Annual Report 2023

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Annual Report 2023

OUR BUSINESSES IN BRIEF

SUSTAINABILITY

GOVERNANCE

FINANCIALS

Sanoma's Annual Report 2023 combines the following reports: Sustainability Report, Corporate Governance Statement, Remuneration Report, Report of the Board of Directors and Financial Statements.
All Sanoma's reports and further information about Sanoma can be found at

SANOMA.COM ▶

Our businesses in brief

Sanoma is an innovative and agile learning and media company.

Our year 2023

Learning to reach its long-term profitability target of 23% in 2026 through new process and efficiency improvement program

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Climate targets approved by the Science Based Targets initiative

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Digital subscription base in news media has grown to 95%

Rob Kolkman appointed President and CEO as of 1 January 2024

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1.4bn€
Net sales

175m€
Operational EBIT excl. PPA

0.64€
Free cash flow per share

0.37€
Dividend per share*

*Board's proposal

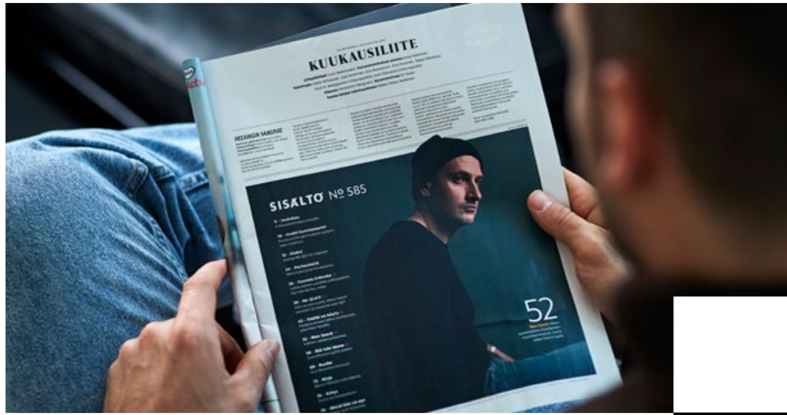
OUR BUSINESSES IN BRIEF

This is Sanoma

At Sanoma, we impact the lives of millions of people every day. We work hard to equip the world with the highest-quality learning resources, independent media and local entertainment. Sustainability is integrated into our purpose and everything we do. In 2023, our net sales were 1.4 bn€.

Learning

Learning is one of the leaders in K12 education, serving about 25 million students throughout Europe. 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. We develop our methodologies based on deep teacher and student insight and by truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact.



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.

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Through learning and media, we have a positive impact on the lives of millions of people every day

We are a leading European K12 learning company and the #1 digital media company in Finland. We have built our current positions during the past 20 years through acquisitions in K12 learning services across Europe and by being a forerunner in the successful transformation to digital media in Finland. Our roots date back to 1889, when Päivälehti, a Helsinki-based daily newspaper and predecessor to today's Helsingin Sanomat, was founded.

5,000+
employees

12
operating countries

- Learning businesses in Finland, Sweden, Norway, Denmark, Poland, Belgium, the Netherlands, Germany, France, Italy, Spain, UK
- Media business in Finland

As a learning and media company, sustainability is an integral part of our daily business. Our Sustainability Strategy is designed to maximise our positive impact on society and to minimise our environmental footprint. To implement our strategy, we have set ambitious long-term targets.

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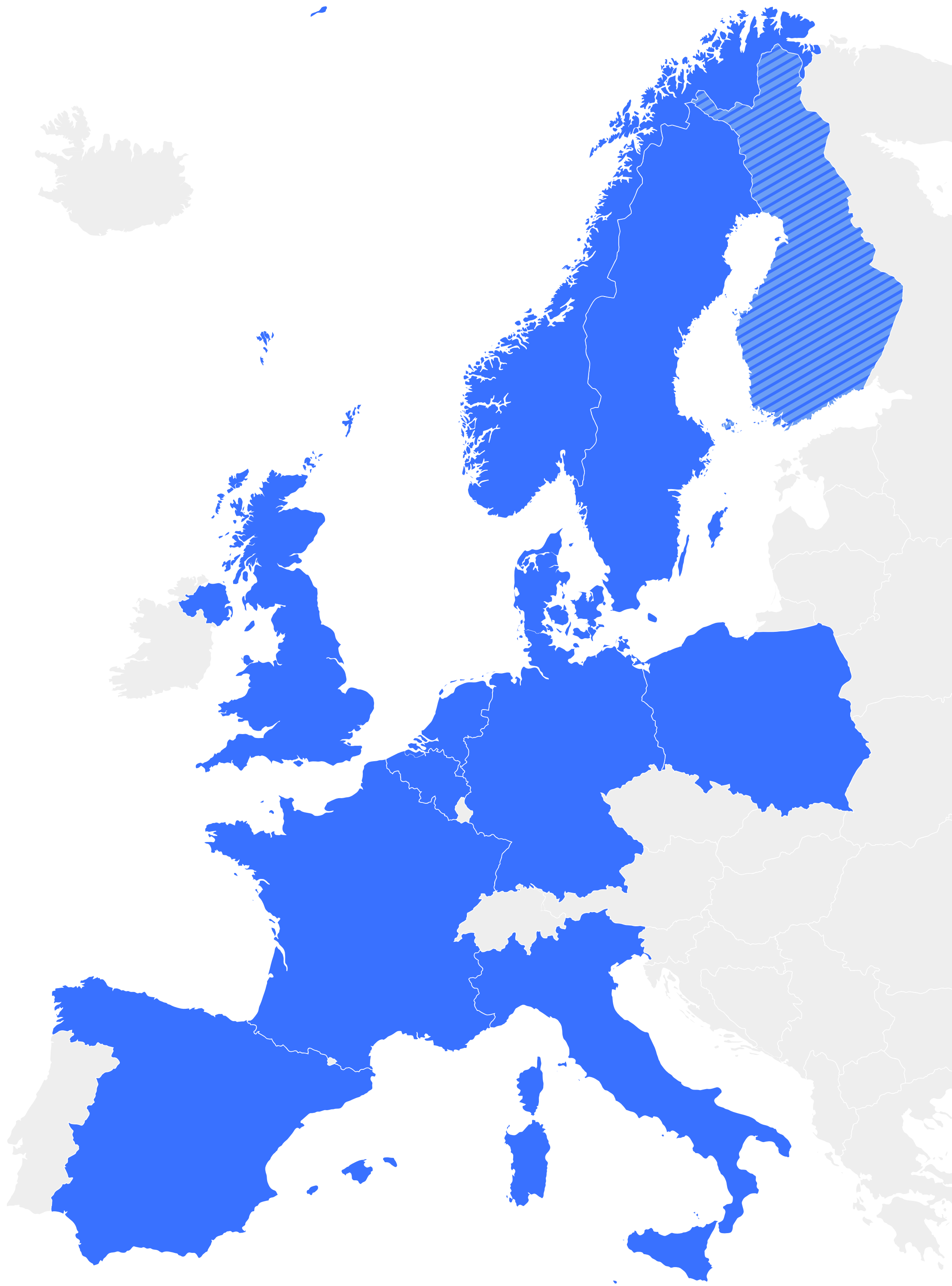
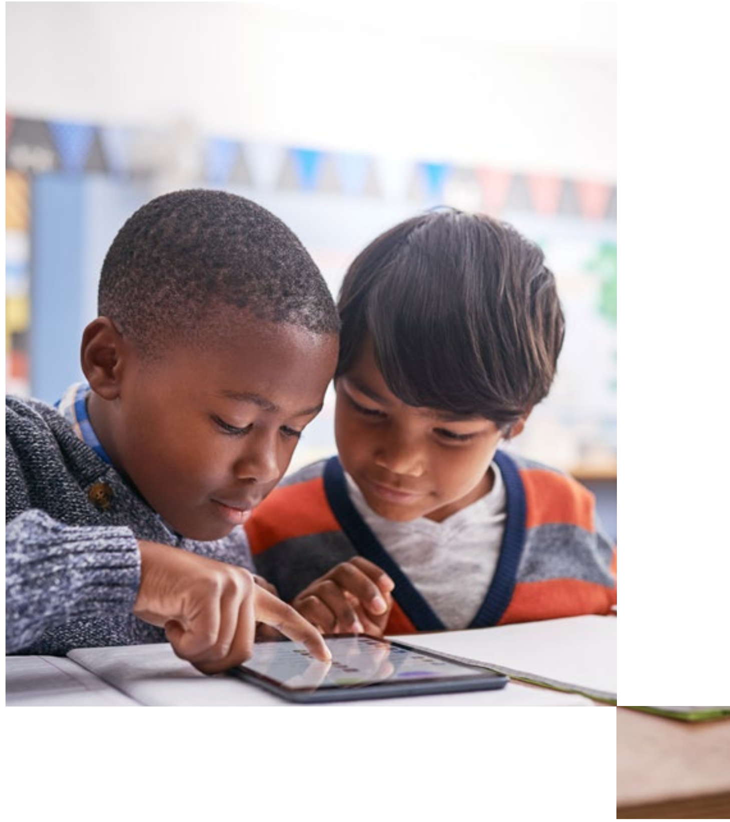


SANOMA AS AN INVESTMENT

Unique sustainability profile with increasing profitability

We have three strategic focus areas to deliver increasing profitability and prepare for future growth



1. Increasing profitability of Learning and Media Finland

- In Learning, we benefit from our increased scale and will reach the long-term profitability target in 2026 through Program Solar
- In Media Finland, we continue our successful digitalisation and efficiency improvements while expecting to benefit from future recovery in the Finnish economy

2. Growing organically and through smaller in-market acquisitions

- Growing the learning content business through price increases and market share gains
- Strengthening our digital offering in journalism and entertainment in Finland also through partnerships
- Finding smaller, highly synergistic acquisitions in our current operating countries

3. Deleveraging the balance sheet

- Long-term leverage target unchanged at < 3.0, improving free cash flow will allow deleveraging
- Dividend continues to be an important part of our equity story – 40–60% payout range in dividend policy allows for changing economic conditions, investment levels and deleveraging needs

Long-term financial targets (FY 2023 in brackets)

Group

- Net debt / Adj. EBITDA: <3.0 (2.8)
- Equity ratio: 35–45% (42.5%)
- Dividend: Increasing dividend 40–60% of annual free cash flow (58%, Board's proposal to AGM 2024)

Learning

- Comparable net sales growth: 2–5% (6%)
- Operational EBIT margin excl. PPA: above 23% (18.7%) from 2026 onwards

Media Finland

- Comparable net sales growth: +/- 2% (-3%)
- Operational EBIT margin excl. PPA: 12–14% (6.7%)

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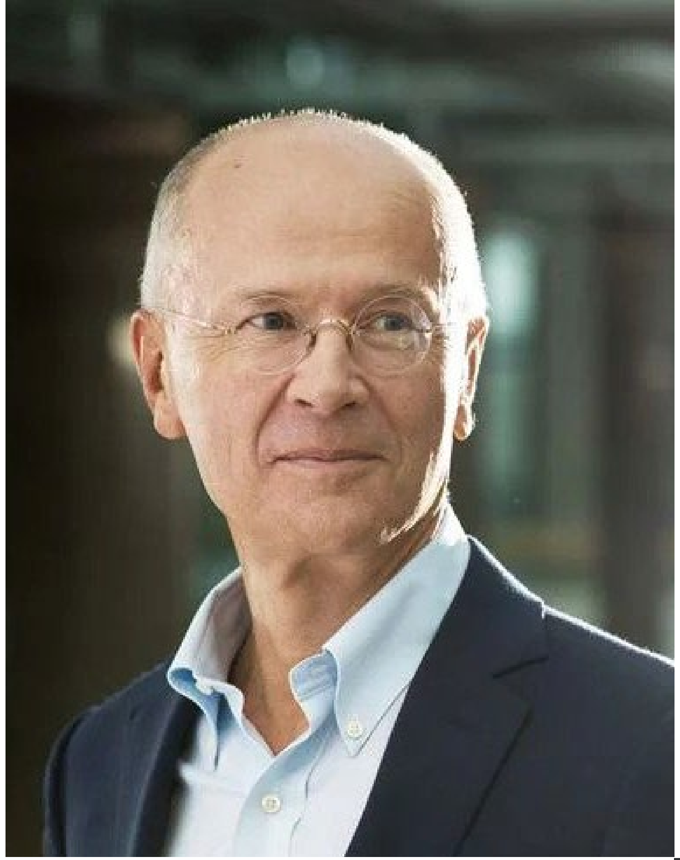
LETTER FROM THE CHAIR OF THE BOARD

From solid positions towards the future



Dear shareholders,
I am pleased to share with you this overview of our year 2023.

Sanoma is a leading provider of printed and digital learning solutions for primary and secondary education (K12) in Europe, as well as the leading digital media company in Finland. Our products and services impact the lives of millions of people every day. Today, we operate in twelve European countries and employ more than 5,000 professionals.

During 2023, we continued to explore growth opportunities in both our businesses, Learning and Media Finland, while successfully integrating recently acquired businesses. In Learning, we achieved strong organic growth of 6%. During the year, we presented over 800 new blended learning products to the market and continued our journey to spark innovation and fulfil our customer's needs. In Media Finland, we expanded our news offering to new areas and took further steps in our carefully prepared customer-centric strategy to digital. Today, for Helsingin Sanomat, pure digital subscribers are the largest customer segment. We appointed new Editors-in-Chief for both Helsingin Sanomat and Aamulehti and these news media are now fully poised to continue serving their readers with independent, high-quality journalistic content.

Artificial intelligence (AI) is entering our society in various levels, forms and applications. Sanoma has been a forerunner in mapping the possibilities of using artificial intelligence, both in Learning and in Media Finland. We foresee growing number of opportunities while we utmostly emphasise the responsibility of utilising AI in publishing content. In the learning business, AI can analyse individual learning patterns, provide personalised recommendations, and assist educators in creating more effective teaching materials. According to our 2023 European Teacher survey, teachers are open to utilising materials generated by AI, but under the supervision of editors from a publishing house. In the context of the media business, artificial intelligence will bring interesting opportunities to newsrooms. The aim of the recently founded HS–IS Lab is to test, develop and implement generative artificial intelligence tools and combine both journalistic and technological know-how. However, there are also big questions related to trust, information verification and transparency. Trustworthiness and responsibility are our core values, and they will remain at the centre of everything we do.

Sustainability is in the essence of Sanoma. Our sustainability strategy aims to maximise our positive impact on society while minimising our environmental footprint. We are committed to the UN Sustainable Development Goals and are a signatory to the UN Global

During 2023, we continued to explore growth opportunities in both our businesses, Learning and Media Finland, while successfully integrating recently acquired businesses.

Compact. Along with the positive impact on society, Sanoma's focus has been on climate, employees as well as data and privacy. The work done in these areas is also reflected in our improved employee engagement and continuing solid ESG ratings.

According to Sanoma's dividend policy, the company aims to pay an increasing dividend, equal to 40–60% of the annual free cash flow. The Board proposes a stable dividend of EUR 0.37 per share (2022: 0.37) for the year 2023, corresponding to 58% of free cash flow. When proposing a dividend to the AGM, the Board of Directors looks at the general macro-economic environment, Sanoma's current and target capital structure, Sanoma's future business plans and investment needs, as well as both the previous year's cash flows and expected future cash flows affecting capital structure. This proposal reflects the company's ability to deliver a solid free cash flow, and balances the capital use between the dividend and the deleveraging of the balance sheet. Following the annual pattern of Sanoma's cash flow generation, the dividend will be paid in three instalments: EUR 0.13 in April, EUR 0.13 in September and EUR 0.11 in November.

In November 2023, Susan Duinhoven announced that she will step down from the role of President and CEO. Susan Duinhoven has done an outstanding job in transforming Sanoma from a cross-media company operating in multiple countries, to a leading European K12 learning company, while further harnessing the Finnish media business. On behalf of the whole Board, I would like to extend my warmest thanks to Susan for her excellent work and exceptional commitment to Sanoma. Consequently, Rob Kolkman was appointed as Sanoma's President and CEO as of 1 January 2024. Rob is a seasoned and engaging leader. With four years at the helm of Sanoma Learning, and prior to that as CEO for Sanoma Media Netherlands, he is well positioned to continue to lead Sanoma successfully on its growth path. We wish Rob every success in his new role.

On behalf of the entire Board of Directors, I would like to thank our shareholders for their continued support and trust, as well as Sanoma's personnel and management for their vital contribution to the development of the company and for the good performance in 2023.

We look to 2024 with confidence. Both Learning and Media Finland have leading positions in their industries and a positive impact on the lives of millions of people every day, providing Sanoma a solid base forward.

Pekka Ala-Pietilä
Chair of the Board

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OUR BUSINESSES IN BRIEF

Our year 2023

This is Sanoma

Sanoma as an investment

Chair's letter

■ CEO’s letter

SUSTAINABILITY

GOVERNANCE

FINANCIALS

LETTER FROM THE CEO

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

In 2023, our net sales growth and operational EBIT were driven by a strong performance in Learning, while Media Finland managed to partially mitigate the impact of lower advertising demand and cost inflation on its financials. I am honoured to have started in my new role as the President and CEO of Sanoma at the beginning of 2024. I am very much looking forward to working together with our great team to further strengthen our position in European K12 learning services, to deliver on our key initiatives, including Program Solar, and to continue the successful digital transformation of our media business.

Strong organic growth in learning content across Europe

In Learning, the year 2023 was characterised by strong 6% organic growth, driven by the successful second year of the LOMLOE curriculum renewal in Spain, a minor curriculum renewal in Poland and inflation mitigating price increases across our operating countries. Together, these also resulted in a strong improvement of Learning’s operational EBIT. The integration, sales and financial performance of our latest acquisition, the K12 learning content business in Italy, proceeded successfully and in accordance with our plans. Furthermore, we initiated the discontinuation of low-value contracts in the Dutch distribution business, which is expected to result in a clear net sales decline of that business in the short- to mid-term.

In October 2023, we announced that Learning is expected to reach its long-term profitability target (operational EBIT margin excl. PPA) of 23% in 2026 through cost and efficiency program Solar. Program Solar is estimated to bring EUR 55 million operational efficiencies from 2026 onwards, and it consists of four streams: 1) organisational optimisation following curriculum renewals in Poland and Spain, 2) process improvements in publishing operations, 3) continuing harmonisation of digital learning platforms, and 4) overhead and other optimisations across the business. The first implementation phase of Solar has already commenced, with a focus on post-curriculum optimisation particularly in Spain and Poland. The Program is progressing as planned.

Our learning content proved to be in continued high demand, increasing the quality of K12 education across Europe by supporting teachers in their day-to-day work. During the year, we presented over 800 new blended learning products to the market and continued our journey to spark innovation. Thanks to our strong growth in recent years, the scale of our business has increased, and we can benefit from that by leveraging our know-how and digital platforms across markets.

Some concrete examples of this include the introduction of Bingel Digital Courses in Belgium, and NEON, the new digital learning solution for primary schools in Poland – both part of the strategy to harmonise our offering of digital learning platforms. On the learning content side, we saw the first major editorial collaboration between countries as the Finnish maths method for primary education, Milli, was launched in Sweden.

Resilient performance and continued success in the digital transformation of Media Finland

In line with our expectations, net sales and the operational EBIT of Media Finland decreased mainly due to lower advertising sales, while the team succeeded in partially mitigating the earnings impact of the cost and salary inflation with continuing active cost containment. Media Finland gained market share in online advertising, but underperformed slightly in newsprint and TV. The share of print advertising decreased to 8% of Media Finland's net sales, and we see growth in digital advertising to continue in the years to come.

In Media Finland, we have in total 1.4 million subscriptions. The highlights of the year include 16% growth in the number of digital subscriptions, which led to a total of more than 900,000 subscribers paying for digital content. We took initiatives to extend and improve our customer offering, and in Helsingin Sanomat, the number of digital-only subscriptions exceeded the number of the combined 7-day and weekend subscriptions for the first time in November. This development proves the readiness of consumers to move to digital media, and the success of our digital products in fulfilling consumers' needs.

Holistic approach to sustainability through our positive impact

Learning and media are intrinsically purpose-driven and have a positive impact on the lives of millions of people every day. In Learning, we enable teachers to excel at developing the talents of every child with our inclusive learning solutions. In media, our mission is to provide independent Finnish journalism and engaging local entertainment for current and future generations.

To support the purpose of our businesses, we have set ambitious targets for sustainability aspects in which we have the biggest impact, including climate. The Science Based Targets initiative approved our climate targets in November 2023. 94% of our GHG emissions come from the value chain (Scope 3), and we are aiming to reduce 42% of our Scope 1 and 2 and 38% of our Scope 3 GHG emissions by 2030. To achieve this target, we are looking forward to cooperating closely with our suppliers in the coming years. Along with KPIs related to accessibility in Learning, our climate targets are also linked to our EUR 300 million Revolving Credit Facility expiring in November 2026, as well as to the 2024 short-term incentives for executive management.

We were very happy to see that the annually measured Employee Experience Index improved to the long-term target level of 7.5 (2022: 7.3) and the Equal Opportunities Rating to 8.2 (2022: 7.7). Both ratings are clearly above the European benchmarks and show we have progressed well in developing an engaging, respectful and more equal working environment.

Clear strategic focus areas in the mid-term

In 2024, we expect a stable margin in Learning and modest earnings and margin improvement in Media Finland with slightly lower net sales in both businesses. This provides us with good positions to continue building on the long-term strengths of Learning and Media Finland. Our three strategic focus areas in 2024–2026 are 1) increasing the profitability of Learning and Media Finland, 2) growing organically and through smaller in-market acquisitions in Learning and 3) deleveraging the balance sheet.

We remain committed to our unchanged long-term financial and sustainability targets and our 2030 growth ambition. In 2030, we are aiming for the Group net sales to be above EUR 2 billion, with at least 75% coming from the learning business – to be achieved through organic growth and further acquisitions within K12 learning services.

I would like to extend my warmest thanks to all Sanoma employees throughout the business for their excellent work, strong commitment and passion in supporting our customers. We have a great basis to continue on our strategic path, to grow and strengthen our positions, to improve our performance, and create value for all our stakeholders. I also want to thank our customers, suppliers, shareholders and all other stakeholders for their continued support – I am looking forward to our cooperation in 2024 and beyond.

Rob Kolkman
President and CEO
(as of 1 January 2024)

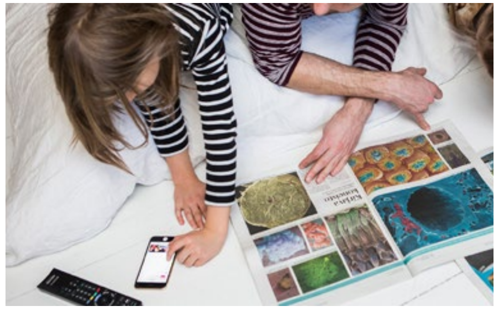
Sustainability

Sanoma's Sustainability Report follows the Global Reporting Initiative (GRI) Standards and includes reporting following the Sustainability Accounting Standard Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD). This report has been assured following ISAE 3000 Standards on a limited assurance level by an independent third party. Sanoma's Board of Directors' Report includes non-financial information corresponding with the **Non-Financial Reporting Directive (NFRD)** and the **EU Taxonomy**.

Sustainability at Sanoma

Highlights 2023

Sanoma's Sustainability Strategy is designed to maximise our positive impact and minimise our environmental footprint. Our learning and media businesses have a positive impact on the lives of millions of people every day, and in 2023 we continued to strengthen this impact through various sustainability actions.



Sanoma's climate targets approved by the Science Based Targets initiative

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Sanoma's Human Rights Statement summarises our human rights impacts and describes our impact management

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Sanoma's ethical AI principles support the secure use of artificial intelligence

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Diversity, equity & inclusion development was a key focus area for Sanoma in 2023

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31%
reduction in own operations' Scope 1 and 2 GHG emissions from 2021

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29%
reduction in value chain Scope 3 GHG emissions from 2021

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300m€
Syndicated Revolving Credit Facility was added with sustainability-linked KPIs

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98%
of Sanoma employees trained on ethics and our Code of Conduct

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Sustainability strategy and commitments

In 2023, Sanoma continued to develop its sustainability based on the strategy launched in 2021. Sanoma's Sustainability Strategy focuses on six main topics: Inclusive learning, Sustainable media, Valued people, Trustworthy data, Vital environment and Responsible business practices. To implement and monitor our strategy, we take action towards our long-term targets and follow a set of key performance indicators (KPIs). Our Sustainability scorecard summarises the key targets and results in 2023. Topic-specific sections of this report describe our development work in detail. Progress is monitored regularly on the Group-level and consolidated performance results are reported externally on an annual basis.

As a signatory of the UN Global Compact, we recognise the strategic importance of the UN Sustainable Development Goals (SDGs). The seventeen SDGs are the blueprint for achieving a more sustainable future. We have identified nine priority SDGs as most relevant for our business. These SDGs are embedded into our Sustainability Strategy and performance is monitored through our sustainability targets. Relevancy has been assessed using the SDG Compass tool and analysing our impact on each SDG throughout the value chain. Learn more at sanoma.com.

Sanoma operates in compliance with legislation applicable to business activities in the learning and media industries and in its operating countries. When developing sustainability, we follow Sanoma's policies, guidelines and sustainability commitments. The ten principles of the UN Global Compact

[1]Compared to 2021

related to fundamental responsibilities in human rights, labour, environment and anti-corruption are embedded into the Sanoma Code of Conduct, which outlines our shared ethical standards for employees and business partners. The Code acts as an umbrella for all policies and standards within Sanoma. We are committed to the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. During 2023, Sanoma had no significant cases of non-compliance with laws and regulations which resulted in fines or non-monetary sanctions. Topic-specific regulatory compliance is described in more detail in this report under each Sustainability Strategy topic. Guidelines and policies related to each Sustainability Strategy topic have been listed in the Sustainability policies and guidelines.

Sustainability governance and management

At Sanoma, sustainability is owned by the Board of Directors, the President and CEO, and the Executive Management Team (EMT). The CEO has the ultimate responsibility for the successful implementation of the Group's Sustainability Strategy. Sanoma's Board of Directors approves strategic sustainability guidelines and monitors sustainability development and performance. Sustainability-related issues are reviewed, for example, when approving the Group's Financial Statements and the report of the Board of Directors including the NFRD non-financial information, annual short-term incentives for the executive management and the Sustainability Strategy and targets. The Board of Directors' Audit Committee acts as Sanoma's Sustainability Committee and supports the Board, for example, in overseeing Sanoma's Sustainability Strategy and ethics, compliance, privacy and security

Board of Directors	Approves strategic sustainability and ethics guidelines and monitors sustainability development and performance.
Audit Committee (acting as Sustainability Committee)	Acts as Sustainability Committee, supporting the BoD, for example, in reviewing Sanoma's sustainability reporting and progress and monitoring the Sustainability Strategy regularly, at least twice a year.
President and CEO	Is responsible for overseeing sustainability, supported by the Executive Management Team.
Executive Management Team Sustainability and Ethics Leadership Committee	Is responsible for outlining Sanoma's strategic approach to sustainability, managing development and monitoring how sustainability is reflected in the business units. The EMT develops annual strategic targets for sustainability as well as approves major sustainability projects.
Learning Management Team Media Finland Management Team Sustainability Team and other support functions	Together with the Strategic business units and in cooperation with Legal, Ethics and Compliance, Procurement and HR functions, the Sustainability Team prepares sustainability development measures and actions, coordinates sustainability progress and makes proposals to the EMT.
Sustainability and Ethics Working Group Local business units and employees	The Sustainability and Ethics Working Group, consisting of selected representatives across the Group, follows the implementation of the Sustainability Strategy, coordinates related development and actions, and evaluates risks and opportunities regarding sustainability, ethics and compliance, convening 3-4 times a year. Local business units and employees implement Sanoma's Sustainability Strategy in cooperation with the Sustainability and Ethics Working Group, Sustainability Team and other support functions.

programmes. The Audit Committee reviews Sanoma's sustainability reporting and progress as well as monitors the implementation of the strategy at least twice a year. In addition to regular agenda items, in 2023, the Audit Committee focused especially on preparations for the EU's Corporate Sustainability Reporting Directive (CSRD) and the reporting requirements of the related European Sustainability Reporting Standards (ESRS). Members of the Board of Directors and the Group's executive management were trained by the company's auditor, PwC, on the impacts of the CSRD on sustainability management and reporting, and especially on the roles and responsibilities of the supervisory bodies.

Together with the President and CEO, the EMT is responsible for outlining Sanoma's strategic approach to sustainability, managing sustainability development, and monitoring how sustainability is reflected in the business units. Sanoma's Sustainability Strategy and performance are regularly discussed with the President and CEO and the EMT prior to discussions with the Board of Directors and communication to stakeholders. Together with the business units, the EMT develops strategic sustainability guidelines and targets as well as approves major sustainability projects. In 2023, in addition to development work related to the CSRD, the President and CEO together with the EMT worked closely with the Sustainability Team and Treasury to develop Sanoma's sustainable finance opportunities. In March 2023, Sanoma signed a Sustainability Side Letter to add sustainability-linked KPIs to its EUR 300 million Revolving Credit Facility with ten banks, maturing in November 2026. 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.

Sanoma monitors sustainability progress both on the Group and Strategic Business Unit (SBU) level. The Head of Investor Relations and Sustainability, reporting to the CFO, and the Sustainability Managers support the Group and SBUs in target achievement, project implementation and communications. In addition, sustainability development on the SBU-level is supported by dedicated roles in Learning and Media Finland. In 2023, Sanoma's Sustainability Working Group met quarterly. In addition, Sanoma's Ethics and Compliance Working Group monitored ethics and compliance development work during 2023. From 2024 onwards, Sanoma will combine these groups into a Sustainability and Ethics Working Group.

In regard to remuneration, Sanoma has embedded sustainability into the short-term incentives of the executive management. In 2023, alongside financial metrics, sustainability targets made up 20% of Sanoma's annual short-term executive management incentives on the target level. 10% of these targets were linked to the Employee Engagement Survey (EES) and the other half to internal data and privacy targets. Further information can be found in the Remuneration report. In addition, the Sustainability Team and employees in Sanoma's own printing houses and facilities' management, for example, are incentivised on environment and climate-related targets.

In accordance with the Finnish Corporate Governance Code, Sanoma annually prepares a Corporate Governance Statement. Learn more in the Corporate Governance Statement.

Stakeholder engagement and material sustainability topics

Our business has an impact on a variety of stakeholders every day. Engagement with our stakeholders covers all our businesses and is part of our daily work and management. Stakeholder engagement in regard to sustainability is managed by the Sustainability Team, in cooperation with the Learning and Media Finland communications teams. Businesses are responsible for cooperation with their respective customers.

Sanoma's primary stakeholders include consumers, teachers, B2B and B2C customers, employees, investors and suppliers. In addition, governmental organisations and regulators are important stakeholders we engage with when participating in consultation processes and advisory groups. We also act through industry-specific initiatives and cooperate with trade associations. Key stakeholder groups have been identified together with the businesses by evaluating affected stakeholder and customer groups in both our own operations and the value chain. Sanoma actively cooperates with certain non-governmental organisations (NGOs) and industry associations. Sanoma is involved in developing media and learning industry practices related to environmental, social, human rights, business ethics and sustainability reporting topics. Key networks and memberships are listed at sanoma.com.

Given the nature of our business, material issues do not change annually, and therefore our Sustainability Strategy and targets are set for the long term. During 2023, we organised internal and external online and live events, conducted surveys on chosen topics for certain stakeholder groups (teachers, suppliers and B2B customers) and took part in seminars and events relevant for our industry and operations. Sanoma also obtains important information through formal grievance channels. Material topics as well as types of engagement are listed under Key stakeholder groups and material topics. Material topics in relation to Sanoma Sustainability Strategy and policies are listed in Sustainability policies and guidelines .

Our internal control, risk management and governance support the management of sustainability. Sanoma's Enterprise Risk Management Policy defines Group-wide risk management principles, objectives, roles, responsibilities, and procedures, including sustainability-related risks. Sustainability risks are identified and assessed as a part of the annual risk management cycle facilitated by our internal risk management team. The President & CEO supported by the EMT is responsible for defining risk management strategies, procedures and setting risk management priorities. SBUs are responsible for identifying, measuring, reporting, and managing risks. Updated risk assessment results with related ongoing or planned mitigation actions are reported to the Audit Committee and further to the Board of Directors twice a year. In potential cases of conflicts of interest, Sanoma follows the sustainability governance model described under Sustainability governance and management. Relevant risks are reported in the Report of the Board of Directors and the risk management process in the Corporate Governance Statement.

Going forward, the prioritisation of Sanoma's sustainability work will be based on a double materiality assessment. In late 2023, Sanoma conducted its first double materiality assessment following the CSRD and the reporting requirements set in the ESRS. The results of the double materiality assessment will be finalised during 2024 and they will determine which sustainability topics Sanoma will include in its CSRD report in compliance with the ESRS standards. Sanoma will publish its first CSRD report, including the results of the double materiality assessment, in its Report of the Board of Directors for 2024.

Sustainability scorecard

Sanoma's long-term sustainability targets guide our action. Sanoma's climate-related targets were approved by the Science Based Targets initiative in 2023. Further details on Sanoma's performance in each sustainability topic can be found in the topic-specific sections of this report.

	TARGET	KPIs AND PERFORMANCE 2023
Inclusive learning	**Learning content:** ■ We co-create high-quality and motivating learning materials with teachers, fitting the local curriculum ■ We develop inclusive learning solutions that support diversity, accessibility and differentiation ■ We promote equal access to education **NEW Digital accessibility:** ■ Common accessibility components used in Learning's core digital products will be compliant with the AA-level of the WCAG Guidelines (Web Content Accessibility Guidelines) from 2025 onwards	**Learning content:** ■ 74% of teachers agree that our materials help engage their students (2022: 73%) [1] ■ 84% of teachers agree that our materials help students reach curriculum objectives (2022: 84%) [1] ■ 78% of teachers agree that our materials support efficiency (2022: 77%) [1] **Digital accessibility:** ■ In 2023, 100% of Learning employees in the SL Design System team were trained on accessibility
Sustainable media	■ We promote open democratic society and freedom of speech through our independent media ■ We increase awareness, empathy and tolerance with our journalism ■ We empower shared experiences with our sustainable entertainment and support the local audiovisual community ■ We enable companies to thrive through our sustainable marketing solutions	■ 6 notifications of violation concerning aspects of news articles as defined in the Guidelines for Journalists by The Council of Mass Media (2022: 0) ■ 3 cases of non-compliance against the Advertising and Marketing Communications Code of the International Chamber of Commerce (2022: 2)
Valued people	■ Annually, our Employee Experience Index is on a favourable level ≥ 7.5 ■ Our people feel that we provide equal opportunities, and our Equal opportunities rating is on a favourable level, ≥ 7.6 ■ We promote diversity and gender neutrality throughout our business and aim for a 50/50 gender balance in managerial positions by 2030 ■ The Board of Directors' objective is that both genders are represented on the Board with the share of under-represented gender being at least 40% ■ We continuously seek to develop Sanoma as a great place to work, and, by 2025, aim to reach an Employee Net Promoter Score (eNPS) of > 10	■ Employee Experience Index: 7.5 (Scale 0-10, European Benchmark 7.1) (2022: 7.3) [2] ■ Equal opportunities in my company rating 8.2 (Scale 0-10, European Benchmark 7.0) (2022: 7.7) [2] ■ Managers with subordinates: 47% w / 53% m (2022: 44% / 56%) ■ Directors and Senior Management: 45% w / 55% m (2022: 41% / 59%) ■ Board of Directors: 33% w / 67% m (2022: 33% / 67%) ■ Employee Net Promoter Score: 7 (Scale -100 to +100, European Benchmark 5) (2022: 7) [2]

[1] Results based on Sanoma's annual European Teacher Survey. The comparison figures have been restated. Learn more about the survey in Inclusive learning.

