.0	-49.0	-60.9	-58.6	-216.5
EBIT	-43.1	-22.0	38.5	116.3	-20.8	112.0
Share of results in associated companies	-1.0	0.1	0.0	-0.2	-0.2	-0.4
Financial income	2.4	1.1	4.1	3.4	0.9	9.5
Financial expenses	-8.8	-4.4	-4.0	-6.9	-6.7	-22.0
RESULT BEFORE TAXES	-50.6	-25.2	38.6	112.6	-26.8	99.2
Income taxes	10.8	6.9	-7.7	-27.0	5.6	-22.2
RESULT FOR THE PERIOD	-39.8	-18.3	30.8	85.6	-21.1	77.0
Result attributable to:						
Equity holders of the Parent Company	-40.0	-18.5	30.7	85.4	-21.4	76.2
Non-controlling interests	0.2	0.2	0.2	0.2	0.2	0.7
Earnings per share for result attributable to the equity holders of the Parent Company:						
Earnings per share, EUR	-0.25	-0.11	0.19	0.52	-0.13	0.47
Diluted earnings per share, EUR	-0.25	-0.11	0.19	0.52	-0.13	0.47

Net sales by SBU

EUR million	Q1 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Learning	76.3	69.3	149.8	360.3	101.6	681.0
Media Finland	141.5	141.6	163.7	154.8	158.0	618.1
Other operations and eliminations	-0.1	-0.3	-0.3	-0.1	-0.1	-0.8
Total	217.8	210.6	313.2	514.9	259.5	1,298.3

EBIT by SBU

EUR million	Q1 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Learning	-43.8	-27.7	30.5	98.4	-34.0	67.2
Media Finland	1.5	7.5	14.6	18.2	13.9	54.3
Other operations and eliminations	-0.7	-1.8	-6.7	-0.3	-0.7	-9.4
Total	-43.1	-22.0	38.5	116.3	-20.8	112.0

Operational EBIT excl. PPA by SBU

EUR million	Q1 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Learning	-33.5	-19.7	41.0	129.4	-18.9	131.8
Media Finland	5.1	9.9	17.2	20.6	18.1	65.8
Other operations and eliminations	-2.3	-0.6	-4.6	-1.6	-1.5	-8.4
Total	-30.7	-10.4	53.6	148.4	-2.3	189.3

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 March 2023. The accounting policies of the Interim Report, the definitions of key indicators as well as the explanations of use and definitions of Alternative Performance Measures (APMs) are available in the Annual Report 2022. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

On 16 March 2023, Sanoma issued a hybrid bond of EUR 150 million, which is treated as equity in the accounting. The hybrid bond does not have a specified maturity date, but Sanoma is entitled to redeem it at its nominal amount on each interest payment date. The hybrid bond is subordinated to the company's other debt instruments, but senior to other equity instruments. The interest on the hybrid bond is paid, if the Group decides to distribute dividends. The interests to the bond are debited to retained earnings when obligation to pay interest arises. If a dividend is not paid, the Group decides separately on whether to pay the interest on the hybrid bond. Hybrid bond holders have no control over the Group and no right to vote at shareholders' meetings. When calculating earnings per share, unpaid interest net of tax is adjusted in the result for the period.

Consolidated income statement

EUR million	Q1 2023	Q1 2022	FY 2022
NET SALES	217.8	210.6	1,298.3
Other operating income	7.3	4.7	21.0
Materials and services	-73.5	-65.0	-458.0
Employee benefit expenses	-97.2	-87.7	-356.2
Other operating expenses	-43.0	-36.7	-177.2
Share of results in joint ventures	0.2	0.1	0.5
Depreciation, amortisation and impairment losses	-54.7	-48.0	-216.5
EBIT	-43.1	-22.0	112.0
Share of results in associated companies	-1.0	0.1	-0.4
Financial income	2.4	1.1	9.5
Financial expenses	-8.8	-4.4	-22.0
RESULT BEFORE TAXES	-50.6	-25.2	99.2
Income taxes	10.8	6.9	-22.2
RESULT FOR THE PERIOD	-39.8	-18.3	77.0
Result attributable to:			
Equity holders of the Parent Company	-40.0	-18.5	76.2
Non-controlling interests	0.2	0.2	0.7
Earnings per share for result attributable to the equity holders of the Parent Company:			
Earnings per share, EUR	-0.25	-0.11	0.47
Diluted earnings per share, EUR	-0.25	-0.11	0.47