[2] Measured in the Employee Engagement Survey 2023. The eNPS score for 2022 has been adjusted according to new reporting. Learn more about the survey in Valued People.

	TARGET	KPIs AND PERFORMANCE 2023
Trustworthy data	■ All our nominated Privacy champions have completed a role-based training and operate across our businesses to provide privacy support ■ We provide training on Privacy- and Security-by-Design to all our developers ■ We train our permanent data breach management task force to handle personal data breaches	■ Number of nominated privacy champions across our businesses: 32 (2022: 32) ■ Annual number of data breaches: In total 164 (2022: 196) data breaches, out of which 0 major (2022: 0)
Vital environment	**Science-based targets:** ■ We reduce absolute Scope 1 and 2 GHG emissions 42% by 2030 from a 2021 base year ■ We reduce absolute Scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, and upstream transportation and distribution by 38% by 2030 from a 2021 base year [3] **Other targets:** ■ By end of 2023, we will use only fossil-free electricity ■ By end of 2030, we will be carbon neutral ■ By end of 2023, all wood fibre in the paper qualities used by Sanoma will originate from trusted certified sources	■ Own operations (Scope 1 and 2) emission reduction from 2021: 31% (2022: 7%) ■ Value chain (Scope 3) emission reduction from 2021: 29% (2022: 8%) [3] ■ Emission intensity: 1.1 Scope 1 and 2 tCO_2e/employee (2022: 1.5) ■ Emission intensity: 0.08 Scope 1, 2 and 3 tCO_2e/EUR 1,000 of net sales (2022: 0.11) ■ Energy intensity: 6.9 MWh/employee (2022: 7.7) ■ Share of fossil-free electricity: 93% (2022: 92%) ■ Share of fossil-free energy: 73% (2022: 57%) ■ Amount of certified wood fibre in direct paper purchases: 94% (2022: 94%)
Responsible business practices	■ All employees complete our mandatory Code of Conduct e-learning ■ All new Sanoma suppliers sign our Supplier Code of Conduct[4]	■ Code of Conduct refreshner e-learning completion rate: 98% (2022: 95%) ■ Share of new key suppliers that have signed the Supplier Code of Conduct: 92% (2022: 86%) [4]

[3] KPI includes Scope 3 categories 1 Purchased goods and services, 3 Fuel- and energy-related activities and 4 Upstream transportation and distribution.
[4] KPI tracked via Sanoma's centralised contract Lifecycle Management system by evaluating new suppliers with above EUR 100,000 spend for the reporting year.

See all our sustainability figures ▶

ESG performance

Sanoma is one of the leading companies in the media and learning industry in managing environmental, social and corporate governance (ESG) risks and opportunities. Sustainable investing considers ESG criteria to generate long-term competitive financial returns and positive societal impact. Third parties assess our sustainability performance on their own initiative.

As of December 2022, Sanoma's share has been included in the Nasdaq OMX Sustainability Finland Index. The Nasdaq OMX Finland Sustainability Indexes are created for responsible investments and are calculated by Nasdaq in cooperation with ISS Corporate Rating.

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

INCLUSIVE LEARNING

High-quality and equal learning solutions for teachers and students

Sanoma Learning is a leading European K12 learning company, serving about 25 million students throughout Europe. Our mission is to enable teachers to excel at developing the talents of every child by offering them the best-in-class learning solutions. Our inclusive learning solutions support diversity, accessibility and differentiation.

25 million
students across Europe

2,900+
employees

8%
organic growth in learning content sales

84%
of teachers agree that our learning materials help students reach curriculum objectives

See all our sustainability figures ▶

Sanoma Learning content creation model

Start of the school year

Challenge
Teachers have about 40 weeks to help their students to reach their annual learning goals and move to the next grade

Our offering
We provide best-in-class learning methods, including printed and digital teaching and learning materials based on the local curriculum

Teaching during the year
Clear and method-aligned teaching manual for better facilitated teaching, better insights to learning outcomes, after-sales support during the year

Goal
Best possible learning outcomes, students ready to move to the next grade

Learning method

- Textbooks
- Exercises
- Interactive whiteboard content
- Teacher materials
- Digital learning platforms
- Digital teaching platforms
- Digital admin platforms

High-quality learning materials for about 25 million students

By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact. High-quality learning materials have a twofold impact. First of all, learning materials help teachers to be more efficient in their work, leaving more time to focus on the students. And secondly, high-quality learning materials have a direct impact on students' achievements and learning outcomes. Learn more about our local learning companies at sanomalearning.com.

When developing our learning materials, we follow the country-specific curriculum requirements set by the governments. The development of our products and services is based on deep teacher and student insight and testing with the end users. Our editorial teams are carefully selected with defined criteria for expertise and professional background. In addition to co-developing with local authors and teachers, we consult academics and external research to ensure up-to-date information. The foundation of our content is that it is fact-based as well as in line with the latest scientific research and verified substantive information. We also follow our own Editorial Guidelines, which state our commitment and approach to editorial ethics and inclusive content. We focus on continuous improvement by engaging in dialogue with teachers, students, school managers and other stakeholders. We collect feedback and concerns and have a defined process for handling and putting them into effect.

Our blended learning management solutions help teachers to support all students to reach their potential. The reliability of our digital services and protection of personal data throughout the lifecycle are critical to us. Our trustworthy and fair data protection practices are described in more detail in Trustworthy data.

Personalised learning

Each student is unique, coming from different backgrounds with individual learning skills and preferences as well as varying digital competences. As classrooms are becoming more diverse with students equipped with different cognitive and social skills, the importance of personalised learning materials increases. For example, we offer specific products for children with special learning needs, such as dyslexia or autism. Our aim is to create learning content that contributes to equity. We realise that if children and teachers recognise themselves in our materials and feel acknowledged, they become more engaged and motivated, thus achieving better learning outcomes. We focus on carefully assessing the diversity aspects of our learning content and platforms to ensure a fair representation of different students and society. We strive to avoid stereotypes, and eliminate bias and discrimination. One way of enhancing diversity and inclusion in our learning materials is increasing the know-how of our employees on the topic. We continued our online learning courses on unconscious biases and organised several DEI webinars in 2023 (learn more at Valued people). We also follow our own Editorial Guidelines that support creating inclusive learning content.

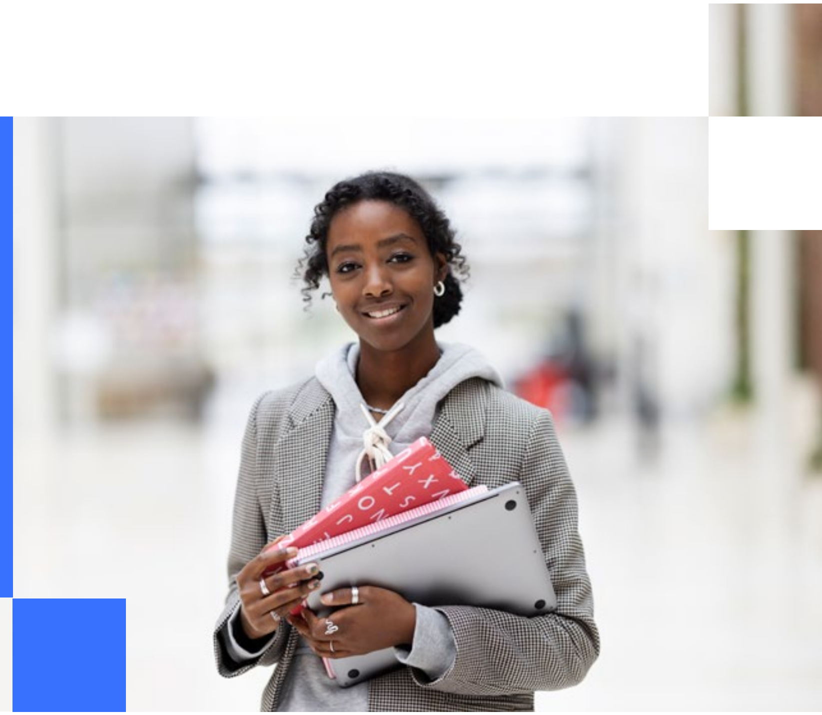
In addition, we work in close cooperation with various local organisations and initiatives to ensure that all students can access our materials. This includes, for example, close cooperation with organisations supporting visually or hearing-impaired children or other disabilities, as well as organisations providing materials in minority languages.

Educational systems vary between countries and therefore local cooperation with NGOs and governmental organisations is key when striving towards equality in education. Local initiatives included, for example, raising awareness of equal learning opportunities, bringing attention to the needs of children in online learning or encouraging students in reading and writing. Through local cooperation we are able to reach and impact more students and support them on their individual learning path.

Building a greener future with the SDG4BIZ-project

The SDG4BIZ-project is an innovative initiative uniting educators, researchers, and industry experts with a common goal: beyond simply sharing information, they aim to empower individuals with the skills to recognise and capitalise on sustainable business opportunities.

LEARN MORE ▶



Accessibility at the core of personalised learning

Inclusion is an umbrella term encompassing also accessibility. Digital content and platforms should be usable for a wide range of people with disabilities, while everyone is seen to benefit from better accessibility. Our learning materials are enhanced with a wide variety of digital learning assets to increase learning impact among all students and address barriers to learning through traditional formats. For example, for some students the barriers of text-based materials can be overcome by an application providing audio learning content.

As part of Sanoma's ongoing, multi-year platform harmonisation project, we will increase the accessibility features of our digital products to respond to customer needs, but also to prepare for the EU Directive on the accessibility requirements for products and services, which will be implemented by all EU member states by June 2025. There is still uncertainty how the directive will be implemented in our operating countries, and whether it will cover digital learning platforms or not.

In 2023, we set new targets to develop digital accessibility. Our targets are two-fold. Firstly, common accessibility components used in Learning's core digital products will be compliant with the AA-level of the WCAG Accessibility Guidelines from 2025 onwards. And secondly, our newly marketed core digital products will meet the accessibility requirements as defined locally by 2025. We also aim to publish our own accessibility guidelines at the latest in 2025. In 2023, we started developing our own Design System, which includes the components which will be used in our core digital products. The SL Design team received two specific training sessions on accessibility and has since hosted internal training sessions available to all digital product engineering teams in Learning.

In March 2023, Sanoma added sustainability-linked KPIs to its EUR 300 million Syndicated Revolving Credit Facility. With the addition, a minor part of the pricing of the loan is linked to developing inclusive learning solutions, more specifically the accessibility of digital learning content and platforms.

Sanoma European Teacher Survey

To follow up on our impact and to better understand the use of various teaching materials and tools in each of our operating countries, we annually conduct a 'Sanoma Learning European Teacher Survey'. In early 2024, the survey was carried out in 8 (2022: 8) of our operating countries. In the Netherlands, Poland, Spain, Belgium, Finland, Sweden, Italy and Germany in total 9,775 (2022: 12,110) teachers responded to the survey. Sanoma has conducted a similar teacher survey since 2015.

In the European Teacher Survey, the impacts of learning materials are evaluated by teachers from three aspects: student engagement, learning outcomes, and teacher efficiency. In the most recent survey, the overall perception of learning materials is positive and the results remained stable. 84% (2022: 84%) of teachers agree that Sanoma's learning materials help students reach curriculum objectives. In addition, 74% (2022: 73%) of teachers agree that our learning materials help engage their students. 78% (2022: 77%) of teachers agree that our learning materials help them be more efficient in their work.

74% (2022: 73%)
of teachers agree that our learning materials help engage their students

78% (2022: 77%)
of teachers agree that our learning materials help them be more efficient in their work

84% (2022: 84%)
of teachers agree that our learning materials help students reach curriculum objectives

Management approach to inclusive learning

In Learning, all new or renewed learning materials follow a common method creation process and local curriculum requirements. Editorial Guidelines state our commitment and approach to editorial ethics and inclusive content. In addition to the Learning-wide process, each operating company has its own strictly defined editorial process, respecting the local legal and ethical regulations and norms. One of our guiding principles is that we make independent decisions regarding our content. Sensitive topics vary locally and must always be handled with special attention. At the start of preparing for a new curriculum, sensitive editorial subject areas are reviewed locally and reported to the Learning Management Team (LMT). The approval process of sensitive topics is decided and monitored by the LMT. A list of policies and guidelines guiding Sanoma's inclusive learning practices is available under Sustainability policies and guidelines. Topic-specific risks are disclosed in the Report of the Board of Directors (Risks and risk management).

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2023
Financial performance	▪ Comparable net sales growth: 2-5% ▪ Operational EBIT margin excl. PPA: above 23% from 2026 onwards	▪ 6% (2022: 1%) ▪ 18.7% (2022: 19.4%)
Sustainability performance	**Learning content:** ▪ We co-create high-quality and motivating learning materials with teachers, fitting the local curriculum ▪ We develop inclusive learning solutions that support diversity, accessibility and differentiation ▪ We promote equal access to education **NEW Digital accessibility:** ▪ Common accessibility components used in Learning's core digital products will be compliant with the AA-level of the WCAG Guidelines from 2025 onwards	**Learning content:** ▪ 74% of teachers agree that our learning materials help engage their students (2022: 73%) [1] ▪ 84% of teachers agree that our learning materials help students reach curriculum objectives (2022: 84%) [1] ▪ 78% of teachers agree that our learning materials help them be more efficient in their work (2022: 77%) [1] **Digital accessibility:** ▪ In 2023, 100% of Learning employees in the SL Design System team were trained on accessibility

[1] Results based on Sanoma's annual European Teacher Survey. The comparison figures have been restated. Learn more about the survey here.

See all our sustainability figures ▶

SUSTAINABLE MEDIA

Trusted Finnish journalism and inspiring entertainment

Sanoma Media Finland is the country's leading cross-media company. Our mission is to provide Finnish media for current and future generations. We promote independent journalism and freedom of expression, create public discussion, and increase empathy and tolerance. The entertainment we produce provides shared experiences and supports the Finnish audiovisual community. For advertisers, we ensure a safe, impactful marketing environment.

18
newspapers

2,500+
employees

53
media brands

97%
of Finns reached every week (Kantar Mind Kuluttaja 2022)

See all our sustainability figures ▶

Independent and reliable journalism in our newspapers and magazines

Finns rely on news media and its role in sustaining democracy. In Finland, there is a sustainable demand for high-quality journalism as more than nine out of ten Finns find journalism important to democracy. Almost four out of five consider journalism to be very important. Likewise, nine out of ten respondents assessed journalistic media to be important to the availability of trustworthy information in Finland. (Reuters Institute, Digital News Report 2023)

The state of press freedom has deteriorated globally in recent years. According to the World Press Freedom Index published by Reporters Without Borders (RSF), the situation of the freedom of the press was good in only eight countries last year. The number of countries with the situation classified as "very bad" was at a record high. Finland retained its fifth position in the ranking. Journalism is an essential part of the history of Sanoma, and maintaining and building trust is crucial to us. The story of Sanoma began in 1889 when the predecessor of Helsingin Sanomat, Päivälehti, was founded in Helsinki. More than 130 years later, we continue to produce fact-based content for Finns, remain committed to the Council of Mass Media's Guidelines for Journalist, and transparently communicate our general editorial process. It is the duty of the media to look critically at those in power, to point out the shortcomings of society and to offer its readers new perspectives. The importance of factual information has only continued to grow in the world of fake news, conspiracy theories and alternative truths.

Sanoma's strong news network ensures independent journalism in Finland. Media Finland has 53 media brands, of which 18 are in news media. In addition, the Finnish News Agency (STT), one of the world's oldest news agencies, is part of Media Finland. Helsingin Sanomat (HS) is the largest daily newspaper in the Nordic countries and the largest subscribed news media in Finland. HS reaches 2.2 million consumers aged over 15 digitally and in print on a weekly basis. Newspaper Aamulehti in the Pirkanmaa region and newspaper Satakunnan Kansa (SK) headquartered in Pori, Southwest Finland, strengthen our local news network. Satakunnan Kansa had its 150th anniversary at the beginning of 2023, and it is Finland's second oldest still published Finnish-language newspaper. New Senior Editors-in-Chief were appointed for HS and Aamulehti in 2023. Erja Yläjärvi started in her position with HS in September and Sanna Keskinen with Aamulehti in October.

In August 2023, Sanoma purchased two newspapers, Länsi-Suomi and Raumalainen, in the Rauma region in Southwest Finland, and the merger of Satakunnan Kansa and Länsi-Suomi was announced in December.

The first issue of the new newspaper Satakunnan Kansa Länsi-Suomi was published on 1 February 2024. The free journal Raumalainen will continue to be published once a week. In addition, Sanoma's 11 other local newspapers continue strengthening the regional reporting. One of the local newspapers, Nokian Uutiset, celebrated its 110th anniversary in July 2023.

The digital and printed tabloid Ilta-Sanomat (IS) continued to be Finland's biggest news media in 2023. Every week, IS reaches more than 3 million readers through IS.fi and the printed newspaper. IS's daily reach online and in print was 2.2 million readers according to the national media study (Kansallinen Mediatutkimus, KMT 2023). IS was exceptionally widely read and used in 2023 also according to the Finnish Internet Audience Measurement (FIAM) figures of online audiences.

Helsingin Sanomat built a secret room in the game Counter-Strike, with hidden war news

The purpose of the initiative published on World Press Freedom Day was to convey independent news about the war in Ukraine to as many Russian gamers as possible.

LEARN MORE ▶

Comprehensive network of foreign correspondents

Alongside our network of domestic journalists, Sanoma has an extensive network of foreign correspondents. HS has correspondents in Berlin, Stockholm, Beijing, Moscow, Brussels, London and Washington, as well as a comprehensive network of contributors across the world. In 2023, the annually changing HS theme correspondent focused on NATO. The new Finland–Estonia correspondent and a university correspondent focusing on the affairs of the University of Helsinki started in their positions early 2023. IS also has a foreign correspondent for North America and the professional hockey league NHL.

Russia's invasion of Ukraine continued in 2023, and both HS and IS continued to regularly report on the ground from Ukraine. Journalists sent to crisis areas receive regular training and, when returning from war zones, they have an opportunity to talk with occupational health care. HS continued to publish news on the Ukrainian situation in Russian in cooperation with two other Nordic newspapers, Dagens Nyheter and Politiken. Friday 24 February 2023, marking one year of the start of the war in Ukraine, was visible in many ways in Sanoma's media.

Promoting diversity with magazine journalism

Similar to news journalism, magazine journalism is an important part of multivocal media. Sanoma's Lifestyle and News and Feature Media business units were merged at the beginning of April. After the merger, the new magazine unit has close to 500,000 magazine subscriptions. The lifestyle magazine brands focus on the print business with the aim of maintaining their important role in consumer media. Our magazines create discussion with room for different opinions and lifestyles.

The ET magazine celebrated its 50th anniversary in September 2023. Having started under the name Eläketieto (Pension Information), it has grown into one of the most popular magazines in Finland. ET continuously finds new audiences as new generations retire. Age positivity has always been at the core of ET. Minna McGill, Chief Editor of Kodin Kuvalehti and ET, celebrated 20 years as chief editor with Sanoma. McGill talks about an age of deepening and clarifying. Stories, topics and perspectives need to be considered in more detail in each magazine brand than before. It is no longer enough for the editorial team to ask the readers what they would like to read about. Now, it is necessary to grasp the things that people do not want to say aloud. Caring, family ties and questions of good life are emphasised in the topics.

Women's magazine Me Naiset continued its theme weeks, which take place four times a year. In summer 2023, Me Naiset tackled issues related to young people both online, in social media and in print. Young people aged 15–29 were given an opportunity to talk about their lives and expectations for the future from seven different points of view. Kirsi Heikkinen, producer of the science magazine Tiede, was chosen as the science journalist of the year in February 2023. The article "Hyvä vuosi" ("A good year") in Kodin Kuvalehti was a candidate for the article of the year in the annual national journalism competition. The candidacy in the article of the year category was the first ever for a Sanoma magazine.

Our media strengthens literacy and media literacy

90% of the respondents to News Media Finland's survey see a need to strengthen media literacy. One of the most significant ways to strengthen media literacy is to support the relationship of children and young people with media and reading. Sanoma's news media strongly invest in content that is of interest to young people. HS reaches those aged under 35 with appealing articles on topics that affect them and, for example, windowing the best articles on different platforms. On Instagram, HS is the second-biggest news account in Finland, immediately behind the state-owned Yle News.

Children's journalism has established its position in the daily lives of Finnish children in recent years. HS Kids' News was launched as part of the printed HS in 2016, and a separate printed newspaper for children was added to Sanoma's product family in autumn 2020. In 2023, HS Kids' News expanded into the theatre stage for the first time, when a separate version of the HS Black Box theatre show was created for children. In early 2023, HS Kids' News TV programme won a Kultainen Venla award, awarding the best TV programmes of the year, in the category of programmes for children and young people. At the same time, Nelonen and Ruutu, who produce HS Kids' News, won their first Kultainen Venla award for a children's programme. HS Kids' News has been one of the Kultainen Venla finalists four times during its seven year history. In 2023, HS Kids' News began to cooperate with the Ateneum Art Museum. The My Ateneum programme provided two remote meetings with an art museum guide and a materials package for a virtual art workshop for one hundred fifth- and sixth-grade school classes across Finland.

In January 2023, Aku Ankka (Donald Duck) magazine addressed an important and topical theme: spotting fake news. The fake news story wanted to show how easily nonsense starts to circulate online when friends start to share content that they think is trustworthy on social media. The fake news story brainstormed by the Finnish Aku Ankka magazine was published simultaneously in all Nordic countries and Germany.

OUR BUSINESSES
IN BRIEF

SUSTAINABILITY

Sustainability at Sanoma
Inclusive learning
■ Sustainable media
Valued people
Trustworthy data
Vital environment
Responsible business practices
Sustainability reporting and metrics
Independent Assurance Report

GOVERNANCE

FINANCIALS

We also deliver free print copies and digital reading rights to our newspapers to Finnish schools every year when participating in the Newsweek (Uutisten viikko, previously Sanomalehtiviikko), which focuses on media education. In September 2023, we participated in the Read Hour reading festival that challenges people of all ages to read more.

A new team focusing on investigative journalism was established for HS in June 2023. A joint artificial intelligence team of HS and IS was announced in December 2023. Its work commenced in early 2024. The HS–IS Lab engages people from the editorial teams of HS and IS as well as Sanoma's joint news media digital development team. All of the tools and observations developed by the Lab will also be shared with the other Sanoma news media.

HS is involved in the internship part of Haaga-Helia's (University of Applied Sciences) training programme for immigrant journalists. The training programme began in March 2023, and internships in editorial rooms will continue until spring 2024. One of the goals of the cooperation is to perceive how HS could have a more diverse editorial team with expertise in key immigrant groups and the countries they come from as well.

HS was Helsinki Pride's main partner in 2023. Sanoma staff took part in the Helsinki Pride parade with a parade float of their own, and, together with Helsinki Pride, we created a glossary to help our personnel in supporting diversity and increasing awareness.

Management approach to sustainable journalism

When publishing content, we comply with the legislation on freedom of speech and expression and the legislation concerning media. In Finland, the ethics of journalism are supervised by a self-regulatory committee for independent media, the Council for Mass Media (CMM). The CMM, established by media publishers and journalists, interprets good journalistic practices and oversees the methods by which journalists acquire their information in the field of mass communication according to the Guidelines for Journalists.

We are a member of the CMM and the Guidelines for Journalists guide all our journalistic work. These Guidelines include the principles of professional status, obtaining and publishing information, the rights of interviewer and interviewees, right to reply and the definition of private and public. They also give guidance for correcting possible errors in the media in question and how to separate journalism from advertising. The Guidelines for Journalists are publicly available on the website of the CMM.

Sanoma's Editors-in-Chief and supervisors of the editorial teams are responsible for ensuring all journalists working for us understand their professional responsibilities. The Editors-in-Chief and Sanoma's Forum for the Editors-in-Chief develop the editorial culture at Sanoma, provide guidance, follow reader surveys and customer feedback and take part in public discussion on editorial independence, ethics and journalism.

Anyone can submit a complaint concerning a breach of good journalistic practice to the Council for Mass Media. In the event that the Council considers that we have violated the Guidelines for Journalists, we have also committed to publishing the Council's condemnatory decision. Complaints are handled without delay, impartially and free of charge. All handled cases are reported publicly on the website of the CMM. The CMM received a

We compiled a glossary to help understand gender diversity

The aim of the glossary published during Pride month is to introduce the terms relating to minorities and increase awareness and understanding of diversity.

LEARN MORE ▶

record number of complaints during 2023. A total of 12 complaints were made regarding Sanoma's medias, as a result of which HS received four condemnatory rulings and three acquittals, while IS received one condemnatory ruling and two acquittals. STT received one condemnatory ruling and Aamulehti one acquittal.

Media Finland monitors the preparation of legislation concerning its industry. The EU is preparing the European Media Freedom Act, aiming to protect the diversity of media and the freedom of the press. Sanoma's view is that there is no need for additional regulation on the subject in Finland, as the existing legislation and self-regulation of journalism make up a functional regulatory framework. However, Sanoma acknowledges the challenges in certain other EU Member States that the EU aims to address through the regulation. In cooperation with the Finnish Media Federation and the European Publishers Council, Sanoma has emphasised that the regulation should meet its original purpose but not go too far in regulating the press.

In January 2023, the District Court of Helsinki imposed a fine on a HS journalist for revealing a security secret in a legal case concerning an article on the Finnish Intelligence Research Centre (Viestikoekeskus). One journalist was also found guilty but not sentenced. The threat of imprisonment and long-term public pressure associated with legal proceedings raise journalists' and editorial teams' threshold of addressing socially significant issues, even if the punishments were moderate. The ruling is not yet legally binding. In December 2023, the Supreme Administrative Court considered the legal fees paid by an employer for legal defence of a HS journalist as taxable income for the employee regardless of the end result of the legal process. Sanoma's view is that both these processes and decisions narrow the freedom of speech in Finland. Sanoma considers it necessary to amend the law as a result of the Supreme Administrative Court's decision.

Responsible marketing helps businesses succeed

Almost every Finn spends time with Sanoma's media every week, so we are strongly present in the everyday life of Finns. Advertising supports Finland's national economy and the sustainable growth and commercial success of companies. It has been proven that a safe, reliable, domestic media environment is positively reflected in the brand being advertised. Companies build impactful and effective campaigns with us. Advertising will not be positioned in the midst of hate speech or fake news, and we automatically identify articles that are not suited for advertising on account of their topics. We strengthen brand safety by filtering out advertising from news on human suffering caused by wars or disasters, for example.

We review the advertisements we publish in order to ensure compliance with the good practice referred to in the International Chamber of Commerce (ICC) Advertising and Marketing Communications Code. The publication decision is always influenced by the advertisement on the whole, and each case is reviewed separately. During 2023, we have, in particular, continued to develop the verification of the truthfulness of environmental claims in advertising and provided internal training for our personnel to identify and avoid misleading or incorrect environmental claims. Among other actions, we have provided marketers with tips for sustainability communications and marketing in the form of a podcast on green claims, the Sanomista vastuullisuudesta podcast. We also closely follow the preparation of the EU Unfair Commercial Practices Directive, the Environmental Marketing Guidelines of the Finnish Competition and Consumer Authority and the Framework for Responsible Environmental Marketing Communications.

In programmatic advertising buying through systems, we use blacklisting, which blocks certain advertisers and forbidden topics. The display advertising quality specifications, on the other hand, prevent advertising, for example, in certain categories or with certain keywords.

Management approach to responsible advertising

We are committed to complying with the ICC Advertising and Marketing Communications Code as well as the general marketing profiling process. We keep advertising and journalistic content separate as required by the Council for Mass Media and implement restrictions on approved forms of advertising. We do not provide advertisers with digital advertising target groups that include children. We follow the EU Framework for Online Behavioural Advertising self-regulation principles issued by IAB Europe and the marketing self-regulation guidelines of the Data & Marketing Association of Finland.

In Finland, the Ethical Council of Advertising monitors the responsibility of advertising and issues statements on whether marketing is contrary to good practice or, for example, discriminatory, inappropriate or misleading for children, and applies the ICC Advertising and Marketing Communications Code. In 2023, there were three advertising-related cases in Media Finland on which the Council issued a notice.

sanoma

OUR BUSINESSES IN BRIEF

SUSTAINABILITY

Sustainability at Sanoma

Inclusive learning

■ Sustainable media

Valued people

Trustworthy data

Vital environment

Responsible business practices

Sustainability reporting and metrics

Independent Assurance Report

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FINANCIALS

Nelonen Media offers shared experiences through entertainment

Nelonen Media is the leading entertainment house in Finland focusing on video, audio and events. Our brands include Nelonen, Ruutu, Suomipop, Supla and Radio Rock. We boost the audiovisual sector by offering jobs, and keep Finnish entertainment competitive and interesting alongside international content. We want to support Finnish artists, the music industry and the cultural sector by creating new channels for domestic entertainment and content. Our aim is that through entertainment, we raise awareness of people's differences and offer different perspectives on society.

In 2023, Nelonen Media conducted an entertainment survey investigating Finns' consumption of TV entertainment: how it influences people's lives, what kinds of emotions and benefits entertainment is perceived to provide, how extensively are these felt among Finns and how the experiences differ between viewer groups. The results indicated that Finns consider TV entertainment having an extensive impact on their lives. The study indicated 60 different benefits from entertainment to people: it makes them laugh, it encourages and inspires people to fulfil their dreams, and also offers interesting experiences and emotions from the comfort of the sofa. Entertainment is perceived as detaching one from the troubles of life, but also providing several other benefits that improve daily life: it offers company, peer support and ideas and tips. As the most important benefits, TV entertainment brings joy to life, helps viewers relax and relieves stress and increases personal enjoyment. Entertainment is also seen as providing people's daily lives with benefits that might not be conventionally associated with TV entertainment. Examples of this include the deeper role and significance of entertainment in opening up new ideas and perspectives and widening people's world views.

The world's biggest adventure format Amazing Race landed in Finland through Nelonen Media in 2023, and raised concerns about the climate emissions caused by tourism. We compiled an information package in which we answered viewers' and media's questions and told about the ways in which Nelonen Media reduced and offset the air travel emissions of the Amazing Race Finland.

On a weekly basis, Nelonen Media's radio channels reach more than 2.2 million listeners, and additional listeners are attracted by Finland's most popular podcast service Supla. Both the radio channels and Supla podcasts discuss current issues that people are talking about.

Management approach to sustainability in entertainment

Audiovisual programmes published in Finland are classified in accordance with the Finnish National Audiovisual Institute's (KAVI) guidelines and the Act on Audiovisual Programmes, which aims to protect children from harmful effects of films and television programmes, for example. Our editorial teams follow the instructions when posting material that may harm vulnerable audiences such as children and young people. Sanoma cooperates with KAVI, in addition to which KAVI trains Sanoma employees engaged in such activities.

In 2021, Sanoma made a state aid complaint to the European Commission's competition authority concerning Finland's compliance with the state aid regulation and the definition of the public service remit of Yleisradio. Sanoma's goal is to bring clarity to the regulation in a rapidly digitalising and highly competitive TV market. Truly multivocal media and a fair market are an important part of Western society and the interests of the entire industry and ultimately the Finnish media consumers. The handling of the complaint is currently ongoing with the European Commission's competition authority.

Sanoma launched a new podcast for marketers to support accurate green claims

In the podcast, sustainability professionals discuss social responsibility, greenwashing and the environmental impact of fashion, logistics and food production.

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Nelonen Media Live develops sustainability

Employee and customer satisfaction have improved

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Nelonen Media Live events

During 2023, Nelonen Media Live organised 13 festivals with 148 artists and 280,000 (2022: 268,000) visitors. Following its “Events for a better tomorrow” promise, Nelonen Media Live aims to produce safe, accessible, communal, carbon-neutral, sustainable, fair and entertaining events. Nelonen Media Live uses the EcoCompass tool to manage and monitor the environmental impacts of its events. Each year, we also calculate the emissions of each event with a calculation model developed with and audited by a third party.
In 2023, the total emissions of all Nelonen Media Live events were 8,700 tCO_2e (2022: 8,500). Emissions remained stable despite the increase in the amount of festival visitors. The average emissions of an individual event visitor were 59.4 $kgCO_2e$ (2022: 60.2) in 2023. Emissions per event visitor declined slightly compared to the previous year. Nelonen Media Live continuously develops measures to decrease event emissions and in 2023, for example, transitioned to using low-carbon fuels in event-related transportation and generators. The most significant emissions from events are caused especially by the visitors' travel to the event.

A list of the operating guidelines guiding Media Finland’s business is available in our Sustainability policies and guidelines. Sustainability-related risks are presented in the Report of the Board of Directors.

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2023
Financial performance	■ Comparable net sales growth +/-2% ■ Operational EBIT margin excl. PPA between 12–14%	■ -3% (2022: 0%) ■ 6.7% (2022: 10.6%)
Sustainability performance	■ We promote open democratic society and freedom of speech through our independent media ■ We increase awareness, empathy and tolerance with our journalism ■ We empower shared experiences with our sustainable entertainment and support the local audio-visual community ■ We enable companies to thrive through our sustainable marketing solutions	■ 6 notifications of violation concerning aspects of news articles as defined in the Guidelines for Journalists by The Council of Mass Media (2022: 0) ■ 3 cases of non-compliance against the Advertising and Marketing Communications Code of the International Chamber of Commerce (2022: 2)

See all our sustainability figures ▶

VALUED PEOPLE

Equal and inspiring workplace with excellent opportunities to develop

Great results call for people working towards shared goals in a safe and inspiring environment. We want to offer our employees meaningful work with a high sense of inclusion and opportunities for personal development.

12
operating countries with a variety of nationalities

5,500+
employees

45%
of senior management are women

8.2
strong rating for equal opportunities in the company

See all our sustainability figures ▶

Our employees

Employees are at the centre of Sanoma's strategy and operations: this is the only way to ensure the level of engagement and focus on results required for an organisation where creativity and people orientation are key drivers. Our strategic growth ambition requires excellence, focus and full alignment from the employees, together with strong capabilities to operate in the current challenging operating environment and lead Sanoma to a successful future. The mix of characteristics of Sanoma as an employer is quite unique: meaningful work with a strong purpose, a competitive offering and equal treatment, flexible working arrangements, a collaborative environment and clear opportunities to grow and develop.

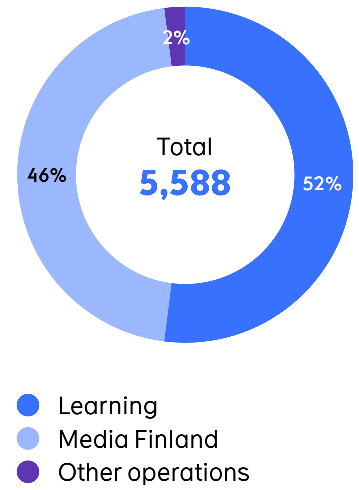
Sanoma is a substantial employer that operates in 12 European countries. At the end of December 2023, we had a total of 5,588 (2022: 5,611) employees, corresponding to 5,119 full-time equivalent employees (FTE). 90% (2022: 90%) of our employees are permanent. In 2023, the number of new employees was 642 (2022: 963), while the number of employees who left the company was 845 (2022: 892), resulting in an average employee turnover of 13.3% (2022: 16.5%). The impact of the process and efficiency improvement program Solar in Learning is somewhat visible in the number of employees who left the company, having also an impact on the number of new hires. In 2023, there were 326 (2022: 294) employees working on-call for Sanoma. These freelancers mainly support our events and editorial staff in Media Finland. In addition to Sanoma's own full-time, part-time, and on-call employees, we use external resourcing. Sanoma is reviewing these options on a continuous basis as part of its strategic workforce planning and talent management processes. Currently we use external partners and freelancers especially in the areas of learning and media content creation, supply chain, ICT and professional services as well as marketing and sales functions.

Diversity, equity and inclusion programme

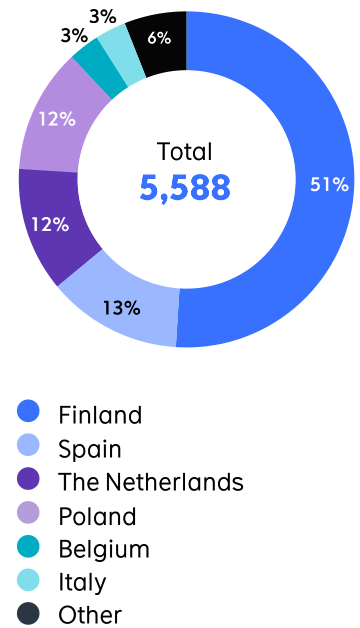
Our employees come from different cultural and educational backgrounds and represent a variety of age groups. We continuously strive to improve the diversity of our workforce as it increases innovation, engagement and understanding of the people and communities we serve. We also believe that diversity is not enough without inclusion. Therefore, our strategic ambition is an inclusive culture where everyone is welcomed, respected and supported as their own true selves.

In 2023, we continued our online training on unconscious bias, and in Media Finland, updated the recruitment process to, for example, encourage managers to recruit people from diverse backgrounds and pay attention to equality and inclusion. In Learning, we identified five pillars of Diversity, Equality and Inclusion (DE&I) we want to focus on (Culture & Heritage, Generations, Gender, LGBTQ+ and Disability & Neurodiversity). Senior leaders became sponsors of these pillars, and attended webinars which were held to share understanding of the obstacles and challenges faced by people identifying with any of these pillars. We delivered training on how to become better allies (when not identifying as a minority group) and on leading with cultural intelligence. In Media Finland, we focused especially on improving the services and employee experience of non-Finnish speaking colleagues as a significant minority group. We also created a checklist for arranging safe and sustainable internal events and highlighted the importance of equal, inclusive experience.

Personnel by SBU,
% at the end of 2023



Personnel by country,
% at the end of 2023

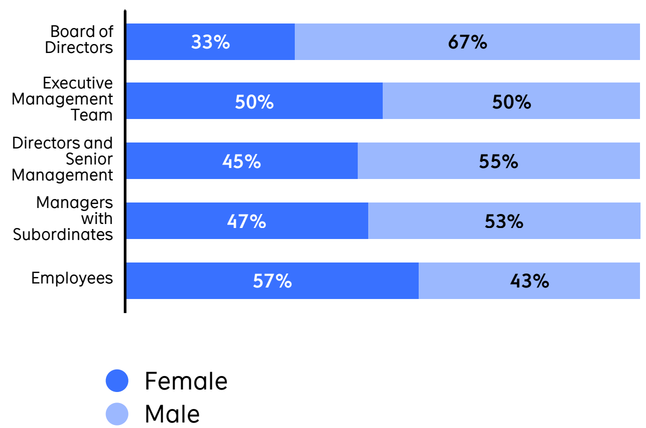


We follow our progress in DE&I through chosen measurable targets and metrics. Providing equal opportunities is tracked by the Equal opportunities rating in our annual Employee Engagement Survey. In 2023, the rating improved to 8.2 (2022: 7.7) which is above the European Benchmark of 7.0 and shows that we have progressed well in the development of a more equal and respectful working environment.

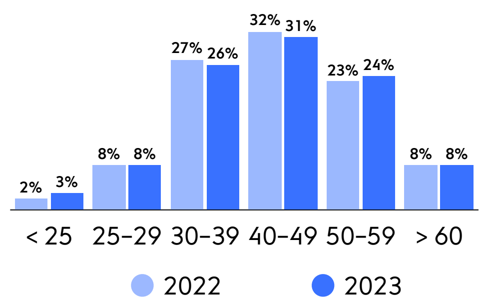
Of our personnel, 56% (2022: 56%) are women and 44% (2022: 44%) men. Although our overall gender diversity ratio is on a very good level, we recognise that we need to focus on enhancing it in certain teams, such as technology. In 2023, the share of women who were team managers increased to 47% (2022: 44%) and directors or senior management to 45% (2022: 41%). At the end of 2023, 33% (2022: 33%) of the Board members were women. At the end of the year, Sanoma's Executive Management Team consisted of two women and two men. Our target is that by 2030, we have a 50/50 gender balance in our managerial positions. But even more important, our aim is to promote a culture where gender plays no role and there is wide diversity in all aspects. 10% of our employees are under 30 years old (2022: 10%), 82% are aged between 30–59 years (2022: 82%) and 8% over 60 years old (2022: 8%). More information about the age distribution by personnel group can be found in the Sustainability and ESG performance figures.

We have zero tolerance for any form of discrimination, harassment or bullying at the workplace, and we cover equality, equity and inclusiveness in our Code of Conduct. The Code sets out the general principles of ethical conduct and our responsibilities as an employer. Sanoma's Diversity and Inclusion Policy defines our ambition for a diverse and inclusive workplace: for example, fair treatment and equal opportunities, non-discrimination, equal pay for equal roles, and gender-neutral experience. The Policy is approved by the Board of Directors. In our operating countries, our equality actions are centred around local equality and non-discrimination plans in addition to Group-wide development work. We strive to build a culture where people feel at ease to bring up any form of misconduct, and also offer them an anonymous Sanoma WhistleB reporting channel. We monitor the total number of reported misconduct cases, and all cases are investigated thoroughly. Learn more about our actions on preventing misconduct in Responsible business practices.

Gender diversity,
% at the end of 2023



Employee distribution by age,
% at the end of the year



In June we celebrated Pride month to highlight the rights of sexual and gender minorities

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This is how Ahmed Zafaat, Muhammad Faizan, Azhar Munir and Zahoor Khan from Sanoma celebrate Ramadan

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Wellbeing and professional development

The majority of our employees work in an office environment and a key priority is to manage their work-life balance, workload and related stress factors. This is mainly done locally in our operating companies and functions. The learning & training module in Learning's HR system Workday provides an online training platform that covers topics such as DE&I, leadership, wellbeing, and self-leadership. In addition, we offer other online training on various topics to increase the wellbeing and know-how of our employees. Professional development is supported through regular performance and development reviews. In 2023, approximately 99% (2022: 90%) of Learning's employees had a regular performance and development review with their manager. In Media Finland, all employees are in the scope of performance and development reviews, and we are developing the monitoring of those reviews. To support wellbeing, engagement, and inspiration, we also provide local initiatives like walking, skiing or bird-watching challenges, field trips, the Breakpro app for exercise during work days and online training. Also, employee expectations around ways of working and flexibility have changed. Therefore, we have continued to invest in office restructurings to support our employees' work-life balance with flexible working time and tools and equipment for remote work. In Learning, we also provided training on how to lead hybrid teams, and will continue with this training in 2024.

In Media Finland, a wellbeing mentoring network funded by the Finnish Work Environment Fund finished their training and continued and expanded their work with the aim of sharing best practices and developing new ways of supporting mental wellbeing, management of work-related stress and work-life balance. Business unit specific interventions were also carried out in collaboration with external service providers and professionals.

As a learning and media company, our employees' professional development and ability to gain new skills is critical for the future growth and execution of our strategy. The changing operating environment and the growth of our learning business also opens up opportunities to find new roles and responsibilities within the organisation. Local learning plans lead our employees' professional development, and are complemented with business-wide training and talent development programmes bringing together employees across business. To further enhance strategic training management in Learning, we follow a three-year learning & development plan with quarterly focus areas. Another significant step in supporting our strategic workforce and talent planning in Learning is the new human resources information system Workday, which was fully adopted during 2023.

To correspond to the transformation and growth needs of the learning business, we enhance knowledge sharing and develop employees' skills through various programmes. In 2023, we launched a training academy for our digital teams as well as communities of practice and other expert networks. To develop future leaders in Learning, a leadership programme designed to support activating the matrixed organisation was developed together with Aspira Leadership, and 45 employees across our business attended this development opportunity.

In Media Finland, more than 300 employees joined more extensive training events and courses provided by Sanoma Academy, focusing for instance on leadership skills, coaching, self-leadership, journalistic skills and mentoring. The mentoring programme was arranged for the fifth time. Also, internal job rotations were encouraged across units, with specific focus on journalistic roles.

Aiming for a more diverse editorial team

Helsingin Sanomat cooperates with Haaga-Helia's training programme for immigrant journalists. The aim of the cooperation is to develop the diversity of the editorial team and expertise in key immigrant groups and the countries they come from.

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Employee engagement survey

Sanoma conducts an annual Employee Engagement Survey (EES) for all its employees at the beginning of each calendar year. Sanoma follows an Employee Experience Index (EEI) to report the annual EES survey results. The EEI is a 10-item index that measures how employees feel about the work environment, how engaged they are, how committed they are to the organisation, and how likely they are to promote our organisation externally. The EES results are reported to the management and the Board of Directors, and shared and discussed in the operating companies and functions.

For our 2023 EES survey, the response rate increased to 92% (2022: 87%). Our Employee Experience Index improved to 7.5 (2022: 7.3), being in line with the long-term target level. Compared to peers, Sanoma's EEI continues to be above the European benchmark level of 7.1. The highest score was yet again reached on leadership and relationship with direct manager. Managers' skills in building relationships with employees and showing trust and respect are highly appreciated among employees. A good workplace environment, characterised by strong collaboration with colleagues, supportive managers and equal opportunities stayed on a good level. Areas of improvement include remuneration, development opportunities, and more streamlined work processes.

Building a great workplace with an inspiring and sustainable company culture plays a key role in attracting and retaining talent, as well as increasing commitment and engagement. The Employee Net Promoter Score (eNPS) signals how likely employees would recommend Sanoma as an employer. The eNPS measured in the EES remained stable at 7 (2022: 7) on a scale from -100 to +100. The European benchmark in 2023 was 5. Our target is to reach an eNPS score above 10 by 2025.

Occupational health and safety

Every employee has the right to work in a safe and healthy environment. Our Human Resources management model ensures the well-organised management of occupational health, safety and wellbeing of our people. Sanoma's occupational health and safety management system covers all Sanoma employees. We provide occupational healthcare services, including preventive services, to all our employees to promote their health and maintain work ability. Occupational healthcare is, at minimum, arranged according to local legal requirements and practices. Employees can participate in the development, implementation, and evaluation of the occupational health and safety management through both formal and informal methods. Informal methods include open dialogue through internal communications channels, surveys, and direct contact with the Human Resources function. Formal participation includes workers' representation in local joint management, for example worker health and safety committees. In 2023, Sanoma's overall sick absence rate was 4.0% (2022: 4.3%). Sanoma has developed work ability management, and, for example, the use of services related to mental wellbeing increased in Finland.

Sanoma owns two printing houses in Finland, where we focus on preventive measures to ensure safe work procedures. Health risks are mainly related to tripping or slipping. In warehouses in both Learning and Media Finland, the most common injuries are related to handling loads, falling or forklift truck accidents. At the end of 2023, Sanoma's printing houses had 176 (2022: 182) employees in Finland (3% of the total number of employees). The work in the printing houses differs from office work. Therefore, we follow and report accidents as well as high-potential injuries and close-calls at work only concerning the two printing facilities in Finland. Both printing facilities have a safety management system in place, and accidents are reported internally to all printing facility workers and communicated on-site daily.

Developing employee awareness is the primary method of ensuring safety at work. The likelihood of accidents is reduced by carefully processing every observation in our printing houses and reviewing it with employees to ensure the right precautionary attitude towards incidents. In 2023, there were no serious work-related accidents or fatal accidents. The lost time accident injury rate (LTA) for the printing facilities was 3.2 (2022: 9.2). In total, 3 (2022: 4) injuries resulted in at least 3 lost working days, 2 (2022: 1) of them while commuting.

Management approach to human resources topics

In Learning, our human resource development is led by the Chief Human Resources Officer, and on a local level by the respective HR Director and organisation in each country or region. In Media Finland, human resources are led by the Chief Human Resources Officer and a team embedded in the different business units. The Chief Human Resources Officers in both Learning and Media Finland are members of the SBU management teams. The Human Resources Committee of the Board of Directors is responsible for the evaluation of related policies, practices, development plans and the performance of the key executives, including the two human resources executives. A list of policies and guidelines guiding Sanoma's Human Resources practices can be found in Sustainability policies and guidelines. Topic-specific risks are disclosed in the Report of the Board of Directors (Risks and risk management).

Employee benefits offered to our employees are defined locally. In Sanoma's largest companies, the benefits provided for full-time employees do not vary from the benefits offered to the part-time employees for the most part. Information on remuneration principles of the Board of Directors and the President and CEO can be found in our Remuneration Report 2023.

In October 2023, Sanoma launched a three-year process and efficiency improvement program Solar in Learning. Its impact on personnel was somewhat visible in the 2023 headcount, while a larger impact is expected in 2024. In addition, personnel negotiations took place in the companies acquired in Media Finland in 2023. In regard to notice periods, Sanoma complies with local legislation and the notice periods specified in collective agreements in all of its operating countries. In Sanoma's largest companies, the minimum notice period typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them, varies between two weeks to two months, in general. For most of the organisations with collective bargaining agreements, the notice period and provisions for consultation and negotiation are typically specified in collective agreements.

Employees' right to freedom of association is an important value supported by Sanoma. As a signatory of the UN Global Compact, we commit to principle three on the right to freedom of association and collective bargaining. At the end of 2023, 70% (2022: 69%) of Sanoma employees were covered by collective bargaining agreements. In general, for employees not covered by collective bargaining agreements, Sanoma determines their working conditions and terms of employment based on local labour legislation or collective bargaining agreements that cover other employees.

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2023
■ We create an equal and inclusive workplace together ■ Our people create our knowledge capital and together we promote wellbeing, training and safety ■ We are a great workplace and support an inspiring and sustainable company culture	■ Annually, our Employee Experience Index is on a favourable level ≥ 7.5	■ Employee Experience Index: 7.5 (Scale 0-10, European Benchmark 7.1) [1] (2022: 7.3)
	■ Our people feel that we provide equal opportunities, and our Equal opportunities rating is on a favourable level, ≥ 7.6	■ Equal opportunities in my company rating: 8.2 (Scale 0-10, European Benchmark 7.0) (2022: 7.7)
	■ We promote diversity and gender neutrality throughout our business and aim for a 50/50 gender balance in managerial positions by 2030 ■ The Board of Directives objective is that both genders are represented of the Board with the share of under-represented gender being at least 40%	■ Managers with subordinates: 47% w / 53% m (2022: 44% / 56%) ■ Directors and Senior Management: 45% w / 55% m (2022: 41% / 59%) ■ Board of Directors: 33% w / 67% m (2022: 33% / 67%)
	■ We continuously seek to develop Sanoma as a great place to work, and by 2025, we aim to reach an Employee Net Promoter Score (eNPS) > 10	■ Employee Net Promoter Score: 7 (Scale -100 to +100, European Benchmark 5) (2022: 7) [2]

[1] EEI is a 10-item index measured in the annual employee engagement survey, scale 1–10.
[2] The eNPS score for 2022 has been adjusted according to new reporting.

See all our sustainability figures ▶

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TRUSTWORTHY DATA

Using data customers trust us with to create tailored learning and media content

Data, especially personal data, is an essential part of our business, putting privacy and security as well as customer trust at the core of our daily work. In 2023, we continued implementing our Privacy Programme and Privacy and Security by Design process to ensure that privacy and data protection is built into our products.

Ethical AI Principles published

32 Privacy Champions

0 major data breaches

Continuous privacy training of all employees

See all our sustainability figures ▶

Sanoma

Privacy and security in Learning

Data empowers teachers to optimise teaching and students to receive personalised learning. Educational technology is rapidly evolving from smart to intelligent digital classrooms. Learning strives to lead this digital transformation of education with advanced multi-channel blended learning solutions. Data is an integral part of our digital learning products. It helps teachers enhance learning outcomes, engagement and workflows, and supports students in optimising their individual learning paths. We process personal data mostly as a 'data processor' on behalf of customers, i.e. schools and municipalities. This means that schools and municipalities decide the purposes and lawful basis for data processing and instruct us to process data accordingly.

Privacy and security in Media Finland

With the customer data entrusted to us, we develop high-quality and personalised media in Media Finland. Data plays a key role in creating fact-based journalism and providing tailored information and services to our media customers. In Media Finland, our role is mostly as a 'data controller' when handling the personal data of our customers, readers and viewers. Data helps us develop and customise our products further. We use data to improve our journalistic content, develop personalised recommendations in media, drive customer-centric marketing, and improve the customer experience of our digital applications. Journalistic content recommendations are based on editorial decisions and algorithms, transparently explained, and users have the option to switch off the personalisation feature. Personal data is also an essential asset in digital advertising. Advertisers value the ability to target the customers by segments, and media users prefer to see relevant advertising only. Media Finland communicates transparently about its advertising practices and third parties involved, and actively participates in the EU level development of advertisement related standards to continuously improve market practices.

Privacy and Security Programmes

To ensure customer trust and compliance with privacy laws, Sanoma's Group-wide Privacy Programme ensures we continuously improve the responsible use of personal data. Through the programme we support the ability to use data to bring value to our customers, while protecting personal data throughout its entire lifecycle, which is at the core of our everyday business. The Privacy Programme is supported by a separate Group-wide Information Security Programme, which aims to strengthen our Information security measures across the organisation to protect personal data and key data assets.

Sanoma has nominated employees with privacy responsibilities in key business areas. During 2023, there were 32 (2022: 32) nominated Privacy Champions across our businesses. Privacy Champions are trained to be the first line of support in privacy-related topics as well as to follow relevant privacy laws and guidelines created to help implement privacy into everyday operations. Privacy Champions are also responsible for ensuring that Privacy Impact Assessments (PIAs) are conducted for new personal

> HS and IS establish a joint team to use generative artificial intelligence in newsrooms
>
> LEARN MORE ▶

Sanoma defines ethical principles for the responsible use of artificial intelligence (AI)

By following the principles, we monitor the safe, appropriate and responsible use of artificial intelligence.

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data processing purposes, and that data processing is documented as required by law. In our Learning businesses, the role of a Privacy Champion was changed from a country-specific part-time responsibility to a full-time position in a centralised team of five full-time privacy and security professionals. The transition from part-time responsibilities to full-time roles will continue in 2024. In Media Finland, the Privacy Champion role is a beneficial aspect to the employee's primary role in the respective business. Sanoma has also tailored more specific privacy responsibilities related to various business roles. Examples of these roles include Data Breach Management task force members, development teams and service managers as well as data scientists across all businesses.

Every year, to ensure our employees know how to apply data security and privacy practices in their daily work, we conduct various privacy and security training and awareness measures with employees. Sanoma's Code of Conduct e-learning, mandatory for all employees, contains dedicated sections for privacy and security. In 2023, Sanoma also produced several internal awareness campaigns on information security such as webinars, intranet articles and blog posts on keeping information safe, as well as gaming that helps identify phishing emails.

To address, manage and notify authorities and data subjects about personal data breaches, and to monitor short-term and long-term corrective actions, we follow Sanoma's personal data breach management process. During 2023, Sanoma had a total number of 164 (2022: 196) personal data breaches, out of which Sanoma considers 0 (2022: 0) as major ones. Most of the minor breaches occurred mainly in the media business' B2C sales domain, and typically were related to a single customer's data. Sanoma did not receive any formal substantiated complaints, notices, orders or penalties related to personal data breaches from the regulatory authorities during 2023.

Sanoma's Ethical Artificial Intelligence (AI) Principles

Fairness with Aim for Positive Impact	The use of AI in our products aims to reflect the values we operate on such as Freedom of Speech and Creating a Positive Learning Impact. AI should be used in a fair manner, considering values such as human rights, privacy, and non-discrimination.
Accountability by humans	People are always responsible for the decisions made by AI solutions that we use. Our teams are engaged throughout the entire lifecycle of algorithms: in the planning, development and maintenance of our own AI models and algorithms.
Explainability	We aim to use AI of which reasoning can be understood by the people who are accountable for it, and we ensure that we can explain the functionality of such AI system's sufficiently.
Transparency	We communicate transparently about our use of AI and how it impacts the end users of our products.
Risk and Impact Assessment	We assess the planned and potential impacts of our technology to individuals and society at large. AI Assessments are integrated into our product development process considering privacy and security by design. We implement appropriate measures to ensure accuracy, robustness, and security of our AI solutions to mitigate identified risks.
Oversight	We commit to regular monitoring of how we fulfil these principles in our AI operations. As the development of AI is a fast-evolving topic, we will evaluate and update these principles periodically to ensure they reflect lessons learned from our experience.

Privacy and Security by Design

Privacy is incorporated into our product and business development through a 'Privacy and Security by Design' process. Conducting Privacy Impact Assessments (PIAs) is an essential mechanism for ensuring new purposes of data processing are compliant with the requirements of privacy laws. When developing our own digital products, product development teams review privacy and security checklists, conduct threat assessments for the planned technical changes, and implement other information security safeguards to their products. In addition, our team of information security experts develop our Information Security Policy and standards to drive the implementation of security controls consistently across the organisation.

All our businesses are required to record how data is processed and how data retention times are implemented. Our Privacy team regularly reviews defined retention periods and validates the implementation of the process.

Third parties processing data on Sanoma's behalf are contractually bound to comply with our Supplier Code of Conduct and Data Processing Agreement, which defines and instructs the suppliers on the data protection measures they need to implement on Sanoma's behalf. We continue to regularly monitor data transfers outside the European Economic Area by conducting Transfer Impact Assessments.

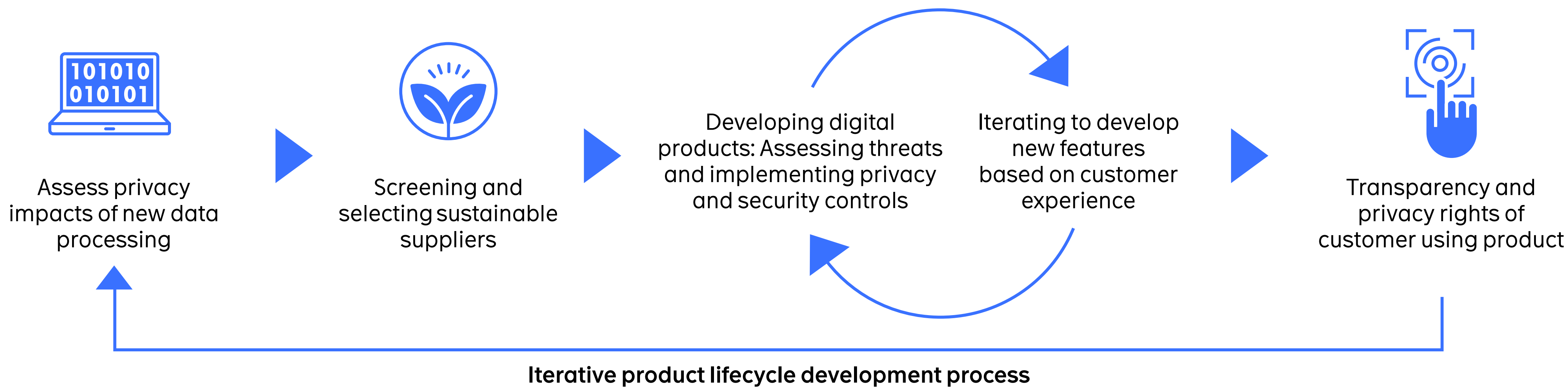
We continuously develop the transparency of data processing by providing Privacy Policy Statements and Privacy Notices about our products to data subjects, our readers and viewers in Media Finland and by informing our customers about privacy in Learning. Our media customers have the right to ask us, as a data controller, to provide them access to and correct or delete their data, if needed. In 2023, Media Finland received 120 (2022: 80) consumer requests for data access, deletion and portability. As a data processor in Learning, we assist our customers to fulfil their data subject requests. The purposes of data processing and the privacy obligations for processing personal data are described in detail for Media Finland in the Privacy Portal (in Finnish). Links to privacy and security notices of Learning-specific products can be found on sanoma.com.

Fair and transparent use of AI

At Sanoma, artificial intelligence (AI) can be used for, among other things, providing journalistic recommendations, personalised features in entertainment, and adaptive learning solutions. For example, our newspapers use AI to customise their front page and to limit information bubbles. Basically, the front page of a newspaper is a combination of four elements: stories chosen by the journalist for the front page, fixed frontpage articles, content recommended for each user and surprises to break information bubbles.

When using AI, we apply privacy and personal data protection principles and practices defined in Sanoma's

Sanoma's Privacy and Security by Design -process in product development



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Privacy and Data Protection Policy as well as Sanoma's Principles of Ethical Use of AI, established and internally approved in 2022–2023. The principles include Fairness with Aim for Positive Impact, Accountability by humans, Explainability, Transparency, Risk and Impact Assessment and Oversight to monitor the implementation. During the preparation, an external AI expert has reviewed the principles, particularly in anticipation of the proposed EU AI Act. In addition, Sanoma's businesses have been provided with guidance on the compliant use of new generative AI capabilities that were brought to market in 2023. During 2024, we plan to integrate AI Assessments into our Privacy and Security by Design process.

Management approach to privacy, security and data protection

In our privacy work, we focus on fair and transparent practices defined in Sanoma's Privacy and Data Protection Policy. It determines the main principles and governance model that guides the implementation of relevant privacy laws into our operations. Policies are reviewed on an annual basis and changes are approved by the Board of Directors. Our dedicated Privacy team in the Group Legal function, headed by the Data Protection Officer, is responsible for the oversight of the implementation of the Privacy and Data Protection Policy across our businesses. In addition, the Privacy team monitors relevant authority and industry guidelines, and develops guidance and training to help business and technology teams implement legal requirements in practice. Both Learning and Media Finland have appointed a "privacy owner" who reports directly to the CEO of the business and is responsible for ensuring that privacy requirements are implemented into business operations. Implementation is supported by Privacy Champions nominated into relevant business units. PThe p/ogress of implementing Sanoma's Privacy Programme is reviewed with a Privacy Board in Learning and Media Finland, including respective CEOs, on a quarterly basis.

Internal Audit reviews the Privacy Policy implementation on a regular basis. Privacy compliance is reported twice a year to the Audit Committee of the Board of Directors.

The interpretation of the ePrivacy Directive remains unclear across the EU, which is why there have been various authority enforcement actions during 2021–2023 regarding consent practices for the use of cookies and similar identifiers. Media Finland has received an authority decision from the Finnish Transport and Communications Agency (Traficom) about its cookie practices in 2023, which was appealed to the Helsinki Administrative Court to gain clarity on the technical scope and applicability of the ePrivacy Directive rules.

A list of policies and guidelines guiding Sanoma's privacy, security and data protection can be found on in Sustainability policies and guidelines. Topic-specific risks are disclosed in the Report of the Board of Directors (Risks and risk management).

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2023
■ Data supports quality learning and helps sustain independent media ■ Our Privacy programme safeguards data while enabling its transparent and compliant use ■ We use artificial intelligence responsibly and transparently	■ All our nominated Privacy Champions have completed role-based training and operate across our businesses to provide privacy support	■ Number of nominated Privacy Champions across our businesses: 32 (2022: 32)
	■ We provide training on Privacy- and Security-by-Design to all our developers ■ We train our permanent data breach management task force to handle personal data breaches	■ Annual number of data breaches: In total 164 (2022: 196) data breaches, out of which 0 major (2022: 0)

See all our sustainability figures ▶

VITAL ENVIRONMENT

Protecting the climate and building awareness of sustainability

Sanoma's climate strategy is an important part of our 2030 business strategy, transforming our business to meet the requirements of a low-carbon economy, aligned with the Paris Agreement 1.5°C goal. Our ambitious environmental action focuses on climate and biodiversity impacts throughout our value chain.

Science Based Targets -initiative
approved climate targets

31%
reduction in own operations GHG emissions from 2021

29%
reduction in value chain GHG emissions[1] from 2021

[1] Scope 3 categories 1, 3, 4.

A-
Leadership level in CDP climate rating

See all our sustainability figures ▶

Sanoma's carbon footprint

Sanoma reports greenhouse gas (GHG) emissions according to the Greenhouse Gas Protocol provided by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI). Sanoma's operations generate greenhouse gas emissions in our own operations (Scope 1 and 2) and value chain (Scope 3). Scope 1 covers direct emissions from owned or controlled sources, such as company cars. Scope 2 covers indirect emissions from the generation of purchased energy consumed. Scope 3 includes other indirect emissions that occur in the value chain. In 2023, our total GHG emissions were 108,900 tCO_2e (2022: 145,100).

Value chain (Scope 3) emissions are the most significant source of GHG emissions for Sanoma. In 2023, 94% (2022: 94%) of our total GHG emissions resulted from our value chain. 62% of total GHG emissions resulted from purchased goods and services (category 1), including e.g. paper purchases, energy and material usage for printing newspapers, magazines and books as well as marketing and TV production services. Transportation and distribution (category 4) of our learning and media products created 16% of our total emissions. In addition, capital goods (category 2), fuel- and energy-related activities (category 3), waste (category 5), business travel (category 6), employee commuting (category 7), use of sold products (category 11), end-of-life treatment of sold products (category 12) and investments (category 15) create emissions. We also calculate and report Nelonen Media Live events' GHG and biogenic emissions separately and include them into Sanoma's Group-wide reporting.

Our own operations' Scope 1 and 2 GHG emissions represented 6% (2022: 6%) of our total GHG emissions in 2023. Our own operations create direct (Scope 1) emissions through the use of owned and leased cars as

Sanoma's GHG emissions 2023

Total

108,900 tCO_2e

Scope 1 and 2

6%

of GHG emissions

Facilities, warehouses and printing houses energy usage

Company cars

Scope 3

94%

of GHG emissions

62%

Purchased goods and services

Content creation

Material production

Print production of books, newspapers and magazines

Marketing services

16%

Transportation of products

Physical delivery of learning materials, newspapers and magazines

2%

Digital use of sold products

Digital production and delivery of learning materials, newspaper, magazines and entertainment

14%

Other emissions, e.g. end-of-life treatment of sold products, waste, employee and business travel, investments

Customer using product

well as reserve power used in printing houses and office facilities. Indirect own operations' (Scope 2) emissions result from energy used in two media printing houses and offices in Finland as well as Learning's offices and warehouses throughout Europe.

Climate targets validated by the Science Based Targets initiative

In 2023, the Science Based Targets initiative (SBTi) approved Sanoma's near-term science-based emission reduction targets for our own operations (Scope 1 and 2) and value chain (Scope 3). This validation confirms that Sanoma's climate strategy and business model are compatible with the transition to a sustainable economy and the limiting of global warming to 1.5°C in line with the Paris Agreement.

Sanoma's validated SBTi target for our own operations is to reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from the 2021 base year. In 2020-2021, Sanoma halved its own operations' (Scope 1 and 2) emissions. We also aim to transition to fossil-free electricity by the end of 2023 (93% achieved) and energy (heating, cooling and reserve power) by 2030. Both energy-related targets support us in reaching our Scope 2 emission reduction target.

Since the majority of Sanoma's greenhouse gas emissions originate from indirect Scope 3 emissions we aim to annually reduce them by 38% by 2030 from the 2021 base year. This Scope 3 target applies to Sanoma's GHG emissions under categories 1 purchased goods and services, 3 fuel and energy related activities and 4 upstream transportation and distribution, which together accounted for over 80% of Sanoma's value chain emissions in 2023. In Scope 3, our current focus is on categories which have the biggest impact on Sanoma's GHG emissions: printed products, services and transportation.

In addition to the science-based emission reduction targets, Sanoma aims to be carbon neutral in all operations by 2030. This means that in 2030, Sanoma's aim is to compensate emissions that cannot be avoided or reduced.

Scope 1 and 2: Reductions in our own operations' emissions and energy use

In 2023, our own operations' emissions (Scope 1 and 2) declined by 31% (2022: 7%) compared to our comparison year 2021. In Scope 2, our energy-related emissions declined by 54% (2022: 15%) mainly due to the result of transitioning to renewable heating in Finland. Our Sanomala printing house in Vantaa transitioned to renewable heating already in late 2022 and Sanoma House headquarters in Helsinki and the Manu printing house in Tampere followed in the beginning of November 2023. During 2023, the consumption of electricity, district heating and cooling in both our owned and leased properties controlled by Sanoma also declined clearly to 39 GWh (2022: 43 GWh) as a result of AI optimisation of heating use in our headquarters Sanoma House in Helsinki, as well as in both printing houses. In addition, earlier energy efficiency projects and office floorspace restructurings reduced energy consumption both in Media Finland and Learning. In 2023, we continued office restructuring projects in Finland, the Netherlands, Spain, Norway and France. The share of fossil-free electricity increased to 93% (2022: 92%). Our target was to use only fossil-free energy by the end of 2023, which we aim to reach in 2024. Currently our office facilities and warehouses in Media Finland and Sanoma Pro (Finland), Sanoma Utbildning (Sweden), Iddink (Netherlands), Van In (Belgium), Santillana Spain and Sanoma Italy already use fossil-free electricity.