Statement of comprehensive income

EUR million	Q1 2023	Q1 2022	FY 2022
Result for the period	-39.8	-18.3	77.0
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Change in translation differences	-0.2	-0.5	2.3
Items that will not be reclassified to profit or loss			
Defined benefit plans	-4.1	1.6	-6.9
Income tax related to defined benefit plans	0.8	-0.3	1.3
Other comprehensive income for the period, net of tax	-3.5	0.8	-3.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-43.3	-17.4	73.6
Total comprehensive income attributable to:			
Equity holders of the Parent Company	-43.5	-17.6	72.9
Non-controlling interests	0.2	0.2	0.7

Consolidated balance sheet

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Property, plant and equipment	46.5	52.4	49.2
Right-of-use assets	165.2	151.5	156.5
Investment property	3.5	5.2	5.2
Goodwill	812.5	758.4	812.1
Other intangible assets	736.8	671.5	739.0
Equity-accounted investees	3.1	3.5	4.1
Other investments	3.7	3.7	3.7
Deferred tax receivables	12.0	10.4	10.7
Non-current receivables	15.0	33.1	20.8
NON-CURRENT ASSETS, TOTAL	1,798.2	1,689.8	1,801.3
Inventories	92.6	44.1	71.2
Income tax receivables	7.0	7.4	10.4
Contract assets	1.6	1.2	0.6
Trade and other receivables	167.3	125.7	179.1
Cash and cash equivalents	49.9	56.0	41.0
CURRENT ASSETS, TOTAL	318.5	234.4	302.3
ASSETS, TOTAL	2,116.7	1,924.2	2,103.6
EQUITY AND LIABILITIES			
EQUITY			
Share capital	71.3	71.3	71.3
Treasury shares	-4.1	-5.2	-5.2
Fund for invested unrestricted equity	209.8	209.8	209.8
Other equity	377.3	418.4	419.2
Hybrid bond	148.9		
Total equity attributable to the equity holders of the Parent Company	803.2	694.2	695.1
Non-controlling interests	2.1	7.4	7.0
EQUITY, TOTAL	805.3	701.7	702.1
Deferred tax liabilities	115.1	120.8	121.4
Pension obligations	4.7	5.9	4.1
Provisions	0.1	0.5	0.1
Financial liabilities	599.6	433.6	599.4
Lease liabilities	144.7	113.0	119.6
Contract liabilities	3.3	2.5	2.5
Trade and other payables	2.9	3.2	2.8
NON-CURRENT LIABILITIES, TOTAL	870.6	679.5	850.0
Provisions	1.5	0.9	1.7
Financial liabilities	32.8	127.3	100.1
Lease liabilities	29.2	45.1	45.3
Income tax liabilities	5.2	8.6	12.9
Contract liabilities	127.7	136.1	139.3
Trade and other payables	244.3	225.0	252.2
CURRENT LIABILITIES, TOTAL	440.8	543.0	551.5
LIABILITIES, TOTAL	1,311.4	1,222.5	1,401.5
EQUITY AND LIABILITIES, TOTAL	2,116.7	1,942.2	2,103.6

Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company							Equity, total
	Share capital	Treasury shares	Fund for invested unrestricted equity	Other equity	Hybrid bond	Total	Non-controlling interests	
Equity at 1 Jan 2022	71.3	-7.5	209.8	440.1		713.6	7.2	720.9
Comprehensive income for the period				-17.6		-17.6	0.2	-17.4
Share-based compensation				-1.9		-1.9		-1.9
Shares delivered		2.3		-2.3				
Acquisitions and other changes in non-controlling interests				0.2		0.2	0.0	0.2
Equity at 31 Mar 2022	71.3	-5.2	209.8	418.4		694.2	7.4	701.7
Equity at 1 Jan 2023	71.3	-5.2	209.8	419.2		695.1	7.0	702.1
Comprehensive income for the period				-43.5		-43.5	0.2	-43.3
Share-based compensation				0.3		0.3		0.3
Shares delivered		1.1		-1.1				
Acquisitions and other changes in non-controlling interests				2.4		2.4	-5.1	-2.6
Issuance of hybrid bond (net of issuance costs)					148.9	148.9		148.9
Equity at 31 Mar 2023	71.3	-4.1	209.8	377.3	148.9	803.2	2.1	805.3