Significant improvements to energy efficiency in facilities and printing houses in Finland

Sanoma also invested in renewable district heating during 2023 to reduce its own operations GHG emissions.

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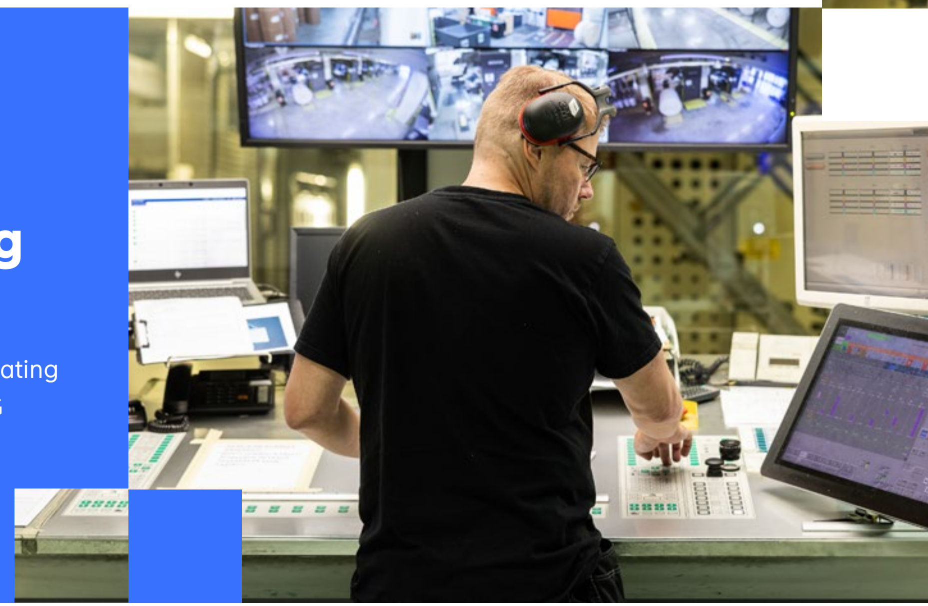

In 2023, 73% (2022: 57%) of energy used by Sanoma was fossil-free. We aim to use only carbon fossil-free energy, including heating and cooling, by 2030. The increase in the share of fossil-free energy followed our switch to renewable heating in Finland during 2022–2023. We also closely follow the energy intensity of our own operations in relation to the number of employees. Our energy intensity declined to 6.9 MWh/employee (2022: 7.7) in 2023. In Scope 1, our emissions increased slightly by 3% compared to our base year 2021. Sanoma has started the transition towards electric and hybrid vehicles especially in the Netherlands, Belgium and Poland, and will continue this to reduce its Scope 1 emissions.

Several of the facilities Sanoma leases have a certification for environmental management systems. In Finland, our headquarters Sanoma House is Breeam-certified and our printing houses hold an ISO 14001 certification. Our office in Norway is also Breeam-certified. The Netherlands (Iddink) and Italy (Sanoma Italy) also hold ISO 14001 certifications.

Waste generated

Sanoma's printing houses, facilities and warehouses generated 5,800 tonnes of waste (2022: 5,400) in 2023. The amount of waste increased slightly. Waste management is part of each facility's environmental management system. Recycled and reused waste accounts for 80% of Sanoma's waste. Sanoma monitors closely the amount of waste types in its printing houses, since these production facilities are the biggest source of waste. All waste was either recycled or reused in Sanoma's printing houses in 2023, similar to previous years. We also follow the amount of GHG emissions generated by the waste treatment of our sold products (Scope 3, category 12), which declined in 2023.

Scope 3: Value chain emission reductions

Our most significant climate impacts derive from the indirect emissions of our supply chain. During 2023, our Scope 3 value chain emissions declined by 29% in categories 1, 3 and 4 compared to our base year 2021. These categories represented over 80% of all our Scope 3 emissions in 2023. We also closely follow our emission intensity in relation to net sales. Our emission intensity declined to 0.08 tCO_2/EUR 1,000 of net sales in 2023 (2022: 0.11).

In our media business, the transition from print to digital continued and as a result, the amount of print-related (paper, materials, logistics) GHG emissions declined. In our learning business, paper consumption also decreased, and following this, the printing-related emissions (energy, materials and logistics) declined. Our Paper suppliers continued their active work to reduce their GHG emissions, which resulted in lower paper-specific carbon profiles and supported Sanoma's emission reductions. Several of our print suppliers continued to transition to renewable energy, which was positively reflected in our performance. For our services, we developed our calculation model so that it reflects the actions of our suppliers and as a result, especially ICT and consulting-related GHG emissions declined. Going forward, developing our cooperation with TV production companies will be key to the continued reducing of our service-related GHG emissions. This is why Media Finland continued to support the Audio-visual Producers Finland in 2022–2023 with the development and implementation of the UK-developed Albert emission calculation system. Albert is now available for all film and TV production in Finland and provides free training and tools to measure and track emissions.

We continued to cooperate with our suppliers help reduce the GHG emissions and our common climate footprint. We encourage our suppliers to measure their climate footprint and energy used. Annually, we collect allocated data from the suppliers to calculate Sanoma's GHG emissions according to the GHG Protocol. Our focus is especially on supporting our paper and printing suppliers in reducing GHG emissions related to the materials' production and transport, and to ensure we continue to reduce our emissions in line with our targets. Sanoma favours suppliers that set ambitious energy and emission reduction targets to transition towards a low-carbon future. We also follow-up on our key suppliers' climate targets to develop our climate-related scenarios. In addition to climate action, we favour suppliers with a commitment to professional environmental management and certified environmental management systems.

> Sanoma participated in the Climate Leadership Coalition's campaign to promote the green transition
>
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sanoma

Sanoma owned printing houses' environmental action

Sanoma owns two printing houses in Finland: Manu in Tampere and Sanomala in Vantaa. Our printing houses focus on printing newspapers, including 18 newspapers published by Media Finland: HS, IS, Aamulehti, Satakunnan Kansa and other regional and local newspapers in Tampere region and Western and Central Finland. In addition, we offer printing services to customers. During 2023, both printing houses continued to develop employee expertise and quality management, the transparent management of environmental impacts as well as energy and material efficiency.

The carbon footprint of the newspapers printed in Sanoma's own printing houses has declined by

16%

compared to 2019.

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Printing houses' environmental targets		Results 2023
Certified environmental management according to ISO 14001	Our printing houses follow environmental legislation and the ISO 14001 management system. In terms of business management, we integrate quality, safety and environmental issues into one management system. We develop our modern printing machinery with the environment in mind. We update our know-how, train our personnel and keep on top of new innovations. We are a local employer and taxpayer.	Both of our own printing houses, Manu and Sanomala, use the ISO 14001 environmental management system to support the environmental management of the printing facilities. The certification is valid until April 2025.
Our printed products are produced energy-efficiently with renewable materials and fossil-free energy	Our state-of-the-art printing machinery plays a significant role in saving energy. We constantly develop our energy efficiency and use only fossil-free electricity and heating. We aim to reduce our Scope 1 and 2 energy-related GHG emissions by 38% by 2030 compared to the 2021 base year.	Sanomala printing house used 100% fossil-free electricity and heating. Manu printing house used 100% fossil-free electricity. At the beginning of November 2023, Manu also transitioned to 100% renewable heating. Own operations' Scope 1 and 2 GHG emissions reduced by 31% (2022: 7%). Reserve power consumption remained stable in 6,700 litres (2022: 6,100).
Science-based climate targets guide our climate action	A significant part of our emissions come from the supply chain. Sanoma aims to reduce Scope 3 GHG emissions by 38% by 2030 against the 2021 base year. We work with our suppliers to reduce supply chain emissions.	Our Scope 3 value chain emissions declined by 29% (2022: 8%) in categories 1, 3 and 4 compared to 2021. These categories represented over 80% of all our Scope 3 emissions and related especially to purchased goods and services and logistics. Our own printing houses, Sanomala and Manu, continued to measure their products' carbon footprint by using the ClimateCalc calculation tool, which provides customers and manufacturers information about the total carbon footprint of a print product.
Printing papers originate from certified pulp fibre	The paper we use is certified, which ensures that the paper is produced in accordance with sustainable forestry management practices.	93% (2022: 97%) of Sanoma used newsprint paper was certified.
All materials are recycled or reused	We recycle or reuse all papers, printing plates and printing colours. We minimise the consumption of materials, measure the amount of waste generated and prevent waste. For example, aluminium printing plates are a recyclable raw material for industrial purposes after use in our printing houses.	In our own printing houses, the amount of waste paper and materials used has declined. The combined recycling and reuse rate for waste remained almost 100% (2022: 100%).
Safe printing materials	We use raw materials that are safe both for the employees and the environment.	All inks used were from safe sources.
Working together with responsible partners	We work collaboratively across our value chain to maximise our positive impacts and minimise our environmental impact. As signatories of the world's largest sustainability initiative (UN Global Compact), we require our partners to commit to sustainable business practices. Sanoma's Supplier Code of Conduct lays out our sustainability requirements.	We continuously engage with our suppliers. For example, in 2023, we met with all our paper suppliers and continued discussions and cooperation with certification parties to prepare for the Regulation on Deforestation-free products.

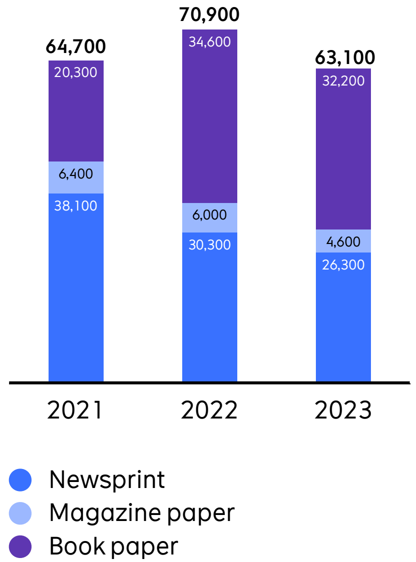
Biodiversity and paper certification

Safeguarding biodiversity protects wildlife populations and supports the adaptation to climate change. As a sizeable paper purchaser, Sanoma is responsible for protecting biodiversity and promoting the responsible use of forest resources. Our Paper Procurement Standard is annexed to all direct and indirect paper procurement agreements and guides suppliers to ensure that the paper used by us is produced responsibly and originates from traceable and verified sources. We also monitor closely the carbon profiles of the paper used, to ensure we are able to meet our emission reduction targets.

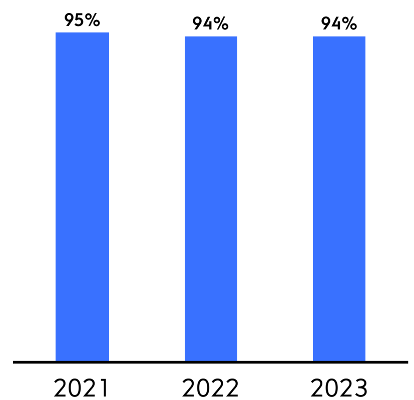
In 2023, the total amount of paper used declined by 11% to 63,100 (2022: 70,900) tonnes, mainly driven by lower paper usage in Media Finland. This follows the prevailing media trend of consumers moving from printed to digital and hybrid media products. In Learning, paper used also declined in 2023.

All paper used in Sanoma's newspapers, magazines and books is expected to originate from certified and sustainably managed forests i.e. traceable, verified and legal sources. Sanoma's target was to increase the use of certified paper to 100% by the end of 2023. In 2023, the share of certified paper was 94% (2022: 94%) due to the scarcity of certified paper available on the market and Sanoma being unable to ensure that only certified paper was provided for all orders. The share of certified paper declined to 93% (2022: 97%) in newsprint and to 94% (2022: 97%) in magazines. For 2024, Sanoma already has plans in place with newsprint and magazine paper suppliers to bring the share of certified paper to 100%. In Learning, the share of certified bookpaper increased to 95% (2022: 89%) as a result of changing certain paper suppliers and sources. During 2024, Learning will also cooperate with paper suppliers to ensure only certified paper is used.

Paper used, tonnes



Share of certified paper fibre used, %



Includes paper used in Sanoma's own printing facilities for own and externally sold print products, as well as paper acquired for own products printed by third parties. Book paper is used in Learning and newsprint and magazine paper in Media Finland. Figures refer to continuing operations.

Management approach to environmental topics

Sanoma's Code of Conduct and Supplier Code of Conduct set out our environmental principles, committing us to the Ten Principles of the UN Global Compact, including the environment. The effects of climate change are wide-ranging and may bring considerable social uncertainty. To identify and control environmental and climate-related risks and opportunities for our business, we evaluate them as part of our annual risk assessment process. Our Task Force on Climate-related Financial Disclosure (TCFD) report includes a description of our climate-related governance, strategy, risk management, metrics and targets.

We also disclose our climate change impacts through CDP, a global non-profit initiative that drives companies and governments to reduce their GHG emissions, safeguard water resources and protect forests. Sanoma was awarded a score of A- (2022: A-) in the CDP Climate Change rating in 2023. The scoring varies on a scale from A to D-. In addition, Sanoma maintained its solid CDP Forest rating of B.

We also monitor the regulation related to environmental topics and our business closely. We have continued to follow the preparation of the EU Unfair Commercial Practices Directive related to green claims. In 2023, we continued, for example, to train Media Finland employees on environmental claims in advertising. The EU Regulation on Deforestation-free products entered into force in June 2023. As of 29 June 2023, operators and traders will have 18 months to implement the new rules. In 2023, Sanoma started preparations to meet the due diligence requirements of the regulation.

Environmental and climate-related risks are also disclosed in the Report of the Board of Directors under Risks and risk management. A list of policies and guidelines guiding Sanoma's environmental practices can be found in Sustainability policies and guidelines.

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2023
■ We reduce emissions following our science-based reduction targets ■ We strive to minimise our environmental impacts across the supply chain ■ By the end of 2030, we will be carbon neutral ■ We increase our fact-based climate and environmental awareness	**Science-based targets:** ■ We reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year [1] ■ We reduce absolute Scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, and upstream transportation and distribution by 38% by 2030 from a 2021 base year [2] **Other climate and energy targets:** ■ By the end of 2023, we will use only fossil-free electricity	■ Own operations' (Scope 1 and 2) emission reduction from 2021: 31% (2022: 7%) ■ Value chain (Scope 3) emission reduction from 2021: 29% (2022: 8%) [2] ■ Emission intensity: 1.1 Scope 1 and 2 tCO_2e/employee (2022: 1.5) ■ Emission intensity: 0.08 Scope 1, 2 and 3 tCO_2e/EUR 1,000 net sales (2022: 0.11) ■ Energy intensity: 6.9 MWh/employee (2022: 7.7) ■ Share of fossil-free electricity: 93% (2022: 92%) ■ Share of fossil-free energy: 73% (2022: 57%)
	■ By the end of 2023, all wood fibre in the paper qualities used by Sanoma originates from trusted, certified sources	■ Amount of certified wood fibre in direct paper purchases: 94% (2022: 94%)

[1] The target boundary includes biogenic emissions and removals from bioenergy feedstocks.
[2] KPI includes Scope 3 categories 1 Purchased goods and services, 3 Fuel- and energy-related activities and 4 Upstream transportation and distribution.

See all our sustainability figures ▶

s a n o m a

RESPONSIBLE BUSINESS PRACTICES

Committed to ethical business practices

Following strong business ethics, supply chain integrity and ethical partnerships are fundamental for us. We are a member of the UN Global Compact and committed to the Ten Principles of human rights, labour, environment and anti-corruption.

96m€
taxes borne

98%
of employees trained on ethics through Code of Conduct e-learning

Human Rights Statement
published

92%
of new key suppliers have signed the Supplier Code of Conduct

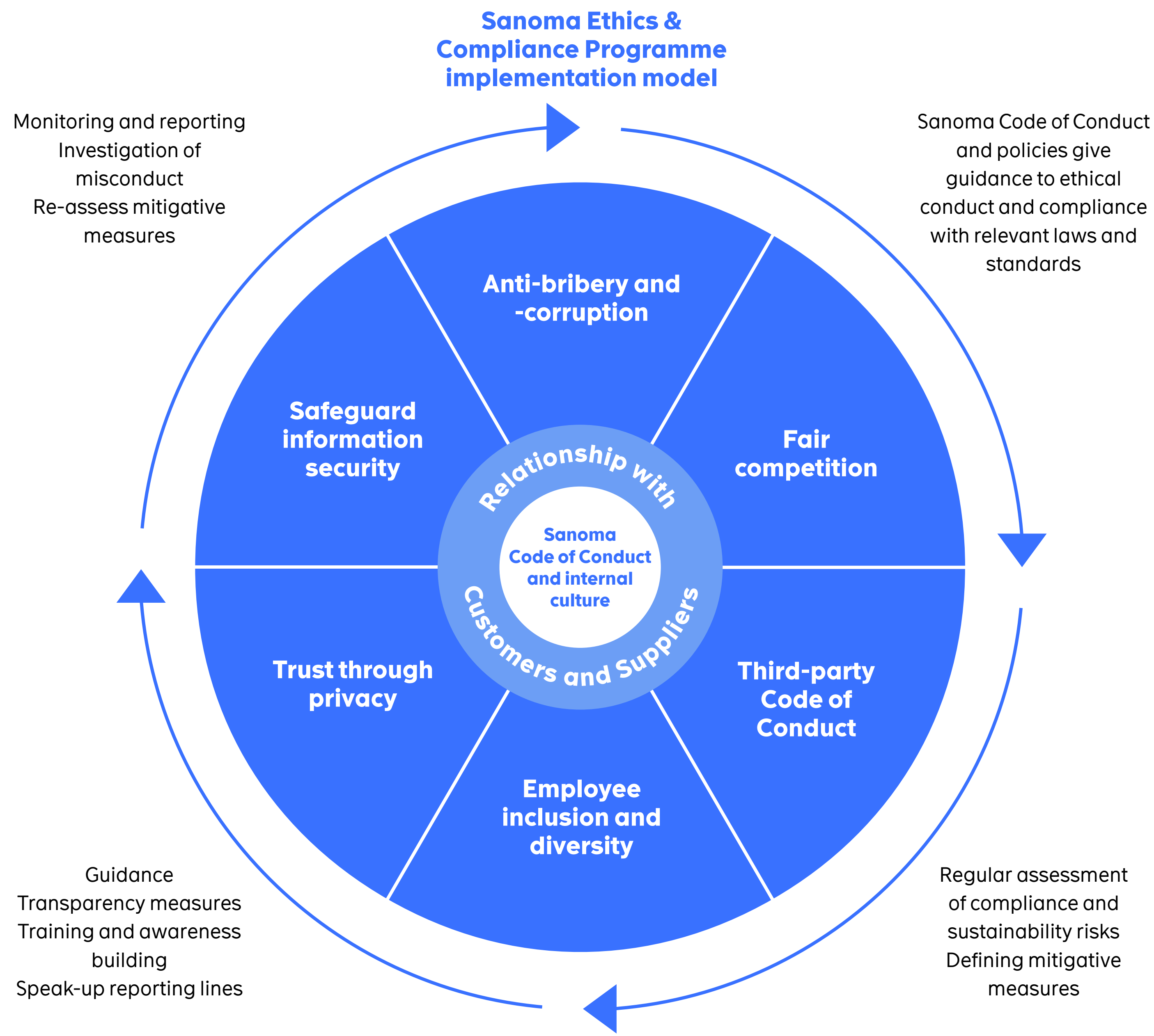
See all our sustainability figures ▶

Ethics and compliance programme

In our business, we follow the laws and regulations applicable in our operating countries. The Sanoma Code of Conduct (the Code) outlines our shared ethical standards for employees and business partners, acting as an umbrella for all operational policies and standards within Sanoma. The Code also includes Sanoma's commitments to international Human Rights agreements. All topic-specific policies related to sustainability topics have been listed in Sustainability policies and guidelines . Each Sanoma policy has a specified owner in the organisation and once a year the Code and all policies are reviewed by the policy owner as part of a centrally organised policy review round. All new policies and amendments to existing policies need to be approved by Sanoma's Board of Directors.

All employees are required to apply the Code and Sanoma's policies in full in their daily conduct and business decisions. Sanoma has two Code of Conduct e-learnings: a Code of Conduct basic e-learning and a Code of Conduct refresher. In 2021, Sanoma renewed its Code of Conduct e-learnings and all employees, both existing and new, took the basic Code of Conduct e-learning. It includes dedicated sections for general ethics, anti-bribery and corruption rules, competition law, privacy, security and compliance with supplier relationship management. As of 2022, the basic e-learning has been targeted at only new employees. It is mandatory for all new employees. At the same time, existing employees are reminded of the ethics and principles of the Code through a mandatory refresher Code of Conduct e-learning, which is updated annually. In 2023, this refresher e-learning covered also current topics such as safe corporate culture and AI.

Sanoma currently tracks the completion rate of both the Code of Conduct refresher e-learning and the basic



e-learning. As the refresher e-learning is targeted at all existing employees, Sanoma is following the completion rate of this e-learning as a key performance indicator from 2023 onwards, when the completion rate was 98% (2022: 95%). In 2023, the cumulative completion rate of the basic Code of Conduct e-learning, covering the years 2021–2023 and both existing and new employees, was 96% (2022: 98%). From 2024 onwards, the basic Code of Conduct e-learning rate will only include new employees. In the newly acquired companies, the e-learning takes place typically within 3–6 months after the acquisition is completed.

We have also identified areas of business where certain employee groups need to be trained in specific policies. Therefore, to complement our Code of Conduct e-learning, various role-based compliance trainings are implemented within the areas of privacy, information security, competition law and anti-bribery and corruption.

Sanoma regularly conducts an internal compliance risk assessment survey to identify potential compliance risks and ensure sufficient mitigative measures are in place to prevent such risks from occurring. Examples of such mitigative measures are role-based training events and awareness building efforts. In addition to compliance trainings, our businesses have dedicated Compliance business sponsors and Local Compliance Officers, whose role is to act as a first line of support on compliance topics, and together with internal communications create awareness of policies and reporting lines through awareness building campaigns. In 2023, Sanoma's ethics and compliance campaigns focused on anti-harassment, safe culture to speak-up, gifts and hospitality rules, and privacy and information security. We also created an internal Anti-Harassment Standard to document our commitments and guidelines.

Anti-bribery and corruption

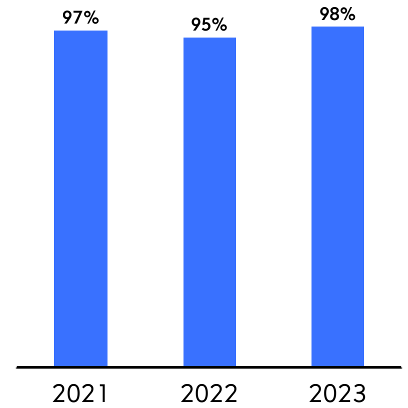
Sanoma's Anti-Bribery and Corruption Policy gives specific rules and monetary limits for received and given gifts (EUR 75), and entertainment and hospitality (EUR 100), and sets out the process to seek further approval through a separate gift and hospitality tool if necessary. When it comes to public officials, gifts of any value must not be offered to or accepted from them unless approved by a management team member. Our Audit Committee receives regular updates on Sanoma's compliance programme and compliance activities, including anti-corruption. Our annual Code of Conduct e-learning, mandatory for all employees, includes training on anti-bribery and corruption. All employees have access to our Anti-Bribery and Corruption Policy and related guidance is enrolled through our Local Compliance Officers and internal communications. In 2023, Sanoma's compliance awareness building activities also included awareness campaigns on gifts and hospitality rules around holiday seasons.

Zero tolerance for misconduct

Violations of the Code, or any related policy or law, are encouraged to be reported through various reporting channels. We strive to build a culture where people feel at ease to bring up any form of misconduct. Sanoma offers an externally hosted, independent whistle-blowing hotline which enables Sanoma employees, customers and business partners to report suspicions of misconduct confidentially and anonymously. With this early warning system, we foster high business ethics, maintain customer and public trust, and reduce risks for misconduct. Sanoma has a zero-tolerance policy on retaliation for reporting misconduct. At Sanoma, all misconduct leads to disciplinary, legal, or other actions.

During 2023, in total 20 (2022: 16) potential cases of non-compliance were reported to the Sanoma Compliance

Employee ethics awareness, Code of Conduct e-learning completion rate, %



and Ethics Working Group in confidence. All cases were investigated and reported to the Audit Committee of the Board responsible for the oversight. Nine out of 20 of the allegations were found to be partially or completely true. Two (2022: 3) out of these 20 cases were related to discrimination. All proven cases were handled with care and respecting the privacy of the parties. By end of 2023, all nine alleged incidents had been resolved and the cases were closed. Cases were reported via several channels (email, top management, HR, internal audit), which indicates trust among the organisation.

Supply chain and third-party sustainability

We are committed to responsible business practices and ethics throughout our supply chain. Ensuring a sustainable supply chain begins with selecting suppliers that meet our requirements. To ensure business continuity, compliance and sustainability throughout our supply chain, we evaluate our suppliers during the supplier selection process and carry out continuous monitoring and risk assessments during supplier cooperation.

Sanoma's supplier spend was around EUR 820 million in 2023. Sanoma has over 13,000 suppliers ranging from small local content providers to large, global corporations. About 6.5% of these suppliers have an annual spend above EUR 100,000 and are considered key suppliers. Our Supplier Code of Conduct (the Supplier Code) sets out the ethical standards and responsible business principles our suppliers are required to comply with and expected to also apply to their employees, affiliates and sub-contractors. The Supplier Code is based on recognised international standards, principles and best practices related to respecting the Ten Principles of the UN Global Compact on human rights, labour conditions, environment and anti-corruption.

The Supplier Code is an integral part of our standard contractual procurement framework, including supplier selection, evaluation and performance appraisal. The supplier selection for new suppliers follows Sanoma's strategic sourcing process, which incorporates the Supplier Code as a mandatory requirement. Our target is that annually all new suppliers sign our Supplier Code of Conduct. Tracking is done via Sanoma's centralised contract lifecycle management system by evaluating new suppliers above EUR 100,000 spend for the reporting year. In 2023, 92% (2022: 86%) of new key suppliers above EUR 100,000 spend signed our Supplier Code of Conduct. In addition to the Supplier Code, we require suppliers using data on Sanoma's behalf to comply with the data protection and information security requirements. Also, our Paper Procurement standard is embedded into our paper and print suppliers agreements. It includes environmental criteria related to the use of certified paper and recommendations for suppliers to use environmental and quality management systems.

Risk assessments are an integral part of our supplier management activities. We monitor suppliers to discover and predict possible shortcomings in supplier performance and compliance. Our Know Your Counterparty (KYC) process identifies possible risks and non-compliance of doing business with third parties. The KYC tool is also available for Sanoma employees internally to screen thoroughly not just suppliers, but any third party Sanoma intends to partner or do business with. The tool identifies possible third-party non-compliance and includes human rights, anti-bribery, corruption, sanctions regulations and due diligence checks. In some circumstances, we may also take a decision to restrict or discontinue business activity involving, directly or indirectly, countries or persons subject to selective or targeted sanctions programmes and other higher risk matters of concern. In cases of medium or high risk, the tool refers employees to consult the Procurement and Legal departments.

Human Rights Impact Assessment

Sanoma's Human Rights Impact Assessment was conducted as part of the UN Global Compact (UNGC) Business and Human Rights Accelerator programme in Finland in 2023. The programme supported businesses in building a continuous human rights due diligence process and setting concrete targets to address human rights-related risks. Sanoma's Human Rights Impact Assessment was conducted following the due diligence process defined in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In addition to voluntary international standards, we comply with human rights due diligence legislation in our operating countries, such as the Transparency Act in Norway, where Sanoma's subsidiary Itslearning published its first Human Rights Statement in 2023.

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In addition to conducting risk assessments as part of our supplier selection, we carry out risk assessments covering our existing supplier base. We screen selected key suppliers for sustainability-related questions, especially focusing on privacy, security, climate and human rights-related issues in 2023. With suppliers that process our personal data, we continued extensive risk assessments and supplier engagement to ensure focus on the management of privacy risks, especially pertaining to transfers of personal data outside the EEA. Further information about these practices can be found under Trustworthy data. During 2023 and beyond, we will also focus on building long-term cooperation and transparency with our supplier base to reduce greenhouse gas (GHG) emissions and to increase fact-based decision-making as a basis for our climate action.

Responsible taxpayer

We contribute to societies on the local, regional and national level by paying or collecting direct and indirect taxes. As a responsible taxpayer we pay taxes according to the applicable tax laws, rules and regulations of our operating countries in Finland, the Netherlands, Poland, Spain, Italy, Belgium, Norway, Sweden, Germany, Denmark, France and the United Kingdom.

In 2023, our total tax contribution was EUR 96 million (2022: 98) in taxes borne and EUR 164 million (2022: 170) in taxes collected. Taxes collected include tax and tax-like payments that we have collected on behalf of the government, including, for example, value added tax.

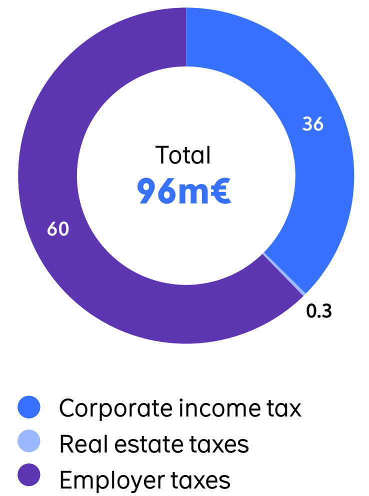
We are committed to responsible tax management, guided by our Group-wide Tax Policy. It sets out a framework for our approach to manage and control tax-related issues. Our Tax Policy applies to all Group entities and is communicated to relevant internal stakeholders. The needs for any updates are reviewed annually by the Group CFO together with the Tax Department. The Audit Committee reviews, and the Board of Directors approves the Policy. We do not operate in uncooperative tax haven jurisdictions identified by the OECD or non-cooperative jurisdictions identified by the EU.

The Group CFO is responsible for tax-related matters, such as informing the Board of Directors and Audit Committee. The Tax Team, part of the Group CFO function, ensures that material tax-related topics are handled centrally in a consistent way and in accordance with the Tax Policy and other Sanoma's Policies and Standards. Individual legal entities are responsible for their local taxes and are in control of their local tax matters.

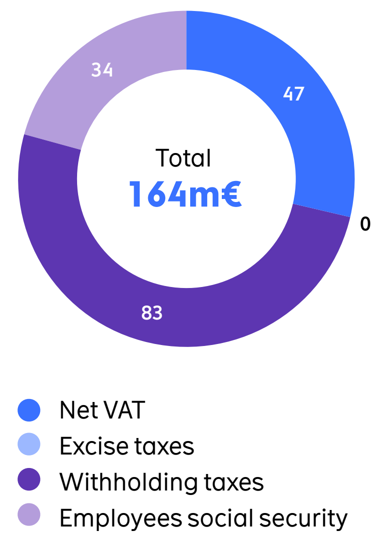
We actively work to identify, manage, and mitigate tax-related risks that are reviewed as part of Sanoma's risk management process. Possible significant exposures are reported to the Tax Team by representatives of the individual legal entities. We continuously develop our tax management by improving our processes, communication and knowledge sharing of tax-related topics. We proactively engage with local tax administrations to maintain a constructive, collaborative, and professional relationship. We also monitor the latest tax developments and new legislation coming into force.

In June 2023, the Administrative Court rejected Sanoma's appeal that concerned the VAT payment decision regarding the tax audits at Sanoma Media Finland Oy for the years 2015–2018. The case concerned the treatment of VAT of certain magazines that were printed in multiple locations in Europe, and processed in and distributed through a centralised logistics centre in Norway. Sanoma considers the claims fully unjustified and has applied for a permission to appeal the decision to the Supreme Administrative

Taxes borne in 2023, m€



Taxes collected in 2023, m€



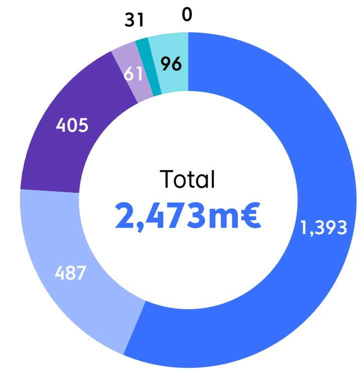
Court. For the years 2019–2021, Sanoma has received a similar payment decision based on the tax audits and has appealed the decision to the Finnish Tax Adjustment Board, where the process is still ongoing. While the dispute is ongoing, the disputed VAT amounts paid (EUR 36 million) as well as the related corporate income tax refunds received (EUR 5 million) are excluded from the presented total taxes borne and collected. More information on Financial Statements, Note 5.5.

Economic value distributed

Our financial position supports sustainable business development and the economic added value we have towards society. At the end of 2023, we employed more than 5,000 full-time equivalents (FTE) employees and paid almost EUR 405 million (2022: 356) in employee wages and benefits. Half of our employees are based in Finland and the rest in other European countries, mostly in Spain, the Netherlands, and Poland.

A list of policies and guidelines guiding Sanoma's responsible business practices can be found under Sustainability policies and guidelines. Topic-specific risks are disclosed in the Report of the Board of Directors under Risks and risk management.

Economic value distributed in 2023, m€



Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2023
▪ We maintain rigorous ethical standards and responsible business practices ▪ We constantly develop responsibility in our supply chain ▪ Our good financial performance and position support sustainable development	▪ All employees complete our mandatory Code of Conduct e-learning	▪ Code of Conduct refresher e-learning completion rate: 98% (2022: 95%)
	▪ All new Sanoma suppliers sign our Supplier Code of Conduct	▪ Share of new key suppliers that have signed the Supplier Code of Conduct: 92% [1] (2022: 86%)

[1] KPI tracked via Sanoma's centralised contract Lifecycle Management system by evaluating new suppliers above EUR 100,000 spend for the reporting year.

See all our sustainability figures ▶

Sustainability reporting and metrics

Reporting scope and practices

Our Sustainability report is based on Global Reporting Initiative (GRI) Standards covering material aspects identified in our materiality review and stakeholder engagement, explained in Stakeholder engagement and material topics. Comparison to the GRI Standards can be found in the GRI Content Index. Any restrictions and omissions to the rules are reported under the GRI Content Index. The GRI Content Index also includes the United Nations (UN) Global Compact disclosure and explains which indicators are used to measure our performance in upholding the principles on human rights, labour standards, environmental topics and anti-corruption. We also follow the Sustainability Accounting Standard Board's (SASB) Media & Entertainment, Advertising & Marketing and Education sectors' Sustainability Accounting Standards in our reporting. Information related to the SASB disclosure can be found in the SASB index. Numerical data related to the GRI and SASB Standards has been third-party assured by PwC on a limited assurance level. For further details please refer to the Independent Assurance report.

The reporting complies with Sanoma's financial reporting for the financial year 2023. All business units of both Learning and Media Finland as well as Sanoma's Group functions are included in the reporting. Sanoma's reporting always includes continuing operations only. A list of the legal companies and entities of Sanoma Group can be found in the Consolidated Financial Statements, Note 6.4. All financial and employee-related data has been collected via Sanoma's internal reporting systems. Employee-related data has been provided by local Human Resources. Environmental data has been collected internally from printing houses' reporting systems, facilities management and procurement.

Greenhouse gas emissions, energy and waste reporting

Sanoma calculates its emissions in accordance with the international Greenhouse Gas (GHG) Protocol. All relevant GHG emissions have been included in Sanoma's calculations. Figures are reported as tCO_2 equivalents. Sanoma's calculation model has been developed in cooperation with external partners. Sanoma calculates GHG emissions using an organisational control of financial control. This

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means that we include in our GHG inventory all operations that we have the ability to direct via financial and operational policies with a view to gaining economic benefit. All Sanoma companies with majority ownership (over 50%) have been considered in the calculations. In addition, associated companies' and joint ventures' Scope 1 and 2 emissions have been reported under category 15 Investments when relevant. In 2023, Sanoma increased its holding in taxi ordering service Valopilkku to 100%. For 2021–2022 the emissions of Valopilkku as an associated company have been reported under category 15 Investments. For 2023, the emissions of Valopilkku are not included in Sanoma's emissions calculation. Sanoma will perform emissions calculation for Valopilkku for 2021–2023 during 2024 and will retroactively update its emissions figures for Valopilkku in the 2024 reporting. The emissions are not expected to impact Sanoma's SBTi target boundary or reporting. Due to the nature of the Valopilkku business, Sanoma estimates that the majority of these emissions will be under category 11 Use of sold products. Methods of collecting GHG emission data both from Sanoma's systems and from suppliers are continuously improved. From Sanoma's GHG inventory, less than 29% of Scope 3 is calculated using the spend-based (screening) method. We aim to improve our data quality continuously in cooperation with our suppliers. Sanoma uses FY 2021 as a base year for emission reduction comparisons. Our Greenhouse Gas Protocol reporting includes:

- **Direct Scope 1 emissions:** Fuel consumption from owned and controlled vehicles and generators used for reserve power. Road transport emission factors used from UK Government Defra GHG Conversion Factors and fuel emission factors from Statistics Finland. All gases are included in the calculation of Scope 1 emissions.
- **Indirect Scope 2 emissions (location- and market-based) and energy data:** Energy consumption (electricity and heating) from owned and leased facilities, printing houses, and warehouses. Emission factors used are country-specific electricity averages and market-based electricity emission factors. International heat emission factors are from the Ecoinvent database. Location-based figures have been calculated using average country-specific emission factors. Residual mix is used only in the market-based method. Sanoma follows the market-based method in its Scope 2 reductions. In Learning, energy data has been evaluated based on floorspace for some of the facilities. Energy consumption for small facilities in Finland were excluded. The total sum of these facilities' energy consumption accounts for approx. 1% of Sanoma's total energy consumption. Sanoma does not sell energy.
- **Indirect Scope 3 emissions:**
  - **Category 1: Purchased goods and services** includes GHG emissions from materials used in our own printing houses and in printing Sanoma's products by print suppliers. The category also includes transportation emissions from forest to paper mill, as Sanoma uses paper profile data declared by paper suppliers. For magazine and book printing suppliers, data is collected as allocated energy and material consumption related to the production of our supply. Our own printing houses' energy consumption is reported under Scope 2. This also includes emissions related to cloud-based data usage and service providers (consulting, marketing, freelancers, TV production and broadcasting). Emissions from IT equipment for 2021-2023 covers not only purchased items but also owned items. Calculation method is hybrid. Emission factors are supplier-specific factors, Defra GHG Conversion Factors and spend-based emission factors from Exiobase. To ensure comparability, the impact of inflation has been evaluated when calculating emissions based on spend data.
  - **Category 2: Capital goods** includes capital goods bought by the organisation (classified as CapEx in accounting): properties renovations, equipment and new vehicles. Emission factors are Defra GHG Conversion Factors and spend-based emission factors from Exiobase.
  - **Category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)** includes upstream emissions of purchased fuels, purchased electricity and Transmission and distribution (T&D) losses. Emission factors for upstream for district heat and fuel use Well-to-tank (WTT) Defra GHG Conversion Factors. T&D losses for electricity, European Environmental Agency. T&D losses for heating, EU.
  - **Category 4: Upstream transportation and distribution** includes all purchased transportation-related emissions. This category includes emissions from vehicles and ships distributing materials to both owned printing houses and to our printing suppliers. This category also includes delivering our products to customers in both our businesses: in Learning, from printing supplier to warehouse and warehouse to customers, and in Media Finland, newspapers from owned printing houses to customers and magazines from printing supplier to warehouse and from warehouse to customer. Warehouse energy emissions are included in Scope 2. The calculation methods are tonne-kilometre and the distance-based method. Road and sea transport emission factors are supplier-specific or from Defra GHG Conversion Factors. In 2023 reporting, Sanoma updated categories 4 and 9 reporting and combined all transportation emissions' reporting under category 4. All emission data for the years 2021–2022 was transferred to category 4.

- **Category 5: Waste generated in operations** includes emissions from waste generated in our own and controlled operations, referring to our printing houses and owned and leased office properties and warehouses. The calculation method is the waste-type specific method. Waste treatment emission factors are from Defra GHG Conversion Factors. In Learning, waste data has been evaluated based on floorspace for some of the facilities. Waste consumption for small facilities in Finland were excluded. These facilities' represent approx. 1% of Finland facilities.
- **Category 6: Business travel** includes emissions from travelling reported using data from travel claims and travel agency data. The calculation method is a combination of the fuel- and distance-based methods. Business travel emission factors are from Defra GHG Conversion Factors database. This category also includes reporting of hotel stay emissions, although they are optional to report. Minor below 5% exclusion in business travel emission calculation due to missing data.
- **Category 7: Employee commuting** includes emissions calculated from employee travel pattern surveys done for each operating country and Sanoma's headcount. Emissions from working from home have not been included in Sanoma's GHG emissions calculations. Sanoma has estimated the share of these emissions to be very small (below 0.2% of Sanoma's total emissions) and excluded them from the calculation as according to the GHG protocol guidance they are optional.
- **Category 11: Use of sold products** includes emissions both from data network use and consumer device use during the use phase of digital products (television media, websites, software applications). Emissions from data centre use included in Scope 3 category 1 and emissions from distribution of broadcast television content in Category 11 are excluded. The total sum of this exclusion is estimated to account for approx. 1% of Scope 3 emissions. Emission factors for upstream network use from Data Centres and Data Transmission Networks and estimated data transfer from Traficom.
- **Category 12: End of life treatment of sold products** includes emissions from end-of-life treatment of sold products: newspapers, magazines, books and purchased packaging. The calculation method is the waste-type specific method. Waste treatment emission factors are from Defra GHG Conversion Factors.
- **Category 15: Investments** include Scope 1 and 2 emissions of Sanoma's subsidiaries, associated companies and joint ventures where relevant. These companies have been listed in the Financial Statements, Note 6.4. This category was added to Sanoma's emission calculations in 2023. 2021–2022 data has been restated to include this category. Emission factors are spend-based factors from Exiobase.

- **Other emissions:**
  - **Nelonen Media Live events emissions:** Reported separately due to the nature of the calculations. GHG emissions have been calculated for each event using a separate emission calculation model developed and assured by an external partner.
  - **Biogenic emissions:** Sanoma calculates biogenic emissions for the activities under Scope 1 sources. Potential sources of biogenic emissions for Sanoma are for example biofuels. The emission factor source is the UK Government Defra GHG Conversion Factors.
- **Excluded from Sanoma's GHG emissions calculation:** Exclusions to Sanoma's GHG emission calculation follow the GHG Protocol guidance and have been estimated using the GHG protocol Scope 3 Evaluator tool to identify relevant categories for GHG emission reporting.
  - **Category 8: Upstream leased assets.** This category is not relevant for Sanoma since we do not have relevant leased assets that have not been reported under other categories. All leased facilities' energy use is included in Scope 2. Leased vehicles are calculated in Scope 1.
  - **Category 9: Downstream transportation and distribution.** Downstream transportation and distribution. This category is not relevant for Sanoma as all purchased transportation emissions have been reported under category 4. In 2023 reporting, Sanoma updated categories 4 and 9 reporting and combined all transportation emission reporting under category 4. All emission data for the years 2021–2022 was transferred to category 4. Sanoma's products and services do not create transportation and distribution emissions after the point of sales.
  - **Category 10: Processing of sold products.** This category is not relevant for Sanoma since we do not sell intermediate products that would require processing. the main products sold are books, newspapers, magazines and digital products.
  - **Category 13: Downstream leased assets.** This category is not relevant for Sanoma since we do not have downstream leased assets.
  - **Category 14: Franchises.** This category is not relevant as Sanoma has no franchises.

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Sustainability and ESG performance figures

In these sustainability performance indicators, we report all our sustainability metrics and performance according to the Global Reporting Initiative (GRI) together with our own topic-specific indicators.

Employee metrics

GRI METRICS GENERAL DISCLOSURE					
GRI 2 General Disclosures		**2021**	**2022**	**2023**	**Notes**
2-7	Persons under employment contract, total	5,359	5,611	5,588	
	Average number of employees (FTE)	4,885	5,018	5,119	
	Permanent employees	4,797	5,053	5,056	
	Temporary employees	562	557	532	
2-30	Percentage of total employees covered by collective bargaining agreements, weighted average	68%	69%	70%	

2-7 Employees							
Sanoma	**Employees in total, amount**	**Employees in total, percentages**	**Permanent employees**	**Temporary fixed-term employees**	**Full-time employees**	**Part-time employees**	**On-call employees (non-guaranteed hours)**
Total	5,588	100%	5,056	532	4,516	746	326
Female	3,108	56%	2,747	361	2,387	503	218
Male	2,480	44%	2,309	171	2,129	243	108
Finland	2,872	51%	2,481	391	2,272	279	321
Poland	688	12%	648	40	669	19	0
Spain	705	13%	699	6	668	32	5
The Netherlands	676	12%	599	77	381	295	0
Italy	169	3%	169	0	155	14	0
Belgium	191	3%	184	7	143	48	0
Sweden	92	2%	90	2	91	1	0
Germany	101	2%	93	8	50	51	0
Norway	71	1%	71	0	68	3	0
France	6	0%	5	1	5	1	0
United Kingdom	10	0%	10	0	10	0	0
Denmark	7	0%	7	0	4	3	0
Sanoma Media Finland	2,579	46%	2,195	384	1,992	266	321
Sanoma Learning	2,905	52%	2,761	144	2,424	476	5
Others (Sanoma Group)	104	2%	100	4	100	4	0

OUR BUSINESSES IN BRIEF

SUSTAINABILITY

- Sustainability at Sanoma
- Inclusive learning
- Sustainable media
- Valued people
- Trustworthy data
- Vital environment
- Responsible business practices
- ■ **Sustainability reporting and metrics**
- Independent Assurance Report

GOVERNANCE

FINANCIALS

GRI METRICS SOCIAL DISCLOSURE

GRI 401 Employment		**2021**	**2022**	**2023**	**Notes**
401-1	New employee hires, of which	616	963	642	Items affecting change explained in Valued people.
	Sanoma Media Finland	361	570	333	
	Sanoma Learning	204	348	297	
	Others (Sanoma Group)	51	45	12	
	Female, of which	365	504	377	
	Less than 25 years	-	86	81	Data reported from 2022 onwards.
	25 -29 years	-	118	70	
	30 -39 years	-	148	108	
	40 -49 years	-	95	78	
	50 -59 years	-	47	33	
	More than 60 years	-	10	7	
	Male, of which	251	459	265	
	Less than 25 years	-	72	76	Data reported from 2022 onwards.
	25 -29 years	-	82	44	
	30 -39 years	-	125	76	
	40 -49 years	-	112	43	
	50 -59 years	-	51	20	
	More than 60 years	-	17	6	
	Employee turnover	617	892	845	Items affecting change explained in Valued people.
	Sanoma Media Finland	378	460	404	
	Sanoma Learning	210	392	420	
	Others (Sanoma Group)	29	40	21	
	Female, of which	318	502	469	
	Less than 25 years	-	53	62	Data reported from 2022 onwards.
	25 -29 years	-	63	58	
	30 -39 years	-	136	118	
	40 -49 years	-	130	102	
	50 -59 years	-	83	50	
	More than 60 years	-	37	79	
	Male, of which	299	390	376	
	Less than 25 years	-	59	74	Data reported from 2022 onwards.
	25 -29 years	-	59	43	
	30 -39 years	-	114	78	
	40 -49 years	-	70	66	
	50 -59 years	-	49	58	
	More than 60 years	-	39	57	

GRI METRICS SOCIAL DISCLOSURE					
	Total employee turnover, permanent staff, percentage	11.5%	15.9%	15.1%	
	Average employee turnover, percentage	11.5%	16.5%	13.3%	
GRI 403 Occupational health and safety		**2021**	**2022**	**2023**	**Notes**
403-9	Number of occupational accidents resulting in lost days in Sanoma-owned printing houses, total	4	4	3	Sanoma divested Savo printing house in January 2022. Data for 2021 has not been restated. The reported accidents cover accidents at work and accidents while commuting that have resulted in at least 3 lost working days.
	Work-related fatalities	0	0	0	
	Number high-consequence work-related injuries (excluding fatalities)	0	1	0	
	The number of recordable work-related injuries				
	Accident at work	3	3	1	
	Accident while commuting to work	1	1	2	
	High-potential incidents and close calls		17	12	
	Number of hours worked	388,800	327,600	316,800	
	Rate of fatalities as a result of work-related injury, per million hours worked	0	0	0	
	Rate of high-consequence work-related injuries (excluding fatalities), per million hours worked		3.1	0.0	
	Rate of recordable work-related injuries, per million hours worked	7.7	9.2	3.2	
SANOMA'S OWN INDICATORS					
	Sick absence, days total	38,760	54,668	51,329	
	Percentage of annual working days lost due to sickness absences	3.1%	4.3%	4.0%	
GRI METRICS SOCIAL DISCLOSURE					
GRI 404 Training and education		**2021**	**2022**	**2023**	**Notes**
404-3	Percentage of employees receiving regular performance and career development reviews, total	96%	90%	99%	Reporting only covers Learning.
	Female	97%	91%	99%	
	Male	96%	94%	99%	
	Directors and Senior mgmt	96%	97%	99%	
	Managers with subordinates	99%	96%	100%	
	Employees	96%	92%	99%	
Years of service, percentage		**2021**	**2022**	**2023**	**Notes**
	Less than 1 year	11%	12%	10%	
	1-4 years	31%	28%	29%	
	5-9 years	17%	18%	19%	
	10-19 years	23%	24%	24%	
	20-29 years	11%	12%	13%	
	Over 30 years	7%	6%	6%	

GRI METRICS SOCIAL DISCLOSURE					
GRI 405 Diversity and equal opportunity		**2021**	**2022**	**2023**	**Notes**
405-1	**Personnel by employee category and gender**				
	Personnel	5,358	5,611	5,588	
	Female	2,927	3,118	3,108	
	Male	2,431	2,493	2,480	
	Board of Directors	9	9	9	
	Female	3	3	3	
	Male	6	6	6	
	Executive Management Team	4	4	4	
	Female	2	2	2	
	Male	2	2	2	
	Directors and Senior mgmt	188	176	171	
	Female	73	73	77	
	Male	115	103	94	
	Managers with subordinates	571	578	597	
	Female	257	257	281	
	Male	314	321	316	
	Employees	4,601	4,857	4,820	
	Female	2,597	2,788	2,750	
	Male	2,004	2,069	2,070	

GRI METRICS SOCIAL DISCLOSURE

Human resources by employee category and gender, percentage	2021	2022	2023	Notes
Directors and senior mgmt	4%	3%	3%	
Managers with subordinates	11%	10%	11%	
Employees	86%	87%	86%	
All employees				
Female	55%	56%	56%	
Male	45%	44%	44%	
Board of Directors				
Female	33%	33%	33%	
Male	67%	67%	67%	
Executive Management Team				
Female	50%	50%	50%	
Male	50%	50%	50%	
Directors and Senior mgmt				
Female	39%	41%	45%	
Male	61%	59%	55%	
Managers with subordinates				
Female	45%	44%	47%	
Male	55%	56%	53%	
Employees				
Female	56%	57%	57%	
Male	44%	43%	43%	

GRI METRICS SOCIAL DISCLOSURE

Age distribution by Personnel Group	2021	2022	2023	Notes
Directors and Senior Mgmt				
Less than 25 years		0	0	Data reported from 2022 onwards.
25 -29 years		1	1	
30 -39 years		14	13	
40 -49 years		72	66	
50 -59 years		69	74	
More than 60 years		20	17	
Managers with subordinates				
Less than 25 years		0	0	Data reported from 2022 onwards.
25 -29 years		6	3	
30 -39 years		102	100	
40 -49 years		254	255	
50 -59 years		169	188	
More than 60 years		47	51	
Employees				
Less than 25 years		127	157	Data reported from 2022 onwards.
25 -29 years		466	423	
30 -39 years		1,386	1,350	
40 -49 years		1,455	1,430	
50 -59 years		1,065	1,090	
More than 60 years		357	370	

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GRI METRICS SOCIAL DISCLOSURE

		2021	2022	2023	Notes
	Age distribution by Personnel Group, percentage	**2021**	**2022**	**2023**	**Notes**
	Directors and Senior Mgmt				
	Less than 25 years		0%	0%	Data reported from 2022 onwards.
	25 -29 years		1%	1%	
	30 -39 years		8%	8%	
	40 -49 years		41%	39%	
	50 -59 years		39%	43%	
	More than 60 years		11%	10%	
	Managers with subordinates				
	Less than 25 years		0%	0%	Data reported from 2022 onwards.
	25 -29 years		1%	1%	
	30 -39 years		18%	17%	
	40 -49 years		44%	43%	
	50 -59 years		29%	31%	
	More than 60 years		8%	9%	
	Employees				
	Less than 25 years		3%	3%	Data reported from 2022 onwards.
	25 -29 years		10%	9%	
	30 -39 years		29%	28%	
	40 -49 years		30%	30%	
	50 -59 years		22%	23%	
	More than 60 years		7%	8%	
405-1 Diversity and Equal Opportunity, Diversity of governance bodies by age and gender		**Male**	**Female**		**Notes**
405-1	Under 30 years old	0%	0%		
	Between 30 and 49 years old	11%	11%		
	Over 50 years old	56%	22%		
	Total	67%	33%		
406 Non-discrimination		**2021**	**2022**	**2023**	**Notes**
406-1	Number of potential non-compliance incidents (via Sanoma-WhistleB hotline or internal channels)	9	16	20	
	Number of non-compliance incidents found partially or completely true	6	8	9	
	Number of incidents, which have been identified as discrimination	0	3	2	

Environmental and climate metrics

GRI METRICS ENVIRONMENTAL DISCLOSURE						
GRI 301 Materials used by weight and volume		**2021**	**2022**	**2023**	**Change, Year-on-Year**	**Notes**
301-1	Paper used by Sanoma, tonnes					
	Newsprint paper	38,053	30,293	26,320	-13%	
	Magazine paper	6,427	5,976	4,593	-23%	
	Book paper	20,255	34,580	32,189	-7%	
	Total	64,735	70,849	63,102	-11%	
	Certified paper used in Sanoma, percentage	95%	94%	94%	0%	
GRI 301 Materials used in Sanoma-owned printing facilities		**2021**	**2022**	**2023**	**Change, Year-on-Year**	**Notes**
301-1	**Significant materials used in Sanoma-owned printing houses, tonnes**					
	Paper	40,246	36,553	31,065	-15%	Materials reported as renewable and non-renewable total.
	Ink	844	810	754	-7%	
	Printing plates	205	194	164	-15%	
	Wetting water additive	67	62	54	-13%	
	Recycled input materials used in Sanoma-owned printing houses					
	Paperwaste, percentage	6.3	6.3	6.2	-1%	
	Water consumption in Sanoma-owned printing houses, m³					
	Amount of water used in Sanoma-owned printing facilities	14,668	14,408	14,320	-0.6%	
GRI 302 Energy		**2021**	**2022**	**2023**	**Change, Year-on-Year**	**Notes**
302-1	Total energy consumption within the organisation, MWh	49,003	43,310	38,535	-11%	Reporting in MWh instead of GRI required joules. No steam consumption.
302-2	Electricity	29,899	25,632	23,420	-9%	
	Heating and cooling	19,105	17,678	15,114	-15%	Heating and cooling summarised.
	Fuels (reserve power), non-renewable, litres	90,230	6,059	6,699	11%	Reporting only total amount of fuels.
	Share of fossil-free energy consumption, percentage	59%	57%	73%	27%	
	Share of fossil-free electricity consumption, percentage	97%	92%	93%	2%	
	Energy intensity, MWh electricity, heating and cooling/persons under employment contract/year	9.1	7.7	6,9	-11%	

GRI METRICS ENVIRONMENTAL DISCLOSURE

306 Waste		2021	2022	2023	Change, Year-on-Year
306-3	**GRI 306-3 Waste generated, tonnes**				
306-4	Non-hazardous waste	-	5,202	5,605	8%
306-5	Hazardous waste	-	158	224	42%
	Total	-	5,360	5,829	9%
	GRI 306-4 Waste diverted from disposal (to recovery operations), tonnes				
	Non-hazardous waste				
	Reuse	-	289	330	
	Recycling	-	4350	4173	
	Other recovery	-	75	148	
	Total	-	4714	4651	
	Hazardous waste				
	Reuse	-	9	128	
	Recycling	-	121	40	
	Other recovery	-	0	1	
	Total	-	130	169	
	GRI 306-5 Waste directed to disposal, tonnes				
	Non-hazardous waste				
	Incineration	-	25	36	
	Landfill	-	370	731	
	Other disposal operations	-	94	186	
	Total	-	489	954	
	Hazardous waste				
	Incineration	-	12	23	
	Landfill	-	3	6	
	Other disposal operations	-	13	27	
	Total	-	28	56	

GRI METRICS ENVIRONMENTAL DISCLOSURE

GRI 305 Emissions		**2021**	**2022**	**2023**
305-1	Scope 1. Direct GHG emissions, tCO_2e	3,658	3,813	3,767
305-2	Scope 2. Energy indirect GHG emissions, market based, tCO_2e	5,316	4,532	2,433
	Scope 2. Energy indirect GHG emissions, location based, tCO_2e	8,547	6,893	5,040
305-3	Scope 3. Other indirect GHG emissions total, tCO_2e	139,463	136,801	102,744
	Category 1. Purchased goods and services	99,350	88,553	67,885
	Category 2. Capital goods	3,438	13,811	6,247
	Category 3. Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	2,549	2,018	2,190
	Category 4. Upstream transportation and distribution	21,227	23,154	17,659
	Category 5. Waste generated in operations	183	109	124
	Category 6. Business travel	1,009	1,153	1,308
	Category 7. Employee commuting	1,287	1,278	1,479
	Category 8. Upstream Leased Assets	0	0	0
	Category 9. Downstream transportation and distribution	0	0	0
	Category 10. Processing of Sold Products	0	0	0
	Category 11. Use of (digital) sold products	3,435	3,209	1,964
	Category 12. End-of-life treatment of sold products	1,699	1,892	1,343
	Category 13. Downstream Leased Assets	0	0	0
	Category 14. Franchises	0	0	0
	Category 15. Investments	5,286	2,525	2,545
305-4	Own direct and indirect (Scope 1 and 2) GHG emissions intensity, tCO_2e/persons under employment contract	1.7	1.5	1.1
	GHG emissions intensity (Scope 1, 2 and 3), tCO_2e/persons under employment contract	27.7	25.9	19.5
	GHG emissions intensity (Scope 1, 2 and 3), tCO_2e/EUR 1,000 net sales	0.12	0.11	0.08
305-5	Scope 1 reduction of GHG emissions compared to base year 2021, percentage	-	4.2%	3%
	Scope 2 reduction of GHG emissions compared to base year 2021, percentage	-	-14.7%	-54.2%
	Scope 1 and 2 reduction of GHG emissions compared to base year 2021, percentage	-	-7.0%	-30.9%
	Scope 3 categories 1, 3 and 4 reduction of GHG emissions compared to base year 2021, percentage	-	-7.6%	-28.7%
Other emissions	Nelonen Media Live event emissions, tCO_2e	6,009	8,478	8,713
	Nelonen Media Live event emissions, emissions intensity, $kgCO_2e$/event visitor	39	60	59
	Biogenic emissions	2	0	0

Economic and anti-corruption metrics

GRI METRICS ECONOMIC DISCLOSURE					
Economic value distributed		**2021**	**2022**	**2023**	**Notes**
201-1	Economic value distributed, EUR million				
	Revenue (net sales)	1,252	1,298	1,393	
	Operating costs	415	458	487	
	Employee wages and benefits	351	356	405	
	Dividends to shareholders	88	89	61	
	Payments to providers of capital	9	13	31	
	Payments to government: income tax, real estate tax, employer charges	89	98	96	
	Community investments: direct donations	1	0.1	0.0	
Taxes, EUR million					
	Total taxes borne and collected, total, EUR million	238	268	259	
	Taxes borne, EUR million	89	98	96	
	Corporate income tax	36	42	36	
	Real estate taxes	1.3	0.3	0.3	
	Employer taxes	52	56	60	
	Taxes collected, EUR million	149	170	164	
	Net VAT	45	45	47	
	Excise taxes	0	0	0	
	Withholding taxes	72	93	83	
	Employees social security	31	32	34	
GRI 205 Anti-corruption		**2021**	**2022**	**2023**	**Notes**
205-2	Code of Conduct annual refresher e-learning completion rate, percentage of employees	97%	95%	98%	
	Code of Conduct annual basic e-learning completion rate, percentage of employees	97%	98%	96%	

Sustainable media-related metrics

GRI METRICS SOCIAL DISCLOSURE					
417 Marketing and labelling		**2021**	**2022**	**2023**	**Notes**
417-3	Incidents of non-compliance concerning marketing communications, number of cases	2	2	3	
	Incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0	
	Incidents of non-compliance with regulations resulting in a warning	0	0	0	
	Incidents of non-compliance with voluntary codes (the Advertising and Marketing Communications Code)	2	2	3	
SANOMA'S OWN INDICATORS					
Journalistic ethical principles					
	Resolutions concerning responsible journalism practices as defined in the Guidelines for Journalists by The Council of Mass Media, number of resolutions				
	Liberating decisions	6	15	6	
	Condemnatory decisions	4	0	6	

Trustworthy data-related metrics

GRI METRICS SOCIAL DISCLOSURE AND SASB METRICS PRIVACY					
Customer privacy and SASB SV-ED-230a.3: Number of Data Breaches (1)		**2021**	**2022**	**2023**	**Notes**
418-1	a. Substantiated complaints concerning breaches of customer privacy and losses of customer data				
	i. complaints received from outside parties and substantiated by the organisation	0	0	0	
	ii. complaints from regulatory bodies	0	0	1	
	b. Total number of identified leaks, thefts, or losses of customer data				
	Annual number of data breaches, total	282	196	164	
	Data breaches classified by Sanoma as major	0	0	0	
	GDPR: Annual volume of consumer data access, deletion and portability request	67	80	164	

Learning impact-related metrics

SANOMA'S OWN INDICATORS					
European Teacher Survey Results		**2021**	**2022**	**2023**	**Notes**
	Share of teachers who agree that Sanoma learning materials help students reach curriculum objectives	85%	84%	84%	The figures for the 2022 survey have been restated.
	Share of teachers who agree that our learning materials help them be more efficient in their work	76%	77%	78%	
	Share of teachers who agree that our learning materials help engage their students	71%	73%	74%	

GRI content index

Sanoma's Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards following the GRI 1 Foundation 2021 and GRI 2 General Disclosure 2021 mandatory disclosure standard. GRI 3 Material topics has been reported using the 2016 or newer version of each material topic standard. A list of material sustainability topics for Sanoma can be found in the Key stakeholder groups and material topics. In this GRI Content Index, we list our disclosures with reference to the GRI Standards and refer to the location of the information supported by links. It includes information on reasons for omissions or changes in our reporting scope, if necessary. It also explains which indicators measure our performance in upholding the UN Global Compact Ten Principles on human rights, labour standards, environmental friendliness and anti-corruption, and the UN Sustainable Development Goals.

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
GRI 1 Foundation 2021						
Statement of use	Sanoma Corporation has reported in accordance with the GRI Standards for the period 1.1.–31.12.2023					
GRI 1 used	GRI 1: Foundation 2021					
Applicable GRI Sector Standards	No Sector Standards applicable for the media and learning industry. Universal and topic-specific GRI Standards disclosed below					
General Disclosures 2021						
GRI 2: General Disclosures 2021	2-1 Organizational details	a. Legal name: Sanoma Corporation b. Nature of ownership and legal form: Publicly listed company c. Location of headquarters: Töölönlahdenkatu 2, Helsinki, Finland d. Countries of operation: Finland, the Netherlands, Poland, Italy, Belgium, Sweden, Spain, Norway, Denmark, France, Germany and UK				
	2-2 Entities included in the organization's sustainability reporting	Annual Report 2023, Sustainability Report, Sustainability and ESG metrics, Reporting scope and practices				
	2-3 Reporting period, frequency and contact point	a. Reporting period: 1 January–31 December 2023 b. Publication date of the report: 5 March 2024 c. Contact point: sustainability@sanoma.com				
	2-4 Restatements of information	Annual Report 2023, Sustainability Report, Sustainability reporting and metrics, Reporting scope and practices				
	2-5 External assurance	Annual Report 2023, Sustainability Report, Independent Assurance Report				
	2-6 Activities, value chain and other business relationships	a-d. Annual Report 2023, Sustainability Report, Sustainability at Sanoma, Inclusive Learning, Sustainable Media, Responsible business practices				
	2-7 Employees	a-e. Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures and Valued people		✓	6	5, 8, 10
	2-8 Workers who are not employees	Annual Report 2023, Sustainability Report, Valued people	Reporting only includes qualitative assessment.	✓	6	5, 8, 11, 12
	2-9 Governance structure and composition	Annual Report 2023, Sustainability Report, Sustainability at Sanoma and Corporate Governance Statement				

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
	2-10 Nomination and selection of the highest governance body	Annual Report 2023, Sustainability Report, Corporate Governance Statement				
	2-11 Chair of the highest governance body	Annual Report 2023, Sustainability Report, Corporate Governance Statement				
	2-12 Role of the highest governance body in overseeing the management of impacts	Annual Report 2023, Sustainability Report, Sustainability at Sanoma and Corporate Governance Statement				
	2-13 Delegation of responsibility for managing impacts	Annual Report 2023, Sustainability Report, Sustainability at Sanoma and Corporate Governance Statement				
	2-14 Role of the highest governance body in sustainability reporting	Annual Report 2023, Sustainability Report, Sustainability at Sanoma				
	2-15 Conflicts of interest	Annual Report 2023, Sustainability Report, Sustainability at Sanoma				
	2-16 Communication of critical concerns	Annual Report 2023, Sustainability Report, Responsible business practices				
	2-17 Collective knowledge of the highest governance body	Annual Report 2023, Corporate Governance Statement				
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2023, Remuneration Report				
	2-19 Remuneration policies	Annual Report 2023, Remuneration Report				
	2-20 Process to determine remuneration	Annual Report 2023, Remuneration Report				
	2-21 Annual total compensation ratio	Annual Report 2023, Remuneration Report				
	2-22 Statement on sustainable development strategy	Annual Report 2023, Sustainability Report, Sustainability at Sanoma				
	2-23 Policy commitments	Annual Report 2023, Sustainability Report, Responsible business practices and Sustainability policies and guidelines				
	2-24 Embedding policy commitments	Annual Report 2023, Sustainability Report, Responsible business practices and Sustainability policies and guidelines				
	2-25 Processes to remediate negative impacts	Annual Report 2023, Sustainability Report, Responsible business practices				
	2-26 Mechanisms for seeking advice and raising concerns	Annual Report 2023, Sustainability Report, Responsible business practices				
	2-27 Compliance with laws and regulations	Annual Report 2023, Sustainability Report, Sustainability at Sanoma and Consolidated Financial Statements, Note 5.5 Contingent liabilities, Disputes and litigations		✓		
	2-28 Membership associations	sanoma.com				17
	2-29 Approach to stakeholder engagement	Annual Report 2023, Sustainability Report, Sustainability at Sanoma				17
	2-30 Collective bargaining agreements	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures		✓		

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OUR BUSINESSES IN BRIEF

SUSTAINABILITY

Sustainability at Sanoma

Inclusive learning

Sustainable media

Valued people

Trustworthy data

Vital environment

Responsible business practices

Sustainability reporting and metrics

Independent Assurance Report

GOVERNANCE

FINANCIALS

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
Material topics (topic specific content is reported regarding aspects identified as material)						
GRI 3: Material topics 2021	3-1 Process to determine material topics	Annual Report 2023, Sustainability Report, Sustainability at Sanoma		✓		
	3-2 List of material topics	Annual Report 2023, Sustainability Report, Sustainability at Sanoma and Key stakeholder groups, engagement and material topics		✓		
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Responsible business practices		✓		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures	Reporting i-ii.	✓		8
	201-2 Financial implications and other risks and opportunities due to climate change	Annual Report 2023, Sustainability Report, Task Force on Climate-related Financial disclosure (TCFD)				13
	201-3 Defined benefit plan obligations and other retirement plans	Annual Report 2023, Financial Statements and Remuneration Report				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Responsible business practices		✓		
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Annual Report 2023, Sustainability Report, Responsible business practices		✓	10	16
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Vital environment		✓		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures	Reporting scope Sanoma-owned printing houses.	✓		9, 12
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Vital environment		✓		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures		✓	7, 8	13
	302-3 Energy intensity	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures		✓	7, 8	13
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Vital environment		✓		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures and Reporting scope and practices		✓	7, 8	13
	305-2 Energy indirect (Scope 2) GHG emissions	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures and Reporting scope and practices	Information omitted on gases included in the calculation.	✓	7, 8	13
	305-3 Other indirect (Scope 3) GHG emissions	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures and Reporting scope and practices	Information omitted on gases included in the calculation.	✓	7, 8	13