Consolidated cash flow statement

EUR million	Q1 2023	Q1 2022	FY 2022
OPERATIONS			
Result for the period	-39.8	-18.3	77.0
Adjustments			
Income taxes	-10.8	-6.9	22.2
Financial income and expenses	6.5	3.3	12.5
Share of results in equity-accounted investees	0.8	-0.2	-0.2
Depreciation, amortisation and impairment losses	54.7	48.0	216.5
Gains/losses on sales of non-current assets	-3.2	-0.5	-3.3
Other adjustments	1.4	-1.9	2.1
Adjustments, total	49.4	41.8	249.9
Change in working capital	-30.0	-17.2	4.4
Acquisitions of broadcasting rights, prepublication costs and rental books	-28.7	-22.5	-111.2
Dividends received	0.0	0.0	0.6
Interest paid and other financial items	-6.5	-4.0	-13.2
Taxes paid	-0.9	-8.0	-42.8
Cash flow from operations	-56.5	-28.2	164.6
INVESTMENTS			
Capital expenditure	-11.3	-11.2	-52.9
Operations acquired	-0.3	-2.1	-204.9
Proceeds from sale of tangible and intangible assets	3.9	0.5	1.4
Operations sold	0.3	0.3	7.7
Loans granted	0.0	-0.4	-3.2
Repayments of loan receivables	0.0		0.4
Interest received	0.5	0.1	0.8
Cash flow from investments	-7.0	-12.7	-250.7
Cash flow before financing	-63.5	-40.9	-86.2
FINANCING			
Proceeds from issue of hybrid bond (net of issuance costs)	148.9		
Change in loans with short maturity	-62.7	51.9	69.7
Drawings of other loans	0.9	0.1	250.3
Repayments of other loans	-0.4	0.0	-124.7
Payment of lease liabilities	-7.4	-7.5	-30.5
Acquisitions of non-controlling interests	-6.9		-1.0
Dividends paid			-89.1
Cash flow from financing	72.3	44.4	74.6
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	8.8	3.6	-11.6
Effect of exchange rate differences on cash and cash equivalents	0.1	0.0	0.2
Net change in cash and cash equivalents	8.9	3.6	-11.4
Cash and cash equivalents at the beginning of the period	41.0	52.4	52.4
Cash and cash equivalents at the end of the period	49.9	56.0	41.0
FREE CASH FLOW (Cash flow from operations – Capital expenditure)	-67.9	-39.3	111.7

At the end of March 2023, cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 0.0 million (2022: 0.1).

Segment information

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

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

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

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

Segment information 1 January–31 March 2023

EUR million	Learning	Media Finland	Other operations/eliminations	Total
External net sales	76.3	141.5		217.8
Internal net sales		0.1	-0.1	
Net sales, total	76.3	141.5	-0.1	217.8
EBIT	-43.8	1.5	-0.7	-43.1
Operational EBIT excl. PPA	-33.5	5.1	-2.3	-30.7
Share of results in associated companies		-1.0		-1.0
Financial income			2.4	2.4
Financial expenses			-8.8	-8.8
Result before taxes				-50.6
Income taxes				10.8
Result for the period				-39.8
Segment assets	1,763.9	426.0	-142.2	2,047.7

Segment information 1 January–31 March 2022

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
External net sales	69.3	141.4		210.6
Internal net sales		0.3	-0.3	
Net sales, total	69.3	141.6	-0.3	210.6
EBIT	-27.7	7.5	-1.8	-22.0
Operational EBIT excl. PPA	-19.7	9.9	-0.6	-10.4
Share of results in associated companies		0.1		0.1
Financial income			1.1	1.1
Financial expenses			-4.4	-4.4
Result before taxes				-25.2
Income taxes				6.9
Result for the period				-18.3
Segment assets	1,562.3	429.0	-141.8	1,849.5