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
	305-4 GHG emissions intensity	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures		✓	7, 8	13
	305-5 Reduction of GHG emissions	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures	Reporting includes changes in gross GHG emissions compared to base year 2021, which include reductions through reduction initiatives.	✓	8, 9	13
Sanoma's own indicators	Direct (Scope 1) and indirect (Scope 2) GHG emissions	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures		✓	7, 8	13
	Change in direct (Scope 1) and indirect (Scope 2) GHG emissions	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures		✓	8, 9	13
	Other indirect (Scope 3) GHG emissions relevant to the SBTi targets	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures	Reporting includes emissions from purchased goods and services, fuel and energy-related activities, and upstream transportation and distribution.	✓	7, 8	13
	Change in other indirect (Scope 3) GHG emissions relevant to the SBTi targets	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures	Reporting includes emissions from purchased goods and services, fuel and energy-related activities, and upstream transportation and distribution.	✓	8, 9	13
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Vital environment		✓		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures and Vital environment		✓	8	12
	306-2 Management of significant waste-related impacts	Annual Report 2023, Sustainability Report, Vital environment			8	12
	306-3 Waste generated	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures and Vital environment		✓	8	12
	306-4 Waste diverted from disposal	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures		✓	8	12
	306-5 Waste directed to disposal	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures		✓	8	12
Supplier Environmental Assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Vital environment		✓		
GRI 308: Supplier Environmental Assessment 2016	308-1 Suppliers screened using environmental criteria	Annual Report 2023, Sustainability Report, Responsible business practices	KPI tracked via centralised contract Lifecycle Management system by evaluating new suppliers above EUR 100,000 spend.	✓	8	12, 13

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GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Valued people		✓		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures	a-b. Reporting includes breakdown by age group and gender. Information by region omitted.	✓	6	5, 8
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Annual Report 2023, Sustainability Report, Valued people	Reporting covers largest companies.			
Labour/Management Relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Valued people				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Annual Report 2023, Sustainability Report, Valued people	Reporting covers largest companies.			
Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Valued people		✓		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Annual Report 2023, Sustainability Report, Valued people				8
	403-2 Hazard identification, risk assessment, and incident investigation	Annual Report 2023, Sustainability Report, Valued people				8
	403-3 Occupational health services	Annual Report 2023, Sustainability Report, Valued people				8
	403-4 Worker participation, consultation, and communication on occupational health and safety	Annual Report 2023, Sustainability Report, Valued people				8
	403-5 Worker training on occupational health and safety	Annual Report 2023, Sustainability Report, Valued people				8
	403-6 Promotion of worker health	Annual Report 2023, Sustainability Report, Valued people				8
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Annual Report 2023, Sustainability Report, Valued people				8
	403-8 Workers covered by an occupational health and safety management system	Annual Report 2023, Sustainability Report, Valued people	Management system not audited.	✓		8
	403-9 Work related injuries	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures	Reporting scope Sanoma-owned printing houses. Sick absence not in assurance scope and reported as total amount of sick absence days for all Sanoma operations.	✓		8

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GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
Training and Education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Valued people		✓		
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Annual Report 2023, Sustainability Report, Valued people				
	404-3 Percentage of employees receiving regular performance and career development reviews	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures and Valued people	Reporting covers Learning.	✓		8
Diversity and Equal Opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Valued people		✓		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures		✓	6	5, 10
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Responsible business practices		✓		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Annual Report 2023, Sustainability Report, Responsible business practices, Sustainability and ESG performance figures and Consolidated Financial Statements, Note 5.5 Contingent liabilities, Disputes and litigations	Topic-specific compliance is described under each Sustainability Strategy section.	✓		8
Marketing and Labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Sustainable media		✓		
GRI 417: Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures and Sustainable media	Reported as number of non-compliance cases according to the Advertising and Marketing Communications Code.	✓		12
Customer Privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Trustworthy data		✓		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annual Report 2023, Sustainability Report, Sustainability and ESG performance figures and Trustworthy data		✓		12

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GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
Other own indicators						
Inclusive learning						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Inclusive learning		✓		
Inclusive learning	Learning outcomes: Share of teachers who agree that Sanoma learning materials help students reach curriculum objectives	Annual Report 2023, Sustainability Report, Inclusive learning		✓		4
	Teacher efficiency: Share of teachers who agree that our learning materials help them be more efficient in their work	Annual Report 2023, Sustainability Report, Inclusive learning		✓		4
	Student engagement: Share of teachers who agree that our learning materials help them engage students	Annual Report 2023, Sustainability Report, Inclusive learning		✓		4
	Accessibility: The share of Sanoma Learning's Design System team employees who have been trained on accessibility	Annual Report 2023, Sustainability Report, Inclusive learning		✓		4
Sustainable media						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Sustainable media		✓		
Sustainable media	Compliance with professional practices as defined in the Guidelines for Journalists by The Council for Mass Media (CMM)	Annual Report 2023, Sustainability Report, Sustainable media		✓		8, 16
	Compliance with age-limits and protecting vulnerable audiences as defined by guidance of the National Audiovisual Institute	Annual Report 2023, Sustainability Report, Sustainable media		✓		8, 16
Valued people						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023, Sustainability Report, Valued people		✓		
Valued people	Results of the Employee Engagement Survey	Annual Report 2023, Sustainability Report, Valued people		✓		8

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Sustainability Accounting Standards Board content index

The below table includes Sanoma's reporting against the Sustainability Accounting Standard Board's (SASB) Media & Entertainment, Advertising & Marketing and Education sectors Sustainability Accounting Standards. In this SASB Content Index, specific standard indicators are listed with a reference to the location of the information in Sanoma's reporting. The SASB Content Index includes information on reasons for omissions or changes in our reporting scope, if necessary.

Code	Accounting Metric	Category	Unit of Measure	Location of information	Omissions	Externally assured
Media and Entertainment						
Media Pluralism						
SV-ME-260a.1-2	Percentage of gender and racial/ethnic group representation for (1) management, (2) professionals, and (3) all other employees	Quantitative	Percentage (%)	Annual Report 2023, Sustainability report, Sustainability and ESG performance figures	Sanoma does not collect information on employees' racial/ethnic origin.	✓
	Description of policies and procedures to ensuring pluralism in news media content	Discussion and Analysis	N/A	Annual Report 2023, Sustainability report, Sustainable media. As a member of the Council for Mass Media and the Union of Journalists in Finland, Sanoma Media Finland newspapers are committed to policies and procedures of the Council for Mass Media and the Union of Journalists, ensuring pluralism in news media content.		
Journalistic Integrity & Sponsorship Identification						
SV-ME-270a.1-3	Total amount of monetary losses as a result of legal proceedings associated with libel or slander	Quantitative	EUR	Annual Report 2023, Consolidated Financial Statements, Note 5.5 Contingent liabilities, Disputes and litigations. Sanoma Group did not face any legal proceedings associated with libel or slander.		✓
	Revenue from embedded advertising	Quantitative	EUR	EUR 219 (2022: 236) million of Sanoma Media Finland revenue came from print advertising and non-print advertising. Both include embedded advertising.	Embedded advertising revenue not separately available.	✓
	Description of approach for ensuring journalistic integrity of news programming related to: (1) truthfulness, accuracy, objectivity, fairness, and accountability, (2) independence of content and/or transparency of potential bias, and (3) protection of privacy and limitation of harm	Discussion and Analysis	N/A	Annual Report 2023, Sustainability report, Sustainable media and Trustworthy data		
Intellectual Property Protection & Media Piracy						
SV-ME-520a.1	Description of approach to ensuring intellectual property (IP) protection	Discussion and Analysis	N/A	Annual Report 2023, Sustainability report, Trustworthy data and Sanoma's IP policy at sanoma.com (available only in Finnish due to the Finnish target group)		
Activity metrics						
SV-ME-000.A	(1) Total recipients of media and the number of (2) households reached by broadcast TV, (3) subscribers to cable networks, and (4) circulation for magazines and newspapers	Quantitative	Number	1) Annual Report 2023, Sustainability report, Sustainable media. Kantar Mind Kuluttaja Survey is carried out by the Kantar. The annual number of respondents is 15 000, with a target group aged 15-74, excluding Åland. 2) All TV and radio reach in Finland is reported publicly by Finnpanel. Reporting includes annual channel share and weekly reach for Finns above three years old. 4) All magazines and newspapers circulation reported publicly by Media Audit Finland. Reporting covers Sanoma's channels.	(3) Subscribers to cable networks data not publicly available.	✓
SV-ME-000.B	Total number of media productions and publications produced	Quantitative	Number	Annual Report 2023, Sustainability report, Sustainable media	Quantitative figure of total media productions and publications not reported.	✓

Code	Accounting Metric	Category	Unit of Measure	Location of information	Omissions	Externally assured
Advertising and marketing						
Data Privacy						
SV-AD-220a.1-3	Discussion of policies and practices relating to behavioral advertising and consumer privacy	Discussion and Analysis	N/A	Annual Report 2023, Sustainability report, Trustworthy data and Sanoma Media Finlands Privacy policy at sanoma.com (available only in Finnish due to the Finnish target group)		
	Percentage of online advertising impressions that are targeted to custom audiences	Quantitative	Percentage (%) by revenue	Annual Report 2023, Report of the Board of Directors. 37% (EUR 219 million) of Sanoma Media Finland revenue came from print advertising and non-print advertising. Both include embedded advertising.	Percentage (%) by revenue data not available.	✓
	Total amount of monetary losses as a result of legal proceedings associated with consumer privacy	Quantitative	EUR	Annual Report 2023, Consolidated Financial Statements, Note 5.5 Contingent liabilities, Disputes and litigations. No monetary losses.		✓
Advertising Integrity						
SV-AD-270a.1-3	Total amount of monetary losses as a result of legal proceedings associated with false, deceptive, or unfair advertising	Quantitative	EUR	Annual Report 2023, Consolidated Financial Statements, Note 5.5 Contingent liabilities, Disputes and litigations. No monetary losses. Sanoma is committed to the International Chamber of Commerce (ICC) Advertising and Marketing Communications Code and reports cases of non-compliance against the ICC code.		✓
	Percentage of campaigns reviewed for adherence with the Advertising Self-Regulatory Council (ASRC) procedures, percentage of those in compliance	Quantitative	Percentage (%) by revenue	Programmatic advertising reviews are conducted by automated system checks and by also regular manual checks.	Percentage by revenue data not available.	✓
	Percentage of campaigns that promote alcohol or tobacco products	Quantitative	Percentage (%) by revenue	Advertising of tobacco is illegal in Finland. Commercials with alcohol are only broadcast after 10 p.m., following the law.	Percentage by revenue data not available	✓
Workforce Diversity & Inclusion						
SV-AD-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) professionals, and (3) all other employees	Quantitative	Percentage (%)	Annual Report 2023, Sustainability report, Sustainability and ESG performance figures	Sanoma does not collect information on employees' racial/ethnic origin.	✓
Activity metrics						
SV-AD-000.A	Median reach of advertisements and marketing campaigns	Quantitative	Number	All TV and radio reach in Finland is reported publicly by Finnpanel. Digital reach is followed by the Finnish Internet Audience Measurement (FIAM) (in Finnish). Media Audit Finland follows the reach of magazines and newspapers in Finland (in Finnish). Reporting covers Sanoma's channels.	Median reach of advertisements and marketing campaigns data not available.	✓
SV-AD-000.B	Number of exposures to advertisements or marketing campaigns	Quantitative	Number	All TV and radio reach in Finland is reported publicly by Finnpanel. Digital reach is followed by the Finnish Internet Audience Measurement (FIAM) (in Finnish). Media Audit Finland follows the reach of magazines and newspapers in Finland (in Finnish). Reporting covers Sanoma's channels.	Number of exposures to advertisements or marketing campaigns data not available.	✓
SV-AD-000.C	Median frequency of exposures	Quantitative	Number	All TV and radio reach in Finland is reported publicly by Finnpanel. Digital reach is followed by the Finnish Internet Audience Measurement (FIAM) (in Finnish). Media Audit Finland follows the reach of magazines and newspapers in Finland (in Finnish). Reporting covers Sanoma's channels.	Median frequency of exposures data not available.	✓
SV-AD-000.D	Number of employees	Quantitative	Number	Annual Report 2023, Sustainability report, Sustainability and ESG performance figures		✓

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Code	Accounting Metric	Category	Unit of Measure	Location of information	Omissions	Externally assured
Education						
Data Security						
SV-ED-230a.1-3	Description of approach to identifying and addressing data security risks	Discussion & Analysis	N/A	Annual Report 2023, Sustainability report, Trustworthy data and Report of the Board of Directors, Risk and risk management. Sanoma has invested in datasecurity-related technologies and runs a Group-wide Privacy Programme that monitors development and enforcement of privacy regulations, has oversight of the implementation of the Sanoma Privacy Policy, and ensures that employees know how to apply data security and privacy practices in their daily work.		
	Description of policies and practices relating to collection, usage, and retention of student information	Discussion & Analysis	N/A	Annual Report 2023, Sustainability report, Trustworthy data. Sanoma operates as a processor of student data and follows the instruction of controllers (schools and education provider).		
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of students affected	Quantitative	Number, Percentage (%)	(1) Annual Report 2023, Sustainability report, Trustworthy data. Sanoma operates as a processor of student data and follows the instruction of controllers (schools and education provider). We follow and report personal data breaches annually.	(2) Percentage involving PII not available. (3) Number of students affected data security information not available.	✓
Quality of Education & Gainful Employment						
SV-ED-260a.1-5	Graduation rate	Quantitative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
	On-time completion rate	Quantitative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
	Job placement rate	Quantitative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
	(1) Debt-to-annual earnings rate and (2) debt to-discretionary income rate	Quantitative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
	Program cohort default rate	Quantitative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
Marketing & Recruiting Practices						
SV-ED-270a.1-4	Description of policies to assure disclosure of key performance statistics to prospective students in advance of collecting any fees and discussion of outcomes	Discussion & Analysis	N/A	Not relevant. Sanoma does not operate as an education organiser.		
	Total amount of monetary losses as a result of legal proceedings associated with advertising, marketing, and mandatory disclosures	Quantitative	EUR	Annual Report 2023, Consolidated Financial Statements, Note 5.5 Contingent liabilities, Disputes and litigations. Sanoma Group did not face any legal proceedings associated.		✓
	(1) Instruction and student services expenses and (2) marketing and recruiting expenses	Quantitative	EUR	Not relevant for the company, Sanoma does not operate as an education organiser.		
	Revenue from: (1) Title IV funding, (2) GI Bill funding, and (3) private student loans	Quantitative	EUR	Not relevant for the company, Sanoma does not operate as an education organiser.		
Activity metrics						
SV-ED-000.A	Number of students enrolled	Quantitative	Number	Annual Report 2023, Sustainability report, Inclusive learning. Figure disclosed (25 million) does not represent students enrolled, as Sanoma does not operate as an education organizer. The number represents the number of students that use Sanoma Learning products.		✓
SV-ED-000.B	Number of applications received for enrollment	Quantitative	Number	Not relevant. Sanoma does not operate as an education organiser.		
SV-ED-000.C	Average registered credits per student, percentage online	Quantitative	Number, Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
SV-ED-000.D	Number of: (1) teaching staff and (2) all other staff	Quantitative	Number	Not relevant. Sanoma does not operate as an education organiser.		

Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) is a body set up by the Financial Stability Board (FSB). It gives recommendations for companies to report on the economic impacts of climate change on their business. Although Sanoma operates in a low-carbon industry, we believe in transparent communication of the potential risks and opportunities climate change brings. TCFD provides a framework for climate reporting and helps stakeholders understand the impacts of climate change on our business.

Topic	TCFD Recommended Disclosure	Sanoma's response
Governance	■ Describe the Board's oversight of climate-related risks and opportunities.	■ The Board of Directors approves all major strategic sustainability guidelines, including climate-related issues. Board reviews and monitors Group's sustainability development and performance. Sustainability is reviewed bi-annually, for example, when approving annual short-term management incentives for the Executive management (sustainability-related metrics included), when reviewing and approving the Group's Financial Statements and the Report of the Board of Directors including the non-financial information (incl. environmental and climate-related issues), and when approving annual sustainability targets as a part of Sustainability Strategy. ■ To support the Board, the Audit Committee (AC) is responsible for reviewing sustainability progress and ensuring regular monitoring of the Sustainability Strategy, including climate targets, at least twice a year. According to Sanoma's Risk Policy, AC is responsible for reviewing enterprise risks twice a year in a risk map provided by the management. In addition, AC evaluates sustainability and climate-related risks as part of the annual risk assessment process. In 2023, AC had a specific focus on sustainability in two of its meetings in addition to regular agenda items. The AC approved Sanoma's Science Based Targets and reviewed preparations towards the Corporate Sustainability Reporting Directive.
	■ Describe management's role in assessing and managing climate-related risks and opportunities.	■ The President and CEO is responsible for overseeing sustainability and climate-related issues, supported by the Executive Management Team (EMT). The President and CEO is responsible for the strategic approach to climate-related issues and sustainability, managing sustainability development and monitoring how sustainability is reflected in the business units. Together with the business units and Group functions (for example the Procurement and Sustainability team), the President and CEO and the EMT develop annual strategic guidelines and targets for Sanoma's Sustainability Strategy as well as approve major sustainability projects. The EMT proposes the strategic guidelines to the Board for approval and reports on sustainability progress to AC. In 2023, the EMT continued following Sanoma's GHG emissions reduction roadmap in line with the Science Based Targets. ■ As a member of the Executive Management Team, the CFO supports the President and CEO in the Group's management duties and prepares matters to be discussed at EMT meetings. The matters include long-term targets of the Group and its business strategy, organisational and management issues, development projects, internal control and risk management systems, including climate-related issues as part of risk management systems. Climate-related issues are managed by the Investor Relations and Sustainability Team, and Procurement Team, both reporting to the CFO. Climate-related topics are part of the Group's Sustainability Strategy, of which the CFO is responsible for as a member of the EMT, together with the President and CEO. In 2023, the CFO approved Sanoma's climate and biodiversity risk and opportunity assessment, which was updated as part of the CDP Climate and Forest disclosure. In 2023, the CFO and the EMT, together with the Treasury and the Sustainability Teams, prepared sustainability-linked KPIs to our EUR 300 million Syndicated Revolving Credit Facility. The addition of the KPIs was signed in February 2023 and links part of the pricing of the loan to reducing greenhouse gas (GHG) emissions in line with the updated Science Based Targets. ■ The Chief Sustainability Officer (CSO) together with the Sustainability Managers and the Sustainability Team leads the planning and implementation of Sanoma's Sustainability Strategy and reports to the CFO. In 2022, the CSO and Sustainability Manager led a project to update Sanoma's climate targets to ensure they are aligned with the 1.5 degree future based on the Paris Agreement and follow the Science Based Target initiative (SBTi) guidelines. These targets were approved in December 2022 by the EMT, reviewed by the AC and sent for validation. The CSO also supports the Group's overall risk management process by monitoring emerging risks, including those related to climate change. In cooperation with the business units, procurement and other internal and external stakeholders (for example the CPO, the Chief Risk Officer CRO and the process operations manager for printing facilities), the CSO controls sustainability and climate-related risks. ■ The Chief Procurement Officer (CPO) is responsible for implementing Sanoma's Sustainability Strategy throughout the supply chain. 94% of Sanoma's emissions result from the value chain and supplier engagement and selection plays a key role in reaching the climate targets. The CPO assesses and manages climate-related risks and opportunities together with the Procurement Management Team, the CSO and the Sustainability Team. Together, they collect emission data annually from the suppliers for Scope 3 emission calculations and engage with suppliers to communicate Sanoma's climate targets and ensure cooperation to meet targets. In 2023, climate-related issues have been a regular agenda item in the Procurement Management Team meetings. In addition, Procurement and Sustainability Managers have cooperated on a monthly basis to update Sanoma's SBTi climate targets, to engage with suppliers and reduce emissions. ■ Sanoma's Sustainability Working Group, consisting of selected representatives across the Group and convening quarterly, follows the implementation of the Sustainability Strategy, coordinates sustainability development and actions, and evaluates risks and opportunities regarding sustainability.

Topic	TCFD Recommended Disclosure	Sanoma's response
Stategy	■ Describe climate-related risks and opportunities the organisation has identified over short, medium, and long term. ■ Describe impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	■ Our commitment to transparency means we annually participate and report on our climate-related risks and opportunities in our CDP disclosure. We publish our submission for the CDP Climate and Forest investor questionnaires each year. See Sanoma's 2023 response sanoma.com. ■ Due to the nature of Sanoma's business, no material climate risks are expected to arise in the short term. At the same time, Sanoma identifies low or medium impact long-term risks related to carbon pricing mechanisms, brand and changing customer behaviour as well as increased severity and frequency of extreme weather events such as cyclones and floods. ■ To mitigate climate risks, Sanoma has in its Sustainability Strategy set concrete targets and action plans to minimise its environmental impacts related to energy and paper use and emissions. Sanoma's processes support compliance with relevant environmental legislative, regulatory and operating standards.
	■ Describe resilience of organisation's strategy, taking into consideration different climate-related scenarios, including 2°C or lower scenario.	■ Protecting the climate and environment is one of the six key themes of the Sustainability Strategy. In 2023, Sanoma's climate targets were validated by the Science Based Targets initiative (SBTi), confirming Sanoma's emission reduction targets are aligned with the SBTi 1.5-degree criteria to limit global warming in line with the Paris Agreement. Learn more about our targets under Vital environment.
Risk Management	■ Describe the organisation's processes for identifying, assessing and managing climate-related risks.	■ Sanoma's Risk Management Policy defines the Group-wide risk management principles, objectives, roles, responsibilities and procedures covering also sustainability and climate-related risks. Sanoma's formal risk management process applies to our climate-related risk assessment and includes several phases further described in the Report of the Board of Directors. Sanoma has set strategic and operational targets for climate action in its Sustainability Strategy. In addition, we report on climate-related issues, GHG emissions and emission intensities according to Greenhouse Gas (GHG) protocol for Scopes (1, 2 and 3) in our Sustainability Report 2023.
	■ Describe the company's processes for managing climate-related risks. ■ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	■ Sanoma's Enterprise Risk Management Policy defines Group-wide risk management principles, objectives, roles, responsibilities and procedures, including climate-related risks. Risk management is integrated in Sanoma's management, strategic planning and internal control system, and covers all risk categories at the Group, strategic business unit (SBU) and entity levels and for short-, medium- and long term. Risk assessment results are reported to the Audit Committee and further to the Board of Directors. Sanoma's formal risk management process includes the following phases and has been applied also to our climate-related risks (see examples in each step): 1. Setting strategic, operational, reporting and compliance objectives on the Group, SBU and business levels – During 2023 the Science Based Target initiative (SBTi) validated Sanoma's climate targets. In addition, we continued to report according to the Task-Force on Climate Related Disclosure Framework and reported our GHG emissions according to the GHG protocol in all Scopes (1, 2 and 3). Sanoma's strategic targets are set for long-term 2030. 2. Identification and assessment of risks affecting the achievement of objectives by using a risk framework including analysing whether the risk is substantial – During 2022, as a part of the our project to set Science Based Targets for Sanoma, we analysed risks related to meeting our climate targets and the impacts of climate change on Sanoma as a company. As Sanoma's target was set for 2030, risks were analysed on short-term (1 year time horizon), medium-term (1-3 year time horizon) and long-term (3-7 year time horizon). In 2023, this analysis was updated as a part of the CPD Climate reporting. 3. Defining risk management activities for key risks – In our risk assessment, we have analysed that due to the nature of Sanoma's low-carbon business, no substantial financial impact related to climate are foreseen. At the same time, based on our overall view of the market, several low to medium impact risks were identified especially on medium- and long term, although also short-term risks were analysed. Transition risks such as reputational risks were identified due to the 360 degree stakeholder pressure towards all companies to act to reduce climate impacts. Also regulation risks were identified and related to for example Sustainable Finance Regulation, EU Taxonomy, Corporate Sustainability Reporting Directive and Green Claims Directive. Regulation and reputation risks are evaluated by our Sustainability Team together with Procurement and Risk Management Teams and as part of Sanoma's risk review. Risks are mitigated through operational policies, but also through the Sustainability Strategy and ambitious climate targets. Also minor physical risks were identified, such as the hazard risk of flooding due to temperature and sea levels rising due to climate change. Hazard risks are evaluated as a part of Sanoma's annual risk review and mitigated through operational policies, accurate process management, contingency planning and insurance. 4. Implementation of risk management activities (e.g. asset allocation, control activities, insuring, hedging or divestitures) – As a result of our short-, medium- and long-term climate-related risk assessment, the Sustainability Team is managing climate-related risks together with the Procurement Team and business units. 5. Monitoring the performance and efficiency of the risk management – To monitor our actions on climate-related issues, the Sustainability Team reports to the EMT and AC regularly. We also evaluate the efficiency of the risk management together with Procurement and Risk Management Teams. 6. Continuous improvement of risk management processes, performance and capabilities – During 2023, we continued building our systematic approach in monitoring the performance and efficiency of the risk management of climate-related issues. In our SBTi project and CDP Climate disclosure we also improved our climate-related risk management by analysing our ability to meet a 1.5 degree aligned future. We use the Task-Force on Climate Related Disclosure Framework to support us in this work and will continue to report the results of our assessments in the annual Sustainability Report.

Topic	TCFD Recommended Disclosure	Sanoma's response
		7. Reporting of the updated risk assessment results with related ongoing or planned mitigation actions to the Audit Committee and further to the Board of Directors – The reporting includes identification and assessment of key risks and summary of risk management activities for each SBU, business, and selected subsidiaries. Climate-related issues were reported to the Audit Committee (acting as Sanoma's Sustainability Committee) two times in 2023 as part of sustainability updates. ■ In addition to Sanoma's formal risk management process, Sanoma's Sustainability Team monitors climate-related risks on a regular basis in cooperation with other Group Functions, such as Procurement, Compliance, Legal, Privacy and Technology and together with the businesses. ■ Our sustainability-related risks are also described in the Report of the Board of Directors. In addition, we publish our CDP Climate reporting each year.
Metrics and Targets	■ Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. ■ Disclose Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, and related risks.	■ Sanoma calculates its emissions according to the GHG protocol for Scopes 1, 2 and 3 and uses this information to assess climate-related risks as well as to reduce GHG emissions. In both own operations and the value chain, increasing stakeholder interest and regulation creates both risks and opportunities. 94% of Sanoma's emissions result from the supply chain (Scope 3) and active supplier cooperation is key in reducing emissions. These risks mainly relate to carbon pricing mechanisms and our ability to control the use of energy and emissions of third-party suppliers. In its own operations, Sanoma continues to invests in energy and material efficiency as well as use of carbon neutral energy. Sanoma uses purchased electricity in its printing and office facilities, as well as for digital services and technological solutions, and it may not be able to directly impact the mix of energy sources used. ■ A full disclosure of Sanoma's Scope 1, 2 and 3 emissions can be found in Sustainability and ESG performance figures.
	■ Describe targets used by organisation to manage climate-related risks and opportunities and performance against targets.	■ Vital environment is one of the six key themes of Sanoma's Sustainability Strategy. The Science Based Targets initiative (SBTi) has approved Sanoma's near-term science-based emission reduction targets for own operations (Scope 1 and 2) and value chain (Scope 3). This validation confirms that Sanoma's climate strategy and business model are compatible with the transition to a sustainable economy and limiting of global warming to 1.5°C in line with the Paris Agreement. ■ Our target is to reduce Scope 1 and 2 in our own operations' GHG emissions by 42% by 2030 from a 2021 base year. In 2021, Sanoma had already reduced its own operations' (Scope 1 and 2) emissions to half from 2020. ■ Our target is to reduce absolute Scope 3 GHG emissions from purchased goods and services, fuel and energy related activities and upstream transportation and distribution by 38% by 2030 from a 2021 base year. ■ Learn more about our targets in the Vital environment.

Sustainability policies and guidelines

Our Sustainability Strategy becomes concrete through Company-wide guidelines and policies. The following table lists our guidelines and policies as well as our material topics, together with our Sustainability Strategy targets and the UN Sustainable Development Goals we contribute to. It also links our action to the topics identified important in our materiality analysis.

UN Sustainable Development Goals we commit to	Sanoma Sustainability Strategy topic	Sanoma Sustainability Strategy goals	Material aspects	Related policies and guidelines
4 QUALITY EDUCATION 17 PARTNERSHIPS FOR THE GOALS	**Inclusive learning** We develop inclusive learning solutions that help all students to achieve their potential	▪ We co-create high-quality and motivating learning materials with teachers, fitting the local curriculum ▪ We develop inclusive learning solutions that support diversity, accessibility and differentiation ▪ We promote equal access to education	▪ High-quality learning content and information ▪ Reliable digital learning platforms ▪ Diverse learning content ▪ The role of literacy in society ▪ Respecting children's rights	▪ National level curriculum guidelines ▪ Sanoma Learning editorial guidelines ▪ Operating companies local editorial guidelines ▪ Sanoma Code of Conduct ▪ Sanoma Supplier Code of Conduct
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	**Sustainable media** We provide trusted Finnish journalism and inspiring entertainment, now and in the future	▪ We promote open democracy and freedom of speech through our independent media ▪ We increase awareness, empathy and tolerance with our journalism	▪ Independent journalism ▪ Freedom of expression ▪ Diverse high-quality media content	▪ Sanoma Code of Conduct ▪ Professional practices as defined in the Guidelines for journalists set by The Council for Mass Media
		▪ We empower shared experiences with entertainment and support the local audio-visual community	▪ Media literacy and literacy in society ▪ Respecting children's rights	▪ IPR Policy and procedures ▪ Sanoma Fair Competition Policy ▪ Guidance for age-limits and protecting vulnerable audiences as defined by the National Audiovisual Institute (KAVI)
		▪ We enable companies to thrive through marketing in our curated media	▪ Responsible entertainment ▪ Responsible marketing and advertising practices	▪ Sanoma Code of Conduct ▪ International Chamber of Commerce Advertising and Marketing Communications Code ▪ Data & Marketing Association of Finland's Self-regulatory Code for Marketing ▪ IAB Europe EU Framework for Online Behavioural Advertising

UN Sustainable Development Goals we commit to	Sanoma Sustainability Strategy topic	Sanoma Sustainability Strategy goals	Material aspects	Related policies and guidelines
5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS	**Valued people** We promote equality and provide an inspiring workplace with excellent opportunities to develop	■ We create an equal and inclusive workplace together	■ Diversity, equal opportunities and pay	■ Diversity and Inclusion Policy ■ Remuneration Policy ■ Sanoma Code of Conduct ■ Sanoma Supplier Code of Conduct
		■ Our people create our knowledge capital and together we promote wellbeing, training and safety	■ Wellbeing, training and safety	■ Human resources, equality and non-discrimination plans of operating companies ■ Occupational health and safety management system of Sanoma
		■ We are a great workplace and support an inspiring and sustainable company culture	■ Great place to work	■ Sanoma Code of Conduct
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	**Trustworthy data** We use the data you trust us with to make learning and media better	■ Data supports quality learning and helps sustain independent media ■ Our privacy programme safeguards data while enabling its transparent and compliant use	■ Safe and transparent use of data	■ Sanoma Code of Conduct ■ Sanoma Supplier Code of Conduct ■ Privacy and Data Protection Policy ■ Information Security Policy ■ IPR Policy
		■ We use artificial intelligence responsibly and transparently	■ Ethical use of AI	■ Ethical Artificial Intelligence (AI) Principles
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS	**Vital environment** We will be carbon neutral by 2030 and build awareness of sustainability issues	■ We reduce emissions following our Science Based Targets ■ We strive to minimise our environmental impacts across the supply chain ■ By the end of 2030, we will be carbon neutral ■ We increase our fact-based climate and environmental awareness	■ Environmental impact of printing ■ Environmental impact of digital media and learning products ■ Energy and emissions	■ Sanoma Code of Conduct ■ Sanoma Supplier Code of Conduct ■ Procurement Policy ■ Paper Procurement Guidelines ■ Paper Procurement Standard ■ Environmental guidelines and ISO 14001 Standard for Sanomala and Sanoma Manu printing house ■ Facility-specific certifications ■ Travel Policy

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OUR BUSINESSES IN BRIEF

SUSTAINABILITY

Sustainability at Sanoma
Inclusive learning
Sustainable media
Valued people
Trustworthy data
Vital environment
Responsible business practices
Sustainability reporting and metrics
Independent Assurance Report

GOVERNANCE

FINANCIALS

UN Sustainable Development Goals we commit to	Sanoma Sustainability Strategy topic	Sanoma Sustainability Strategy goals	Material aspects	Related policies and guidelines
8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS	**Responsible business practices** We are committed to responsible business practices	■ We maintain rigorous ethical standards and responsible business practices ■ Our good financial performance and position support sustainable development ■ We constantly develop responsibility in our supply chain	■ Ethical business conduct	**Corporate Governance Framework:** ■ Insider Policy ■ Disclosure Policy ■ Treasury Policy ■ M&A Policy ■ IPR Policy ■ Enterprise Risk Management Policy ■ Internal Control Policy ■ Internal Audit Policy ■ Sanoma Group Tax Policy ■ Subsidiary Governance Framework (appendix to the Corporate Governance Framework) **Sanoma Code of Conduct** ■ Fair Competition Policy ■ Related Party Policy ■ Donations and Sponsorships Policy ■ Privacy and Data Protection Policy ■ Information Security Policy ■ Diversity and Inclusion Policy ■ Procurement Policy ■ Business Travel Policy ■ Business Travel Policy for Externals ■ Anti-Bribery & Corruption Policy
				■ Remuneration Policy
				■ Sanoma Code of Conduct ■ Sanoma Supplier Code of Conduct

Key stakeholder groups and material topics

Understanding the views and expectations of our stakeholders is key to the success of our business and implementing our Sustainability Strategy. The following table describes our key stakeholder groups, engagement with each group as well as material sustainability topics for each group.

Stakeholder group	Purpose and method of stakeholder engagement	Material sustainability topics for stakeholder group
Learning customers	▪ Co-creating learning materials with teachers and students ▪ Engaging with teachers through face-to-face and online meetings, newsletters and marketing ▪ Arranging and participating in customer webinars and events ▪ Gathering insight and managing customer satisfaction through surveys	▪ High-quality learning content ▪ Reliable digital learning platforms ▪ Diverse learning content ▪ Literacy in society ▪ Respecting children's rights ▪ Supply reliability, timely distribution, customer relationships ▪ Environmental impact of printed books and digital services ▪ Sustainability Strategy and ESG performance (environmental and climate-related topics, social and economic responsibility in general)
Media Finland consumers and customers	Consumers: ▪ Engaging with customers through newsletters and marketing ▪ Gathering insight and managing customer satisfaction through surveys ▪ Proactive feedback from media consumers through different channels B2B customers: ▪ Engaging with customers through face-to-face and online meetings, newsletter, marketing and sustainability-related training sessions ▪ Arranging and participating in customer webinars and events ▪ Gathering insight and managing customer satisfaction through surveys	▪ Independent journalism ▪ Freedom of expression ▪ Diverse and high-quality media content ▪ Media literacy and literacy in society ▪ Respecting children's rights ▪ Responsible entertainment ▪ Responsible marketing and advertising practices ▪ Customer data and privacy, cyber security, targeting, customer rights e.g. GDPR, ethical use of artificial intelligence ▪ Supply reliability, timely distribution, customer relationships ▪ Environmental impact of printed newspapers and magazines, TV productions and digital services ▪ Sustainability Strategy and ESG performance (environmental and climate-related topics, social and economic responsibility in general)
Employees and non-employees (freelancers mainly)	▪ Performance management and people development ▪ Employee engagement through several measures, e.g. employee feedback through quarterly Pulse and annual Employee Engagement surveys, team and individual discussions, town hall meetings ▪ Systematic support for health, safety and wellbeing ▪ Several internal events and personnel info sessions in different compositions ▪ Active communication, dialogue and cooperation with internal stakeholders, including employees, line managers, employee representatives	▪ Mental and physical health, wellbeing and safety ▪ Diversity, inclusion and equal opportunities ▪ Competence development, Business ethics, speak up culture and human rights, e.g. Code of Conduct ▪ Sustainability Strategy and ESG performance (environmental and climate-related topics, social and economic responsibility in general)

Stakeholder group	Purpose and method of stakeholder engagement	Material sustainability topics for stakeholder group
Investors	■ Regular engagement through regulatory financial communications (financial reporting, stock exchange releases) ■ Conference calls, roadshows, individual and group meetings, investor events ■ Capital Markets Days, Annual General Meetings, Sustainability Days and Deep Dive sessions ■ Analyst and investor perception studies	■ Development of ESG ratings and reporting ■ Positive impact of the businesses on society ■ Climate strategy ■ Sustainability Strategy (environmental and climate-related topics, social and economic responsibility in general)
Supply chain partners	■ Collaborating closely with suppliers to ensure a high level of safety, efficiency and quality ■ Sustainability and human rights criteria of the Supplier Code of Conduct ■ Evaluating counterparty's security and reputation risks alongside sustainability assessments ■ Collecting climate-related and materials data annually ■ Conducting external and internal audits. Helping partners to perform corrective actions in cases of non-compliance	■ Business ethics and human rights following the Supplier Code of Conduct requirements ■ Climate change and energy strategy and implementation ■ Sourcing of materials ■ Supply reliability and timely distribution ■ Sustainability Strategy and ESG performance (environmental and climate-related topics, social and economic responsibility in general)
Governmental organisations: policymakers and legislators	■ Sharing views on policies, laws and regulations with officials and legislators through public consultations, meetings, as well as part of a larger stakeholder dialogue with policymakers ■ Replying to public consultations and providing insights and analysis to government officials and politicians ■ Participating in the work of industry associations	■ Policy and legislation topics related to the learning business (curriculums, high-quality learning content, reliable digital learning platforms, diverse learning content) ■ Policy and legislation topics related to the media business (independent journalism, freedom of expression, diverse media content, media literacy and literacy in society, responsible entertainment, marketing and advertising practices) ■ Business ethics and Human Rights ■ Sustainability Strategy and ESG performance (environmental and climate-related topics, social and economic responsibility in general)
Non-governmental organisations and industry associations	■ Dialogue with stakeholders, such as NGOs, related to the role of media and learning in society as well as the role of literacy and media literacy ■ Cooperating to develop media and learning industry practices	■ Topics related to the learning business (high-quality learning content, reliable digital learning platforms, literacy in society, diverse learning content) ■ Topics related to the media business (independent journalism, freedom of expression, diverse media content, media literacy and literacy in society, responsible entertainment, marketing and advertising practices) ■ Customer data and privacy, cyber security, targeting, customer rights e.g. GDPR, ethical use of artificial intelligence
Local communities, universities and research organisations	■ Engaging and meeting with authorities and local city representatives, especially related to learning ■ Cooperation with universities and research organisations to develop sustainability in the media industry	■ Topics related to the learning business (high-quality learning content, reliable digital learning platforms, literacy in society, diverse learning content) ■ Topics related to the media business (independent journalism, freedom of expression, diverse media content, media literacy and literacy in society, responsible entertainment, marketing and advertising practices) ■ Sustainability Strategy and ESG performance (environmental and climate-related topics, social and economic responsibility in general)

Sanoma's Human Rights Statement

Independent and trusted media has a responsibility to inform and educate society on human rights and holds a central role in exposing human rights violations. Our learning materials, at the heart of education, are essential for promoting the importance of the protection and understanding of human rights.

Internationally recognised human rights are agreed in the Universal Declaration of Human rights (UDHR) and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and strengthened by other United Nations (UN) human rights instruments and ILO conventions. International standards for corporate responsibility on human rights have been adopted to form a baseline expectation of all businesses in all situations. These include the OECD Guidelines for Multinational Enterprises, the UN Global Compact (UNGC) and the UN Guiding Principles. Compliance with the UN Guiding Principles requires public commitment to respecting human rights, along with the careful assessment of our operating methods to prevent risks and mitigate potential adverse impacts. In addition, the UN Guiding Principles require open communication about risks and measures to manage risks.

Sanoma's human rights commitments

Sanoma's commitment to respect the international standards on human rights is integrated into our Code of Conduct (the Code) and the Supplier Code of Conduct (the Supplier Code). We commit to the UDHR, the ILO Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the UNGC related to fundamental responsibilities in human rights, freedom of speech, labour conditions, environment and anti-corruption, the Rio Declaration on Environment and Development, and the UN's Convention Against Corruption. The Code acts as an umbrella for all policies and standards within Sanoma. In addition, topic-specific policies guide and support the management of specific human rights impacts and determine related roles and responsibilities.

Management of human rights impacts

The management of human rights risks at Sanoma is part of sustainability, ethics and compliance management. Within the Executive Management Team, sustainability falls under the CFO. Sanoma's Sustainability, Ethics and Compliance and Procurement Teams are responsible for human rights principles and their development, as well as assessing human rights risks, updating principles, providing guidance for their implementation and the development of new operating models. Following Sanoma's annual policy review process, the Executive Management Team and the Board of Directors approve the principles and commitments related to human rights. The Sustainability Team is responsible for internal and external reporting related to human rights. Sanoma's sustainability governance model has been described in detail under Sustainability governance and management. Human rights impacts are integrated into Sanoma's Sustainability programme. The goals, measures and projects related especially to Inclusive learning and Sustainable media support Sanoma's positive human rights impacts. Potential negative impacts and risks are closely linked to the implementation of topics under Trustworthy data, Valued people and Responsible business practices.

Sanoma is committed to communicating about its progress on human rights issues on an annual basis. The results of our human rights due diligence process are published as part of the annual report. Additionally, we publish information on our human rights-related activities on our website at sanoma.com.

Human rights due diligence and impact assessment 2023

Sanoma's Human Rights Impact Assessment was conducted as part of the UNGC Business and Human Rights Accelerator programme in 2023. The programme was organised to support businesses in building a continuous human rights due diligence process and setting concrete targets to address human rights-related risks. Sanoma's Human Rights Impact Assessment was conducted following the due diligence process defined in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In addition to voluntary international standards, we comply with human rights due diligence legislation in our operating countries, such as the Transparency Act in Norway, where Sanoma's subsidiary itslearning published its Human Rights Statement in 2023. During 2023, we analysed Sanoma's human rights impacts and built capabilities for public reporting according to the EU's CSDDD and CSRD Directives. The following steps were taken:

- Documentation of Sanoma's Human Rights Due Diligence (HRDD) process
- Human Rights Impact Assessment identifying actual and potential risks and impacts
- Action plan for 2023–2025 to improve human rights risks management

In Sanoma's Human Rights Impact Assessment, impacts were mapped by listing all internationally recognised human rights and identifying those relevant for Sanoma. Sanoma's potential and actual impacts towards each human right were evaluated from the point of view of four stakeholder groups: direct impacts towards own workforce, indirect impacts in the supply chain, indirect impact towards affected communities and indirect impacts towards people impacted by product/service use.

Next, all identified potential and actual human rights impacts were prioritised. Following the UN Guiding Principles and Guidelines for Multinational Enterprises, materiality for actual positive impacts is based on the impact's scale and scope. For potential positive impacts, the scale, scope and likelihood of the impact were assessed. For actual negative impacts, materiality is based on the severity of the impact, while for potential negative impacts it is based on the severity and likelihood of the impact. Severity is based on the following factors: scale, scope and irremediable character of the impact. For a potential negative human rights impact, severity takes precedence over its likelihood. Both internal and external information sources (organisations' and authorities' reports and studies, country-specific risk assessments) were used in the evaluation. As part of the assessment, internal interviews with HR, Procurement, Strategy (Risk Management) and Internal Control were conducted. The assessment covers all of Sanoma's entities and operations. The assessment was conducted by Sanoma's Ethics and Compliance and Sustainability teams. As assessing human rights impacts is a continuous process, Sanoma aims to continue assessing its impacts systematically.

Sanoma's human rights impacts and risks management

Due to the nature of Sanoma's business, both positive human rights impacts as well as risks and negative impacts were identified. Sanoma's assessment does not identify any actual adverse impacts towards Sanoma's own workforce, through Sanoma's supply chain or towards communities or people impacted by product/service use. Direct impacts are related to Sanoma's employees and customers, while the indirect impacts are related to supply chains through business relationships. Key direct and indirect human rights impacts are described below. The list includes the key human rights impacts that we specifically aim to minimise because of their severity, and is not exhaustive. Other human rights are equally important, and we will continue our work to identify our impacts and minimise our impacts.

Sanoma's positive impacts include promoting the right to education as well as freedom of expression. In Sanoma's Human Rights Impact Assessment, also potential human rights risks and actual negative human right impacts were identified. These impacts can be categorised under the following themes: privacy when using especially personal data of our customers, equality, health & safety and physical & mental wellbeing of our own workforce, workers' rights in Sanoma's supply chain and the safety of journalists. Following the UN Guiding Principles, actions to prevent and mitigate risks are prioritised on the basis of the severity, irrevocability and probability of the impact. Guiding Principles also take into account whether the impact is caused directly or indirectly, such as through business relationships.

Education is an empowering human right, enabling people to participate fully in society. Learning promotes the right to education through its K12 learning services for 25 million students in 12 countries. Our role is central in enhancing inclusiveness and equality in education. Learning's editorial guidelines are our guiding principles for creating inclusive learning materials, ensuring our learning solutions support diversity, accessibility and differentiation. Practices have been further described in Inclusive learning.

Through its Media Finland business, Sanoma upholds freedom of expression, protecting everyone's freedom to hold and express opinions and to receive information. Our readers have access to independent and reliable journalism: they are free to form their own opinions and participate in public discussion. Freedom of expression ensures that our journalists are free to write about government, institutions and people in power, for example, without interference or fear of prosecution. It is also a powerful tool for promoting and increasing awareness of other human rights in a democratic society, such as workers' and minorities' rights. In recent years, the decline of media freedom across the world has decreased the right to freedom of expression. Various factors demonstrate this decline globally, including attacks on journalists online and offline, and particularly regarding women journalists. Despite Finland maintaining fifth place in the World Press Freedom Index globally, we identify a risk of safety of our journalists and continuously monitor this. Journalists sent to crisis areas receive regular training and, when returning from the war zones, they are offered occupational healthcare services. Also, potential failure to protect journalistic sources may cause negative impacts to journalists or their sources. Our newspapers follow the Guidelines for Journalists supervised by an independent self-regulatory committee, the Council for Mass Media (CMM), which sets the ethical expectations for the editorial content, content creation and protection of sources. Practices have been further described in Sustainable media.

Sanoma's direct human rights risks are related to our employees. Every employee has the right to work in a safe and healthy environment. Our Human Resources management model ensures well-organised management of the occupational safety, health, and wellbeing of our people. Our possible human rights impacts relate to equal treatment of employees, ensuring non-discrimination and, as most our employees work in an office environment, especially the mental and physical health and wellbeing of employees (work-life balance, workload and related stress factors). We respect our employees' right to join trade unions, and do not tolerate any kind of discrimination or harassment. For example, we follow our non-discrimination and equality plans and our Code of Conduct, DE&I policy and Anti-Harassment Standard define principles and management practices to ensure an equal workplace and a community free of any discrimination. Also, through our DE&I development programme we build a culture of equality. Professional development is supported through regular performance and development reviews. In our Media Finland printing houses and Learning warehouses, the health and safety of employees are important factors, which we monitor systematically and focus on preventive measures to ensure safe work procedures. The events business in Finland is paying attention to labour rights, anti-harassment and safety. Nelonen Media Live uses paid staff and small local businesses to produce events and develops mental and physical safety measures continuously. Practices related to employee equality, diversity, inclusion, anti-harassment, health and safety have been further described in Valued people.

The right to privacy is central to the exercise of human rights online. Interference with the right to privacy can have a disproportionate impact on certain individuals and/or groups. As one of the foundations of a democratic society, it also plays a key role for the realisation of other human rights, such as freedom of expression. Using data, especially personal data, is an essential part of Sanoma's business. Data helps teachers to enhance learning outcomes, increase engagement and improve workflows, and supports students in optimising their individual learning paths. In Media Finland, we use data to improve our journalistic content, develop personalised recommendations in media, drive customer-centric marketing, and improve the customer experience of our digital applications. To protect the personal data of our learning and media customers and ensure the customers' right to privacy, our Privacy Programme systematically develops data protection measures. For example, our Privacy and Security by Design process ensures that privacy and data protection is built into our products. When using data as well as AI, we apply privacy and personal data protection principles and practices defined in Sanoma's Privacy and Data Protection Policy. In addition, Sanoma's Ethical AI principles give guidelines to the use and development of AI. Practices have been further described in Trustworthy data.

Sanoma may also indirect impacts on the human rights of people working in the supply chains of products and services. Our most significant indirect human rights risks are related to workers' rights, such as violations of freedom of association, excessive working hours and compromised occupational health and safety. Generally, the main human rights risks are related to countries where the legislation or ratification of human rights agreements and their implementation and monitoring are insufficient. We also identify some inherent risk with our global supplier network particularly in manufacturing print products, various types of hiring of personnel and for example suppliers of ICT equipment. We seek to prevent human rights risks in supply chains in many ways, including collection of audit reports from external information sources and certification of raw materials. We limit the risk of violations through good procurement practices, by setting expectations for our partners and systematically cooperating with suppliers. Our Know Your Counterparty (KYC) process identifies possible risks and non-compliance of doing business with new third parties and also monitors human rights-related alerts. When operating with suppliers, we apply our procurement principles and practices defined in Sanoma's Supplier Code of Conduct and Procurement Policy. Sanoma's Supplier Code sets out the ethical standards and responsible business principles which suppliers and service providers are required to comply with in their dealings with Sanoma. Suppliers are expected to apply the principles also to employees, affiliates as well as sub-contractors' staff. Where local industry standards are higher than applicable legal requirements, we expect our suppliers to meet the higher standards. Our Paper Procurement Standard ensures we use raw materials from traceable and certified sources. Practices have been further described in Responsible business practices.

Preventing and minimising adverse impact on human rights

Sanoma's management of human rights risks is based on targeting measures at areas where the risks are the highest. Sanoma keeps track of identified potential and actual impacts and has mitigative measures in place. In its own operations, Sanoma has built robust management systems to prevent and mitigate the direct human rights risks related to privacy, especially when using the personal data of our customers, equality, health & safety and physical & mental wellbeing of our own workforce and the safety of journalists. Going forward, our most important measure is to continue our efforts to strengthen our existing due diligence and develop our due diligence processes especially in our supply chain. We expect all our suppliers to respect human rights, as well as to ensure that products can be traced back to the source. If any sign of violations of human rights are discovered in Sanoma's activities, we will immediately start an investigation process. Corrective measures are taken to prevent any broader impacts and, if possible, to repair any harm. We will also investigate our own operating methods to prevent similar violations from recurring. If any defects related to human rights are discovered in connection to products and services purchased by Sanoma, we will immediately start an investigation. Corrective measures will be agreed upon with the partner concerned, and their implementation will be monitored. Cooperation with the supplier will not primarily be discontinued, as cooperation is the best way to effect change in wrongful practices. Cooperation can be discontinued if a supplier does not show any willingness to address or is not committed to addressing repeatedly discovered defects.

Grievance mechanisms and remediation

The right to an effective remedy is a fundamental element of the international human rights system. Sanoma offers access to remedy through several internal grievance channels, such as the Sanoma-WhistleB reporting hotline which enables Sanoma Group employees, customers and business partners to report suspicions of misconduct confidentially and anonymously. Violations of ethical principles, the Code, the Supplier Code or any related policy or law, are encouraged to be reported through this externally hosted, independent whistleblowing hotline. This external channel acts as an early warning system and reduces risks for human rights violations. Equally, it gives us a chance to intervene, prevent further harm and provide remediation if Sanoma has caused or contributed to an adverse impact. The reporting process is encrypted, and all reports are processed confidentially. The cases reported through the channel are processed by Internal Audit in cooperation with key people in various parts of Sanoma in a manner that ensures impartiality. People filing reports are protected against retaliation in accordance with the requirements set out in the Whistleblowing Directive that entered into force in 2019. Sanoma has zero tolerance towards retaliation against reporting individuals as stated in our Code of Conduct. We provide our employees with continuous Code of Conduct training on ethical principles. The participants are also reminded of the opportunity to report any violations of the ethical principles to the whistleblowing channel. The training is part of our induction training for new employees. Learn more about the amount and type of reports in 2023 in Responsible business practices.

Independent practitioner's limited assurance report

To the Management of Sanoma Corporation

We have been engaged by the Management of Sanoma Corporation (hereinafter also the "Company") to perform a limited assurance engagement on selected sustainability information for the reporting period 1 January 2023 to 31 December 2023, disclosed in the Company's Annual and Sustainability Report 2023 (hereinafter the Selected sustainability information).

Selected sustainability information

The selected sustainability information within the scope of assurance covers the economic, social and environmental sustainability indicators as identified "within scope of the limited assurance" in the GRI content index and SASB content index, which are included in the Company's Annual Report 2023.

Management's responsibility

The Management of Sanoma Corporation is responsible for preparing the Selected sustainability information in accordance with the Reporting criteria as set out in the Company's reporting instructions described in the Company's Annual and Sustainability Report 2023, the GRI Standards of the Global Reporting Initiative, Sustainability Accounting Standards Board's (SASB) Media & Entertainment, Advertising & Marketing and Education Sector Standards, and the Company's own reporting indicators (collectively Reporting criteria).

The Management of Sanoma Corporation is also responsible for such internal control as the management determines is necessary to enable the preparation of the Selected sustainability information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Oy applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", and, in respect of greenhouse gas emissions, the International Standard on Assurance Engagements (ISAE) 3410 "Assurance Engagements on Greenhouse Gas Statements". These standards require that we plan and perform the engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other information in the Selected sustainability information. The procedures selected depend on the practitioner's judgment, including an assessment of the risks of material misstatement of the Selected sustainability information.

Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Visiting one of Sanoma's printing houses in Finland and conducting interviews of representatives from another printing house in Finland as well as of sites in Poland and Finland.
- Interviewing employees responsible for collecting and reporting the selected information on sustainability indicators at the Group level.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.
- Considering the disclosure and presentation of the Selected sustainability information.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Sanoma Corporation's Selected sustainability information for the reporting period 1 January 2023 to 31 December 2023 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our limited assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Sanoma Corporation for our work, for this report, or for the conclusions that we have reached.

Helsinki, 1st March 2024

PricewaterhouseCoopers Oy

Mikael Niskala
Partner, ESG Reporting & Assurance

PricewaterhouseCoopers Oy

Samuli Perälä
Partner, Authorised Public Accountant

sanoma

Governance

We follow responsible business practices

Corporate Governance Statement

Sanoma Corporation complies with the Finnish Corporate Governance Code issued by the Securities Market Association in 2019 and in force as of 1 January 2020. This Corporate Governance Statement has been prepared in accordance with the Code, which is available at cgfinland.fi

The statement has been reviewed by Sanoma's Audit Committee. The statutory auditors of Sanoma have checked that the statement has been issued and that its description of the main features of internal control and risk management systems related to the financial reporting process complies with the financial statements of the Company. This statement is presented as a separate report from the Report of the Board of Directors.

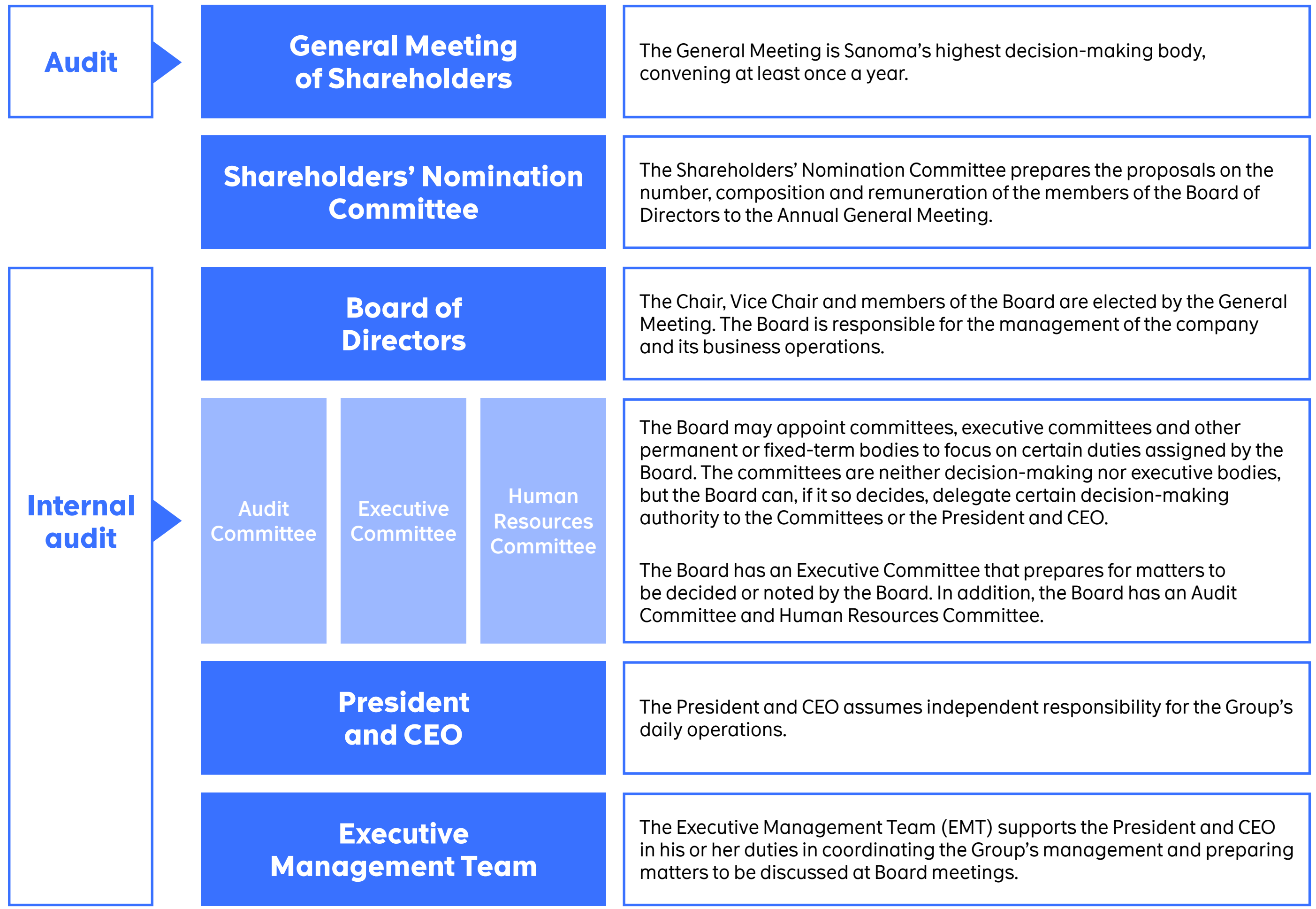
More information on the remuneration principles of the Board of Directors, the President and CEO and the Executive Management Team is available in a separate Remuneration Report, prepared in accordance with the Code.

During the course of the year, information on Sanoma's governance is updated on the Company's website at sanoma.com.

Corporate governance structure

In its operations and governance, Sanoma follows the laws and regulations applicable in its operating countries, the ethical guidelines set by the Sanoma Code of Conduct as well as the Group's internal policies and standards.

Sanoma's administrative bodies are the General Meeting of Shareholders, the Shareholders' Nomination Committee, the Board of Directors and its committees, the President and CEO and the Executive Management Team (EMT).



Shareholders' Nomination Committee

Sanoma Corporation's Annual General Meeting 2022 resolved to establish a Shareholders' Nomination Committee. The purpose of the Shareholders' Nomination Committee is to prepare the proposals on the number, composition and remuneration of the members of the Board of Directors. However, any shareholder of the Company may also make a proposal directly to the Annual General Meeting in accordance with the Finnish Companies Act.

The Shareholders' Nomination Committee consists of up to four members who represent the Company's four largest shareholders on 31 May preceding the next year's Annual General Meeting. The Chair of the Company's Board of Directors may be invited to serve as an expert in the Shareholders' Nomination Committee without being a member and without having a vote or being counted in the quorum of the Shareholders' Nomination Committee. The Shareholders' Nomination Committee shall elect a Chair from among its members at the first meeting. The term of office of the members of the Shareholders' Nomination Committee starts after the Annual General Meeting following the appointment and expires annually upon the appointment of the next Shareholders' Nomination Committee. The Nomination Committee shall submit its proposals to the Board of Directors at the latest on the third Monday of January preceding the next Annual General Meeting.

The Nomination Committee has been established until further notice.

Remuneration

The remuneration for the members of the Shareholders' Nomination Committee for their duties on the Nomination Committee was resolved by the Annual General Meeting 2023. The meeting fees of the members of the Shareholders' Nomination Committee during this term 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 Company shall bear all reasonable costs of the Shareholders' Nomination Committee. The travel expenses of the members of the Nomination Committee will be compensated against receipt in accordance with the Sanoma Travel Policy.

Tasks and duties

The tasks and duties of the Shareholders' Nomination Committee are defined in the Charter of the Nomination Committee. The Charter is available on the Company's website at sanoma.com.

In accordance with its Charter, the duties of the Shareholders' Nomination Committee include, among other responsibilities:

- preparing and presenting to the Annual General Meeting the proposals for:
  - the remuneration of the members of the Board of Directors as well as Board Committees,
  - the number of the members of the Board of Directors,
  - the election of the Board of Directors, the Chair and Vice Chair,
- seeking prospective successors for the members of the Board of Directors, and
- participating in the development of the principles concerning the diversity of the Board of Directors and reporting on the diversity objectives.

Composition

The Shareholders' Nomination Committee appointed in 2023 comprised Juhani Mäkinen (Vice Chair of the Board, Jane and Aatos Erkko Foundation), Antti Herlin (Chair of the Board, Holding Manutas), Robin Langenskiöld (3rd largest shareholder in Sanoma) and Rafaela Seppälä (4th largest shareholder in Sanoma). In its meeting on 16 June 2023, the Committee elected Juhani Mäkinen as Chair of the Committee and invited Pekka Ala-Pietilä, Chair of Sanoma's Board of Directors, to serve as an expert in the Committee.

In 2023, the Shareholders' Nomination Committee appointed in 2023 convened four times and the Shareholders' Nomination Committee appointed in 2022 convened once. The attendance rate was 100%.

Board of Directors

The Board of Directors of Sanoma Corporation has a Charter to govern its work. In addition to the Charter, the Board complies with the Articles of Association of the Company, Sanoma Corporate Governance Framework and the related charters and policies, as well as laws and regulations applicable at any given time. The basis for the duties of the Board of Directors is set forth in the Finnish Companies Act.

Election and term

The Shareholders' Nomination Committee shall prepare a proposal concerning the composition of Board to be presented to the Annual General Meeting (AGM). In accordance with the Articles of Association of Sanoma, the Board shall be composed of five to eleven members elected by the General Meeting. The General Meeting also elects the Chair and the Vice Chair of the Board.

The term of a member of the Board begins at the end of the AGM in which he or she has been elected and expires at the end of the AGM following the election.

Composition, diversity and independence

The members of the Board shall have the qualifications and experience necessary to perform their duties as well as the possibility to devote sufficient time for the Board work. They shall also meet the independence and other requirements applicable to publicly listed companies in Finland and both genders shall be represented on the Board.

Matters related to the diversity of the Board are defined in the Charter of the Shareholders' Nomination Committee and referred to in a general level in the Group's Diversity and Inclusion Policy. In order to ensure that the Board has sufficient and versatile competencies, mutually complementing experience and knowledge of the industry for the needs of Sanoma expressed in the strategy at any given time, the Shareholders' Nomination Committee considers, according to its Charter, a range of diversity aspects, such as business experience, international experience, nationality, age, education and gender, when preparing its proposal of the composition of the Board to the AGM. It shall also take into account the results of the annual performance assessment of the Board.

The Board must collectively have sufficient knowledge of and competence in:

- the learning and media business with current and potential future geographical reach,
- the management of a public company of corresponding size, good corporate governance, corporate and financial administration and internal control and risk management,
- strategic work as well as mergers and acquisitions,
- technology including digitalisation of consumer and publishing products, and
- sustainability.

With regards to other factors relevant to Board diversity, the Board has set a measurable objective regarding the representation of both genders on the Board. The objective is that both genders are represented on the Board with the share of under-represented gender being at least 40%. Where two candidates are equally qualified, priority will be given to the candidate of the under-represented gender.

The Shareholders' Nomination Committee annually evaluates the progress of the specific diversity objectives set for the Board.

At the end of 2023, 33% of the Board members were women. During 2013–2022, the share of women on the Board has varied between 20–50%. Sanoma has Board members with versatile business experience and backgrounds in several of the company's operating countries. The ages of the Board members vary between 41 and 69, the average age being 57.

Eight members were re-elected to the Board of Directors at the 2023 AGM: Pekka Ala-Pietilä, Julian Drinkall, Rolf Grisebach, Anna Herlin, Mika Ihamuotila, Nils Ittonen, Denise Koopmans and Sebastian Langenskiöld. Eugenie van Wiechen was elected as a new member of the Board of Directors.

According to the Board's annual evaluation, all members of the Board are non-executive and independent of the company. Seven out of nine members are also independent of major shareholders. The reason for the two members, Anna Herlin and Nils Ittonen, not being independent of major shareholders is reported in the details of each member on the following pages.