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 March 2023

EUR million	Learning	Media Finland	Other operations/eliminations	Total
Finland	6.9	141.5	-0.1	148.4
The Netherlands	33.8			33.8
Poland	8.0			8.0
Spain	5.0			5.0
Italy	7.3			7.3
Belgium	5.4			5.4
Other companies and eliminations	9.9			9.9
Primary geographical markets	76.3	141.5	-0.1	217.8
Learning solutions	71.2			71.2
Advertising		51.4	0.0	51.3
Subscription		61.8	0.0	61.8
Single copy		9.1		9.1
Other	5.1	19.2	0.0	24.2
Major product lines/services	76.3	141.5	-0.1	217.8
Recognition at a point-in-time	38.3	40.1	-0.1	78.4
Recognition over-time	38.0	101.4		139.4
Timing of revenue recognition	76.3	141.5	-0.1	217.8

Disaggregation of revenue 1 January–31 March 2022

EUR million	Learning	Media Finland	Other operations/eliminations	Total
Finland	6.6	141.6	-0.3	148.0
The Netherlands	35.1			35.1
Poland	7.4			7.4
Spain	6.1			6.1
Belgium	6.2			6.2
Other companies and eliminations	7.9			7.9
Primary geographical markets	69.3	141.6	-0.3	210.6
Learning solutions	61.9			61.9
Advertising		53.9	-0.2	53.7
Subscription		61.6	0.0	61.6
Single copy		9.2		9.2
Other	7.4	16.9	-0.1	24.3
Major product lines/services	69.3	141.6	-0.3	210.6
Recognition at a point-in-time	29.7	39.6	-0.3	69.0
Recognition over-time	39.6	102.0		141.6
Timing of revenue recognition	69.3	141.6	-0.3	210.6

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

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Carrying amount at 1 Jan	205.7	212.4	212.4
Increases	19.4	5.8	48.8
Acquisitions of operations	0.0	0.3	9.0
Decreases	-1.1	-0.6	-6.2
Disposal of operations		-1.1	-1.1
Depreciation for the period	-12.3	-12.8	-52.7
Impairment losses for the period	0.0	0.0	-4.2
Exchange rate differences and other changes	-0.1	-0.1	-0.3
Carrying amount at the end of the period	211.7	203.9	205.7

Acquisitions and divestments

Acquisitions in 2023

In Q1 2023, Sanoma invested EUR 3.1 million in business acquisitions. The effect of the acquisitions since the acquisition date on the Group's Q1 2023 net sales and operating profit was minor.

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

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

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

Impact of business acquisitions on Group's assets and liabilities

EUR million	Q1 2023	Italy and Germany	Other	FY 2022
Property, plant and equipment	0.0	2.0	0.0	2.0
Right-of-use assets		6.7	0.3	7.0
Intangible assets	1.4	86.5	3.1	89.6
Other non-current assets		15.5	0.0	15.5
Inventories		34.8	0.0	34.8
Other current assets	1.6	85.0	0.5	85.4
Assets, total	3.1	230.5	3.9	234.4
Non-current liabilities	-2.2	-29.6	-1.0	-30.6
Current liabilities	-0.8	-44.3	-0.7	-44.9
Liabilities, total	-3.0	-73.9	-1.7	-75.5
Fair value of acquired net assets	0.1	156.6	2.3	158.9
Acquisition cost	0.5	212.1	5.0	217.0
Fair value of previously held interest	0.2			
Fair value of acquired net assets	-0.1	-156.6	-2.3	-158.9
Goodwill from the acquisitions	0.6	55.5	2.7	58.2

Acquisitions of non-controlling interests

EUR million	Q1 2023	FY 2022
Acquisition cost	2.6	
Book value of the acquired interest	1.1	
Impact on consolidated equity	-1.5	

Cash paid to obtain control, net of cash acquired

EUR million	Q1 2023	Italy and Germany	Other	FY 2022
Acquisition cost	0.5	212.1	5.0	217.0
Cash and cash equivalents of acquired operations	-0.2	-9.9	-0.3	-10.2
Decrease (+) / increase (-) in acquisition liabilities			-2.0	-2.0
Cash paid to obtain control, net of cash acquired	0.3	202.2	2.7	204.9
Acquisition cost	2.6			
Decrease (+) / increase (-) in acquisition liabilities	4.3		1.0	1.0
Cash paid on acquisitions of non-controlling interests	6.9		1.0	1.0

Divestments in 2023

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

Impact of divestments on Group's assets and liabilities

EUR million	Q1 2023	FY 2022
Property, plant and equipment		1.1
Other intangible assets		11.1
Inventories		0.3
Trade and other receivables		0.4
Cash and cash equivalents		1.7
Assets, total		14.6
Deferred tax liabilities		-3.0
Trade and other payables		-2.1
Liabilities, total		-5.1
Net assets		9.5
Sales price	1.2	11.5
Transaction fees paid		-1.1
Net result from sale of operations	1.2	0.9

Cash flow from sale of operations

EUR million	Q1 2023	FY 2022
Sales price	1.2	11.5
Cash and cash equivalents of divested operations		-1.7
Decrease (+) / increase (-) in receivables from divestment	-0.9	-2.1
Cash flow from sale of operations	0.3	7.7

Contingent liabilities

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Contingencies for own commitments			
Pledges	0.9	0.9	0.9
Other items	24.3	25.1	24.3
Contingencies for own commitments total	25.2	25.9	25.2
Other commitments			
Royalties	1.7	1.1	0.2
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	37.7	42.7	41.0
Other items ¹	98.8	26.4	91.3
Other commitments total	138.3	70.2	132.5
Total	163.4	96.1	157.7

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

Derivative instruments

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Fair values			
Currency derivatives			
Forward contracts (positive fair values)	0.0	0.1	0.0
Forward contracts (negative fair values)	0.0		-0.1
Nominal values			
Currency derivatives			
Forward contracts	17.0	11.7	15.0

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

Interest on hybrid bond

On 16 March 2023, Sanoma issued a hybrid bond of EUR 150 million. On 31 March 2023, the unpaid interest on the bond was EUR 0.5 million.

Disputes and litigations

In December 2022, Sanoma received a payment decision from the Finnish Tax Administration regarding the tax audit at Sanoma Media Finland Oy for years 2019–2021 about the treatment of VAT of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway. The decision is in line with the earlier decision concerning years 2015–2018 by the Finnish Tax Adjustment Board. Sanoma considers also the new claim wholly unjustified and has appealed the decision. Based on the decision received, Sanoma paid EUR 11 million of VAT, penalties and interests in December 2022 in order to avoid interest accumulation. Sanoma considers this payment to be a deposit with the tax authority while the dispute is ongoing, and consequently reports the amount paid as a receivable. In March 2023, the tax authorities made an ex officio decision on a corporate income tax adjustment as a consequence of value added tax and refunded EUR 2 million of corporate income tax to Sanoma. Sanoma considers this refund to be a liability towards the tax authority while the dispute is ongoing, and consequently reports the amount received as a liability. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.

In April 2021, the Finnish Tax Adjustment Board accepted a claim based on tax audits at Sanoma Media Finland in 2015–2018 concerning the business model mentioned above. Sanoma considers the claims completely unjustified and has appealed the decisions. On 1 July 2021, Sanoma paid the required VAT, the related penalty and interests of EUR 25 million in order to avoid further interest accumulation. Sanoma considers this payment to be a deposit with the tax authority while the dispute is ongoing, and consequently reports the amount paid as a receivable. On August 2021, the tax authorities made an ex officio decision on a corporate income tax adjustment as a consequence of value added tax adjustment and refunded EUR 3 million of corporate income tax to Sanoma. Sanoma considers this refund to be a liability towards the tax authority while the dispute is ongoing, and consequently reports the amount received as a liability.

Definitions of key indicators

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