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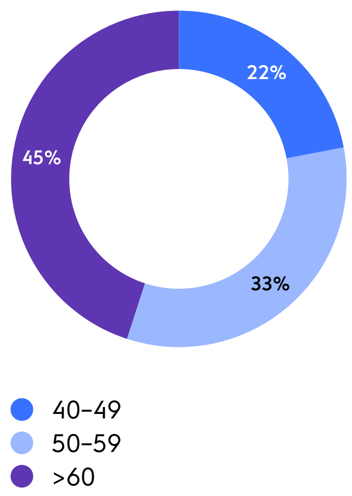
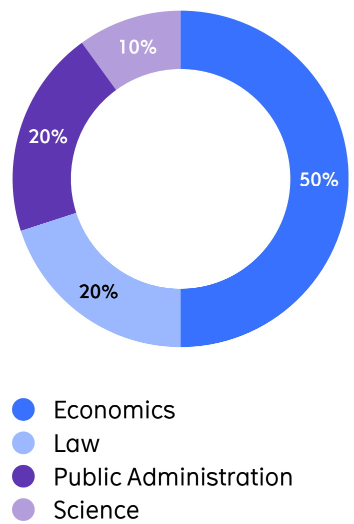
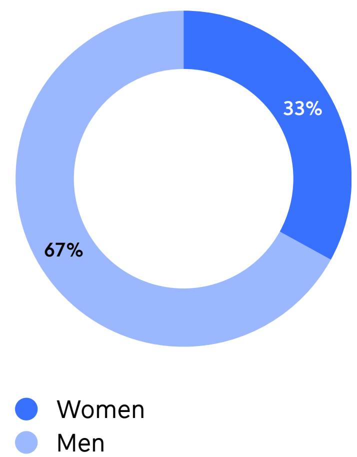
Board distribution by age, %



Education of Board members, %



Gender diversity of the Board, %



SANOMA SHARES OWNED BY THE MEMBERS OF THE BOARD

	Shareholding [1]	
Board member	**31 Dec 2023**	**31 Dec 2022**
Pekka Ala-Pietilä (Chair)	15,000	15,000
Nils Ittonen (Vice Chair)	59,000	59,000
Julian Drinkall	0	0
Rolf Grisebach	0	0
Anna Herlin	1,000	1,000
Mika Ihamuotila	150,000	150,000
Denise Koopmans	0	0
Sebastian Langenskiöld	645,963	645,963
Eugenie van Wiechen [2]	0	
Rafaela Seppälä [3]	7,654,746	10,273,370

[1] Shares owned by the Board members and the corporations over which the member exercises control
[2] Member of the Board since 19 April 2023
[3] Member of the Board until 19 April 2023

Members of the Board of Directors

Pekka Ala-Pietilä (Chair)

- Born 1957, Finnish citizen
- Independent of the company and major shareholders
- Chair of the Board of Sanoma since 2016
- Board member since 2014, term ends in 2024
- Chair of the Executive Committee
- **Education:** M.Sc. (Econ.), D.Sc. (Tech.) h.c., D.Sc. (Econ.) h.c.
- **Main occupation:** Huhtamäki Oyj, Chair of the Board
- **Primary work experience:** Blyk Services Oy, co-founder and CEO 2006–2012; Nokia Corporation, various positions 1984–2005, e.g. President 1999–2005, Nokia Mobile Phones, President, 1992–1998 and Group Executive Board Member 1992–2005
- **Key board memberships:** Huhtamäki Oyj (Chair), Here Technologies (HERE Global B.V.) (Chair, Supervisory Board)

Nils Ittonen (Vice Chair)

- Born 1954, Finnish citizen
- Independent of the company, non-independent of major shareholders: Chair of Jane and Aatos Erkko Foundation which held 39,820,286 (24.4%) of the company's shares on 31 December 2023
- Vice Chair of the Board of Sanoma since 2021
- Board member since 2014, term ends in 2024
- Member of the Audit Committee and the Executive Committee
- **Education:** B.Sc. (Econ.)
- **Primary work experience:** Sanoma Group, various positions 1977–2010, e.g. Senior Vice President of Group Treasury, Real Estate and Risk Management, Member of the Executive Management Group 1999–2007
- **Key positions of trust:** Jane and Aatos Erkko Foundation (Chair)
- **Other positions of trust:** Helsingin Sanomat Foundation (Chair of the Finance Committee)

Julian Drinkall

- Born 1964, British citizen
- Independent of the company and major shareholders
- Board member since 2020, term ends in 2024
- Chair of the Human Resources Committee
- **Education:** Master (Public Administration), MBA and M.A. (PPE)
- **Main occupation:** GLF Schools, CEO
- **Primary work experience:** Aga Khan Schools, General Manager 2021–2022, Academies Enterprise Trust (AET), CEO 2016–2021; Alpha Plus Holding, CEO 2014–2016; Cengage Learning, President and CEO of EMEA and India 2012–2014; OC&C Strategy Consultants, Operating Partner 2010–2012; Macmillan Education, CEO 2007–2010 and Chief Operating Officer 2006–2007; Boots Company, Director of Strategy and Mergers & Acquisitions 2003–2005; IPC Media, Group Strategy Director 2001–2003; BBC, Head of Financial and Commercial Strategy 1998– 2001; previous employers also include Arthur D. Little, Island International (Island Records) and the LEK Partnership
- **Key board memberships:** Kindred Advisory Board (Vice Chair)

Members of the Board of Directors

Rolf Grisebach

- Born 1961, German citizen
- Independent of the company and major shareholders
- Board member since 2020, term ends in 2024
- Member of the Human Resources Committee
- **Education:** Ph.D. (Business Law), Master (Business and Law)
- **Main occupation:** Future Group, CEO (DACH); Stella Partners, Partner
- **Primary work experience:** Thames & Hudson Ltd (London), CEO 2013–2019; Pearson, President of German, Swiss and Austrian operations 2010–2013; Deutscher Fachverlag (DFV), CEO 2005– 2010; Holtzbrinck Group, Member of the Executive Board 2001–2004, Business CEO for Education, STM and digital division (New York) 1998–2001, Vice President Corporate Development 1995–1998; Boston Consulting Group (Munich and London), Manager 1988–1995
- **Key board memberships:** DeutschAkademie Weiterbildungs GmbH (Chair)

Anna Herlin

- Born 1982, Finnish citizen
- Independent of the company, non-independent of major shareholders: an employment relationship and board membership in a company, Security Trading Oy, that exercises indirect control in a significant shareholder (Holding Manutas Oy)
- Board member since 2021, term ends in 2024
- Member of the Human Resources Committee
- **Education:** Master (Social Sciences) and M.A.
- **Main occupation:** Tiina and Antti Herlin Foundation, Head of Development
- **Primary work experience:** John Nurminen Foundation, Project Manager 2013–2018; Finnish Academy of Fine Arts, Planning Officer 2008–2009
- **Key board memberships:** Tiina and Antti Herlin Foundation; Security Trading Oy (Vice Chair); e2 Research (Vice Chair)

Mika Ihamuotila

- Born 1964, Finnish citizen
- Independent of the company and major shareholders
- Board member since 2013, term ends in 2024
- Member of the Audit Committee
- **Education:** Ph.D. (Econ.)
- **Main occupation:** Marimekko Corporation, Executive Chair of the Board
- **Primary work experience:** Marimekko Corporation, Chair of the Board and CEO 2015–2016, President and CEO and Vice Chair of the Board 2008–2015; Sampo Bank Plc, President and CEO 2001–2007; Mandatum Bank Plc, President and CEO 2000–2001, Executive Director 1998–2000; Mandatum & Co Ltd, Partner 1994–1998, Yale University, Visiting scholar 1992–1993
- **Key board memberships:** Marimekko Corporation (Executive Chair), Mannerheim Foundation (Chair), Musopia Oy (Chair)

Members of the Board of Directors

Denise Koopmans

- Born 1962, Dutch citizen
- Independent of the company and major shareholders
- Board member since 2015, term ends in 2024
- Chair of the Audit Committee
- **Education**: LL.M., AMP, IDP-C
- **Main occupation:** Independent Board Director
- **Primary work experience:** Wolters Kluwer Law & Business, Managing Director of the Legal & Regulatory Division 2011–2015; LexisNexis Business Information Solutions, CEO and LexisNexis International, member of the Senior Leadership team 2007–2011; Capgemini Engineering, various senior executive roles 2000–2007
- **Key board memberships:** Cicor Technologies Ltd., Swiss Post AG, Royal BAM Group nv, Norma Group SE
- **Other positions of trust:** Enterprise Chamber of the Amsterdam Court of Appeal («Ondernemingskamer») (Lay Judge/Counsel)

Sebastian Langenskiöld

- Born 1982, Finnish citizen
- Independent of the company and major shareholders
- Board member since 2019, term ends in 2024
- Member of the Human Resources Committee and Audit Committee
- **Education:** M.Sc. (International Business), Master (International Management)
- **Primary work experience:** Salesforce, EMEA ISV GTM Principal Partner Account Manager 2017–2023; Fingertip Ltd., Founding Partner 2012–2017; Cargotec Corporation, M&A Coordinator 2011; Hansaprint Ltd., Key Account Manager 2006–2009

Eugenie van Wiechen

- Born 1969, Dutch citizen
- Independent of the company and major shareholders
- Board member since 2023, term ends in 2024
- **Education:** MBA, M.Sc. (drs. Chemical Engineering)
- **Main occupation:** FD Mediagroep, CEO and Publishing Director
- **Primary work experience:** LinkedIn Corporation, Managing Director, the Netherlands 2009–2011; eBay, Managing Director, Marktplaats, 2008–2009; Sanoma Uitgevers B.V. various positions 2003–2008, e.g. Publisher 2003–2008; McKinsey & Company, various positions 1995–2003, e.g. Engagement Manager 1999–2003
- **Key board memberships:** Artis, Supervisory Board

Duties of the Board of Directors

The duties of the Board are set forth in the Finnish Companies Act and other applicable legislation. The Board is responsible for the management of the company and its business operations. In addition, the Board is responsible for the appropriate arrangement of the control of the company's bookkeeping and financial administration.

The operating principles and main duties of the Board have been defined in the Charter of the Board of Directors. The Board, amongst other duties:

- decides on the long-term goals and business strategy of the Group for achieving those long-term goals,
- approves the Group's reporting structure,
- decides on acquisitions and divestments, financial matters and investments, which have a value exceeding EUR 5.0 million, or are otherwise strategically significant, or involve significant risks, or relate to divestment, lay-off or termination of employment of 100 employees or more (currently, the Board has delegated its decision-making authority to the President and CEO on acquisitions and divestments, financial matters and investments which have a value exceeding EUR 0.5 million but below EUR 5.0 million),
- ensures the adequacy of planning, internal control and risk management systems and reporting procedures;
- reviews and monitors the operations and performance of the Group companies,
- approves the Interim Reports, the Half-Year Report, the Financial Statements and the Report of the Board of Directors as well as the Corporate Governance Statement and the Remuneration Report of the Company,
- appoints, dismisses and decides on the remuneration of
  - the President and CEO,
  - his or her deputy,
  - the CEO's of the Strategic Business Units,
    - members of the EMT and
    - certain executive positions as determined by the Board,
- confirms the Group's values, and
- approves the Group's key policies.

In 2023, the Board closely monitored the integration of the acquired companies, focusing especially on the acquisition of the Italian K12 learning content business and the exam preparation business in Germany. Following the acquisitions, the Board monitored measures to harmonise the offering of digital learning platforms and to benefit from the scale advantages of the European-wide primary and secondary education business portfolio.

The Board also closely followed measures to improve the service model of the Dutch distribution operations and approved the launch of a three-year process and efficiency improvement program, Solar, for Learning to reach its long-term operational EBIT margin excl. PPA target level of 23% in 2026. In addition, the Board closely monitored a cash flow improvement programme in Learning.

The Board closely followed Media Finland's actions to improve digital consumer experience, to introduce a unified TV advertising measurement standard, and to improve Ruutu+'s content offering. In addition, the Board appointed the Senior Editor-in-Chief of Helsingin Sanomat in April and the Editor-in-Chief of Aamulehti in June.

The Board decided to issue a EUR 150 million hybrid bond in order to strengthen the balance sheet in March. In October, the Board decided to sign an agreement for a new EUR 100 million term loan which together with other existing financial arrangements will be used for the repayment of EUR 200 million bond due in March 2024.

In November, the Board appointed Rob Kolkman as CEO to replace Susan Duinhoven after she had informed the Board that she will step down from the role of President and CEO during the first half of 2024.

In addition to its regular duties and supervision of the daily operations of the company, the Board also closely followed the measures taken to further strengthen information security, privacy and customer trust in the core of Sanoma's daily work, as well as ways to benefit from the use of artificial intelligence throughout the company, also in cooperation with generative AI players. The Board monitored the development of the ethical principles for the use of artificial intelligence and the plan for the implementation of the principles.

In order to develop its performance, the Board conducts an evaluation of its operations and working methods on an annual basis. The purpose of the evaluation is also to assess the composition of the Board and define qualifications for possible new Board members. The evaluation may be done as an internal self-assessment or by using an external evaluator. In 2023, the Board conducted an internal self-evaluation using an assessment tool provided by an external evaluator to ensure consistency and to enable both internal comparison and external benchmarking.

Board meetings

During 2023, the Board convened 12 times with an attendance rate of 97%.

MEMBERS' ATTENDANCE AT BOARD MEETINGS

Board member	Number of meetings attended	Attendance rate, %
Pekka Ala-Pietilä (Chair)	12/12	100
Nils Ittonen (Vice Chair)	11/12	92
Julian Drinkall	12/12	100
Rolf Grisebach	12/12	100
Anna Herlin	12/12	100
Mika Ihamuotila	12/12	100
Denise Koopmans	10/12	83
Sebastian Langenskiöld	12/12	100
Eugenie van Wiechen [1]	8/8	100
Rafaela Seppälä [2]	3/3	100

[1] Member of the Board since 19 April 2023
[2] Member of the Board until 19 April 2023

Board's committees

The Board may appoint committees, executive committees and other permanent or fixed-term bodies to focus on certain duties assigned by the Board. The Board confirms the Charter of these committees and provides the policies given to other bodies appointed by the Board. The committees report regularly to the Board.

The Board has an Executive Committee that prepares proposals for matters to be decided or noted by the Board. In addition, the Board has an Audit Committee and a Human Resources Committee.

The members of the committees are appointed among the members of the Board in accordance with the Charter of the respective committee. The committees are neither decision-making nor executive bodies, but the Board can, if it so decides, delegate certain decision-making authority to the Committees or the President and CEO.

Executive Committee

The Executive Committee prepares matters to be considered at the Board meetings. The Executive Committee consists of the Chair and Vice Chair of the Board, the President and CEO and, at the Chair's invitation, one or several members of the Board.

In 2023, the Executive Committee comprised Pekka Ala-Pietilä (Chair), Nils Ittonen and Susan Duinhoven. The Executive Committee convened four times in 2023, with an attendance rate of 100%.

MEMBERS' ATTENDANCE AT EXECUTIVE COMMITTEE MEETINGS

Member	Number of meetings attended	Attendance rate, %
Pekka Ala-Pietilä (Chair)	4/4	100
Nils Ittonen	4/4	100
Susan Duinhoven	4/4	100

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities for matters pertaining to financial reporting and control, risk management, external audit and internal audit, in accordance with the Charter approved by the Board, the Finnish Corporate Governance Code as well as applicable laws and regulations.

The Audit Committee e.g. reviews the Interim Reports and Half-Year Report, discusses enterprise risk analyses including identified risks and mitigation plans, monitors the principles concerning the monitoring and assessment of related party transactions, prepares the appointment, monitors and evaluates the independence of the company's auditor, and approves the internal audit plan including a follow up of its progress. The Audit Committee also reviews the Corporate Governance Statement and the Group's non-financial reporting.

In 2023, besides the regular agenda items, the Audit Committee had updates on information security, finance organisation, privacy, ethics and compliance. The Committee paid special attention to free cash flow performance as well as the progress of the sustainability programme under Corporate Sustainability Reporting Directive (CSRD).

In addition to members of the Audit Committee, the company's President and CEO, CFO and people responsible for topics on the Audit Committee's agenda participate in meetings presenting their corresponding agenda items to the Committee. In addition, the Internal Auditor participates in the Audit Committee meetings. The Auditor in Charge is also present at the meetings and gives updates on auditing work conducted in between the meetings.

In accordance with its Charter, the Audit Committee consists of the Chair of the Committee and at least two and at most four members, appointed annually by the Board among its members. Members of the Committee shall be independent of the company, and at least one member shall also be independent of significant shareholders. As required by law, at least one member of the Audit Committee must have expertise in accounting or auditing. The Committee meets at least four times a year.

From the date of the 2023 AGM, the Audit Committee comprised Denise Koopmans (Chair), Mika Ihamuotila, Nils Ittonen and Sebastian Langenskiöld. All members of the Committee are independent of the company and three members (Mika Ihamuotila, Sebastian Langenskiöld and Denise Koopmans) are independent of significant shareholders of the company. All of the members are financial experts based on their educational or occupational backgrounds. In addition, there is sustainability competence represented in the Committee. The Audit Committee convened six times in 2023, with an average attendance rate of 84%.

MEMBERS' ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Member	Number of meetings attended	Attendance rate, %
Denise Koopmans (Chair) [3]	5/6	83
Mika Ihamuotila	4/6	67
Nils Ittonen	5/6	83
Sebastian Langenskiöld [1]	5/5	100
Rolf Grisebach [2]	1/1	100
Anna Herlin [2]	1/1	100

[1] Member since 19 April 2023
[2] Member until 19 April 2023
[3] Mika Ihamuotila chaired the May meeting of the Audit Committee in place of Committee Chair Denise Koopmans, with the support of Rolf Grisebach, who was invited to attend

Human Resources Committee
The Human Resources Committee is responsible for preparing human resources matters related to the compensation of the President and CEO and key executives, evaluation of the performance of the President and CEO and key executives, Group compensation policies, Human Resources policies and practices, development and succession plans for the President and CEO, as well as key executives and other preparatory tasks as may be assigned to it from time to time by the Board and/or the Chair of the Board. In addition, the Committee discusses the composition and succession of the Board as well as prepares the Remuneration Policy and Remuneration Report.

In 2023, in addition to key remuneration aspects, the Human Resources Committee followed up on the implementation of the People Excellence Programme, aimed at strengthening the HR capabilities, especially with the new HR system implementation, and the related change management and communication implications. The Human Resources Committee also focused on learning and development, aimed to help all employees reach their potential with inclusive, blended learning solutions, and the cultural change required for the 70/20/10 framework to be fully implemented (70% learning on the job, 20% learning from peers and 10% classical training).

In addition to members of the Human Resources Committee, the company's President and CEO, CHRO, HRO of Media Finland and other people responsible for HR participated in the meetings, presenting respective agenda items to the Committee.

The Human Resources Committee comprises at least three and at most five members, who are appointed annually by the Board. The majority of the members shall be independent of the company. The Committee meets at least twice a year.

From the date of the 2023 AGM, the Human Resources Committee comprised Julian Drinkall (Chair), Rolf Grisebach, Anna Herlin and Sebastian Langenskiöld. All members of the Committee are independent of the company and three members (Julian Drinkall, Rolf Grisebach and Sebastian Langenskiöld) are independent of significant shareholders of the company. There is sustainability competence represented in the Committee. The Human Resources Committee convened four times with an attendance rate of 100%.

MEMBERS' ATTENDANCE AT HUMAN RESOURCES COMMITTEE MEETINGS

Member	Number of meetings attended	Attendance rate, %
Julian Drinkall (Chair)	4/4	100
Rolf Grisebach [1]	3/3	100
Anna Herlin [1]	3/3	100
Sebastian Langenskiöld	4/4	100
Rafaela Seppälä [2]	1/1	100

[1] Member since 19 April 2023
[2] Member until 19 April 2023

President and CEO

The duties of the President and CEO of Sanoma are governed primarily by the Finnish Companies Act. The President and CEO assumes independent responsibility for the Group's daily operations, in line with the following duties, for example:

- ensuring the Company's accounts comply with the law and its financial affairs have been arranged in a reliable manner,
- managing the Group's daily operations in line with the long-term goals and business strategy of the Group approved by the Board and in accordance with the general policies adopted by the Board and other applicable guidelines and decisions,
- deciding on acquisitions and divestments, as well as financial matters and investments, which have a value exceeding EUR 0.5 million but below EUR 5.0 million or relate to the divestment, lay-off or termination of employment of more than 50 but fewer than 100 employees,
- preparing decision proposals and matters for information for the meetings of the Board (together with the Chair of the Board and/or the Executive Committee) and presenting these matters and the agenda to the Board and its Committees,
- approving Group-level standards, and
- chairing Sanoma's EMT.

The President and CEO may take extraordinary or wide-ranging actions only under separate authorisation from the Board, or when the time delay involved in waiting for a decision from the Board would cause substantial losses to Sanoma.

Susan Duinhoven acted as the President and CEO of Sanoma from October 2015 until 31 December 2023. Sanoma's Board of Directors appointed Rob Kolkman President and CEO of Sanoma Corporation as of 1 January 2024.

Executive Management Team (EMT)

The EMT supports the President and CEO in his or her duties in coordinating the Group's management and preparing matters to be discussed at Board meetings. The matters include, for example:

- long-term goals of the Group and its business strategy for achieving them,
- acquisitions and divestments,
- organisational and management issues,
- development projects,
- internal control, and
- risk management systems.

The EMT is chaired by the President and CEO. In 2023, in addition to the Chair, the EMT comprised the CEOs of Media Finland and Learning, as well as the Chief Financial Officer of Sanoma Group. In 2024, in addition to the Chair, the EMT comprises the CEO of Media Finland and the Chief Financial Officer of Sanoma Group

SANOMA SHARES OWNED BY THE PRESIDENT AND CEO AND THE MEMBERS OF EMT

	Shareholding	
EMT member	31 December 2023	31 December 2022
Rob Kolkman [1]	44,675	36,948
Alex Green	9,843	0
Pia Kalsta	36,650	32,810
Susan Duinhoven [2]	601,010	502,595

[1] Chair of the EMT and President and CEO of Sanoma Group since 1 January 2024

[2] Chair of the EMT and President and CEO of Sanoma Group until 31 December 2023

Members of the Executive Management Team

Rob Kolkman, President and CEO

as of 1 January 2024

- Born 1972, Dutch citizen
- Chair of the EMT since 2024, member of the EMT since 2019
- Member of the Executive Committee since 2024
- **Education:** MBA, Master (Econ., Accountancy)
- **Work experience:** Sanoma Group, CEO Sanoma Learning 2020–2023, CEO Sanoma Media Netherlands 2019; Reed Business Information (part of RELX Group), Group Managing Director 2017–2018, Managing Director of ICIS 2016–2017, CEO Netherlands 2014–2016; Elsevier (part of RELX Group), Managing Director Australia and New Zealand 2008–2014; Reed Business Netherlands (part of RELX Group), Associate Director 2006–2008, Publishing Director (Finance and tax) 2004–2006, Director of Elsevier Board 2003–2004; BPP Professional Education (Netherlands), various positions 1992–2003

Alex Green, CFO

- Born 1970, British citizen
- Member of the EMT since 2022
- **Education**: B.Sc. (Hons) Mathematics, Chartered Accountant (ACA)
- **Work experience**: eBay Classifieds Group (eCG), CFO 2013–2022; eBay Group, several managerial and leadership positions 2006–2013; Factiva (a Dow Jones/Reuters company at the time), European Head of Finance 2001–2005; ExxonMobil, various finance positions 1996–2001; Coopers & Lybrand (nowadays part of PwC), various positions 1992–1996

Pia Kalsta, CEO, Media Finland

- Born 1970, Finnish citizen
- Member of the EMT since 2015
- **Education:** M.Sc. (Econ.)
- **Work experience:** Nelonen Media (part of Sanoma Group), e.g. President 2014–2015, President, acting 2013–2014, Senior Vice President, Head of Consumer Business, Marketing & Business Development 2012–2013, Senior Vice President, Sales and Marketing 2008–2012, Vice President, Sales 2006–2008, Marketing Manager 2001– 2006; SCA Hygiene Products (Finland) 1996–2001, various positions e.g. Key Account Manager, Product Manager and Marketing Manager

Susan Duinhoven was the President and CEO of Sanoma Corporation and Chair of the Executive Management Team until 31 December 2023.

Susan Duinhoven

- Born 1965, Dutch citizen
- Chair of the EMT until 2023
- Member of the Executive Committee until 2023
- **Education:** Ph.D. (Physical Chemistry), B.Sc. (Physical Chemistry)
- **Work experience:** Koninklijke Wegener N.V., CEO and Chair of the Executive Board 2013–2015; Thomas Cook Group Plc, CEO of Western Europe 2012–2013; Thomas Cook Nederland B.V., CEO 2010–2011; Reader's Digest, Managing Director of Benelux & New Acquisitions Europe 2008–2010; De Gule Sider A/S, CEO 2005–2007. Further work experience starting from 1988 includes Unilever, McKinsey, VNU Gouden Gids and De Telefoongids
- **Key board memberships:** KONE Corporation

Risk management and internal control

The management of Sanoma Group and its businesses is based on a clear organisational structure, well-defined areas of authority and responsibility, common planning, and reporting systems as well as policies and guidelines. The roles and responsibilities of different administrative bodies in risk management and internal control are explained in the table below.

	Risk management	Internal control
Board of Directors	■ Approval of Risk Management Policy ■ Overseeing the effectiveness of risk management ■ Aligning the strategic objectives and risk appetite of the company	■ Approval of Internal Controls Policy
Audit Committee	■ Reviews and monitors the implementation of the Policy and the risk management process	■ Reviews the reliability, effectiveness and compliance with Sanoma's Corporate Governance Framework of internal control systems ■ Monitors matters related to statutory audit and internal audit
President and CEO	■ Defining risk management strategies and procedures ■ Setting priorities for risk management	■ Sets the ground for the internal control environment by executing policies and standards ■ The EMT supports the President and CEO in his/her oversight role and in assuring compliance
Audit and Assurance function	■ Coordinates the risk management process ■ Produces risk reports ■ Evaluates and provides recommendations for improvement on risk management	■ Supports the President and CEO in ensuring the compliance of financial reporting with Group requirements by, for example, evaluating and providing recommendations for improvement on internal control
Finance and control function		■ Compiles reports on internal control to the Board of Directors, Audit Committee and/or the President and CEO and the EMT
Strategic Business Units (SBU)	■ Aligning the risk management guidelines, procedures and strategies with the Group ■ Identifying, measuring, reporting and managing risk	■ Ensuring that Sanoma policies and standards are implemented and followed in their business ■ Reflecting possible local requirements in the implementation

Risk management

The main objective of the risk management of Sanoma is to identify and manage essential risks related to the execution of the Group's strategy and operations. The Risk Management Policy defines Group-wide risk management principles, objectives and responsibilities.

Risk management is integrated in Sanoma's management, strategic planning and internal control system, and covers all risk categories at Group, SBU and entity levels. The risk management process includes the following phases:

1) Setting strategic, operational, reporting and compliance objectives on the Group, SBU and business levels
2) Identification and assessment of risks affecting the achievement of objectives by using a risk framework
3) Defining risk management activities for key risks
4) Implementation of risk management activities (e.g. asset allocation, control activities, insuring, hedging or divestitures)
5) Monitoring the performance and efficiency of the risk management
6) Continuous improvement of the risk management processes, performance, and capabilities
7) Reporting of updated risk assessment results with related ongoing or planned mitigation actions to the Audit Committee and further to the Board of Directors twice a year. The reporting includes identification and assessment of key risks and summary of risk management activities for each SBU, business, and selected subsidiaries. The reporting shall be linked as much as possible to the quarterly reporting and strategic planning processes.

More information on the most significant risks that could have a negative impact on Sanoma's business, performance, or financial status is described in the Report of the Board of Directors.

Internal controls

Sanoma's Internal Control Policy defines the internal control process applied in the Group. Internal controls are in line with the Corporate Governance Framework and aim to assure that all Group policies and standards are up to date, communicated and implemented.

Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations,
- reliability of financial reporting, and
- compliance with applicable laws and regulations.

The process includes objective setting, control design and implementation, operating effectiveness testing, monitoring and continuous improvement, and reporting.

Internal controls consist of entity-level, process-level and IT controls. Entity-level controls are applied on all levels of Sanoma (i.e. Group, SBU and entity) and can relate to more than one process. The Code of Conduct, Group policies and guidelines and their active implementation are examples of entity-level control activities.

Process-level control activities are designed to mitigate risks relating to certain key processes. Purchase-to-pay and payroll processes are examples of process-level controls. Automated or manual reconciliations and approvals of transactions are typical process-level controls.

IT controls are embedded within IT processes that provide a reliable operating environment and support the effective operation of application controls. Controls that prevent inappropriate and unauthorised use of the system and controls over the effective acquisition are examples of IT controls.

The operation of controls is monitored to ensure that they are implemented as designed, and that they operate effectively. The monitoring is performed as a management self-assessment, assessment of an independent party/internal audit or a combination of these.

Monitoring of financial reporting process

The financial reporting process is based on the Group Reporting Manual. Combined with the other Group reporting guidelines and additional instructions, it defines Sanoma Group's accounting principles and policies.

The Group Finance and Control function is part of the Parent Company and prepares control point guidelines for transactions and periodic controls for the SBUs. The guidelines are approved by the President and CEO. Periodic controls are linked to monthly and annual reporting processes and include reconciliations and analyses to ensure the accuracy of financial reporting. The control activities seek to ensure that potential deviations and errors are prevented, discovered and corrected, both at the Parent Company and the SBU level. Internal control systems cover the whole financial reporting process.

The Group's financial performance is monitored on a monthly basis, using a Group-wide financial planning and reporting system, which includes actualised income statements, balance sheets, cash flow statements and key performance indicators, as well as estimates for the current financial year.

Furthermore, business reviews between Group and SBU management are held at least quarterly. In addition to the SBUs' financial performance, e.g. the operating environment, future expectations, and business development are discussed in the reviews. The business reviews also have a role in the process of ensuring the functioning of the continuous risk assessment and internal control systems.

Other information

Internal audit

Sanoma's internal audit is steered by the Corporate Governance Framework as well as Group Policies on Internal Audit, Internal Control and Enterprise Risk Management. The Audit and Assurance function, reporting to the President and CEO, and directly to the Audit Committee, is responsible for the internal audit at Sanoma.

The scope of Audit and Assurance covers examination and evaluation of internal control systems, risk management processes, compliance processes, information security and governance framework as well as monitoring of Internal Control process on all organisational levels and businesses. The Audit and Assurance function supports the development of the organisation and provides additional assurance with a risk-based approach.

Related party transactions

Sanoma has a Related Party Policy, under which members of the management defined by the policy are under obligation to submit planned related party transactions for prior approval. More information on related party transactions in 2023 is available in the Financial Statements, Note 6.1.

Insider administration

Sanoma's Insider Policy complies with the Guidelines for Insiders issued by Nasdaq Helsinki Ltd. and other relevant legislation, such as Market Abuse Regulation.

According to the Insider Policy, a person who has gained inside information may not use the information by acquiring or disposing of Sanoma's financial instruments (either on his own or on a third-party's behalf, directly or indirectly), or give either direct or indirect advice on trading.

Sanoma has a standardised process for assessing inside information, delaying disclosure and establishing of insider lists.

- People who have access to all inside information, due to the nature of their position at Sanoma, are listed as permanent insiders. Currently, there are no permanent insiders at Sanoma.
- Deal-specific or event-based insider lists are established based on a case-by-case evaluation when inside information related to an event or deal is identified and a decision on delayed disclosure is made. Those who have been entered onto a deal-specific (or event-based) insider list are not allowed to trade Sanoma's financial instruments until the project has been publicly disclosed or otherwise terminated.

Sanoma applies a closed period, which is a thirty (30) calendar day period, before the announcement of the Financial Statements Release, the Half-Year Report and the Interim Reports.

During the closed period, the members of the Board and the President and CEO shall not conduct any transactions in Sanoma's financial instruments on their own account, or on the account of a third party, whether they possess inside information or not. Additionally, transactions are not allowed during the entire publication day. Sanoma also recommends that the EMT members and persons engaged in financial reporting do not trade in Sanoma's financial instruments during the closed period or the publication day.

Members of the Board and EMT shall always check beforehand the appropriateness of trading with the company secretary. Members of the Board and EMT may also issue an explicit, documented trading programme, which must comply with Nasdaq Helsinki Ltd. rules and regulations on trading programmes. Sanoma may publish such trading programmes on its website. There were no trading programmes in place on 31 December 2023.

The Board members, the President and CEO and persons closely associated with them must notify Sanoma and the Finnish Financial Supervisory Authority of their transactions with Sanoma's financial instruments (the so-called Manager's Transactions). The notification must be done within two days of the transaction. Sanoma shall publish such a notification as a stock exchange release within three days of the transaction at the latest. A delay in giving the notification may lead to sanctions.

Audit

The main function of the statutory audit is to verify that the financial statements provide a true and fair view of the Group's financial performance and financial position for the financial year. Sanoma's financial year is the calendar year.

The auditor's responsibility is to audit the Group's and the Parent Company's financial statements and administration in the respective financial year and to provide an auditors' opinion to the AGM. The auditor reports to the Board at least once a year.

According to the Articles of Association, Sanoma shall have one auditor, which shall be an auditing firm approved by the Patent and Registration Office. The term of office of the auditor expires at the end of the next AGM following the election.

The 2023 AGM elected the Authorised Public Accounting firm PricewaterhouseCoopers Oy as the statutory auditor of the company. Samuli Perälä, Authorised Public Accountant, acts as the Auditor in Charge.

PricewaterhouseCoopers Oy, with Samuli Perälä as the Auditor in Charge, has acted as the statutory auditor of the Company since the 2017 AGM. The Auditor shall be reimbursed against an invoice approved by the Company.

FEES PAID TO THE COMPANY'S AUDITORS

	Group		Parent company	
EUR million	**2023**	**2022**	**2023**	**2022**
Fees paid for audit services	1.4	1.4	0.3	0.4
Fees paid for non-audit services	0.2	0.1	0.2	0.1

Remuneration Report

This Remuneration Report sets out how Sanoma Corporation has implemented its Remuneration Policy in 2023, as adopted by the Annual General Meeting (AGM) on 19 April 2023. The report includes information concerning the remuneration of the Board of Directors and the President and CEO during the period 1 January–31 December 2023. Susan Duinhoven acted as the President and CEO of Sanoma from October 2015 until 31 December 2023. This report describes her paid and earned remuneration in 2023. Key principles of the remuneration of Rob Kolkman, who started as the President and CEO of Sanoma on 1 January 2024 are available on sanoma.com.

This Remuneration Report has been reviewed by Sanoma's Human Resources Committee and approved by the Board. The shareholders will make an advisory decision on the adoption of the Remuneration Report at the Company's AGM on 17 April 2024. This report is based on the recommendation of the Finnish Corporate Governance Code 2020, as well as the provisions of the Finnish Securities Market Act and Limited Liability Companies Act.

The AGM 2023 adopted a change to Sanoma's Remuneration Policy. According to the Policy, the performance period of the Performance Share Plans (PSP) may vary from one to three years (previously two years). Hence, based on the updated Policy, the performance period in the PSP 2023–2025 is one year (i.e. 2023), followed by a two-year vesting period. The change is reflected in this Remuneration Report.

Sanoma's Remuneration Policy is available at sanoma.com.

Letter from the Chair of the HR Committee

Dear shareholders,

I am pleased to present Sanoma's Remuneration Report 2023 on behalf of the HR Committee and the Board of Directors.

2023 was a solid year for Sanoma. Our net sales growth and operational EBIT were driven by a strong performance in Learning, while Media Finland managed to mitigate in part the impact that lower advertising demand and cost inflation had on its financials. We are in a good position to continue building on the long-term strengths of both Learning and Media Finland. The underlying free cash flow improved as a result of active working capital management in Learning, and this mitigated the impact of the increased seasonality of the business and improved the cash conversion.

In November, we announced that Sanoma's long-time President and CEO Susan Duinhoven had decided to resign after leading the company successfully for eight years. On behalf of the whole Board, I would like to extend my warmest thanks to Susan for her outstanding job in transforming Sanoma from a cross-media company operating in multiple countries to a leading European K12 learning company and her exceptional commitment to Sanoma. The Board was also delighted to appoint Rob Kolkman as the President and CEO of Sanoma Corporation as of 1 January 2024. Rob is an experienced and engaging growth leader, who knows Sanoma's business and people well.

He has a clear view of how to continue executing and developing the strategy of future profitable growth, together with experienced leadership teams in both businesses. The Board wishes Rob every success in his new role.

Remuneration of Sanoma's executives is designed around the following five principles as stated in the Remuneration Policy:

- support the business strategy,
- pay-for-performance,
- pay competitively,
- encourage share ownership, and
- be fair, transparent, and simple in design.

In 2023, the HR Committee presented at the AGM an update to the Remuneration Policy for adoption. The remuneration principles remained the same, while the main update related to the performance period of long-term, share-based management incentives (LTI), which can now vary from one to three years. For the 2023–2025 and 2024–2026 Performance Share Plans (PSP), the performance period is one year, followed by a two-year vesting period. The HR Committee considers that this optimises the long-term commitment of the key employees in the current volatile operating environment and supports the company's continuing transformation. The KPIs used to measure the performance remained the same as in the earlier plans i.e. adjusted free cash flow and operational EPS.

In line with the Policy, remuneration in 2023 supported the Group's business strategy with a focus on creating long-term sustainable growth and shareholder value, while also maintaining a strong focus on short-term financial results and cash flow. Compensation was performance-based and designed to encourage the achievement of short and long-term targets, while being balanced between achieving long-term results and avoiding possible undesired short-term risk-taking. In addition to the financial targets, sustainability targets continued to be emphasised in the short-term incentives (STI). They included a data and privacy related target with a weighting of 10% and an Employee Engagement Index target with an equal 10% weighting. The sustainability themes linked into STI target setting are reviewed on an annual basis, and a climate target will be applied for the first time in 2024.

The decision-making process on remuneration, as defined in the Remuneration Policy, has been followed in 2023. The Board did not observe any circumstances or activities that would have resulted in the need to apply claw-back clauses applicable to the CEO's or any other executive's variable remuneration.

In line with the Remuneration Policy, Rob Kolkman's remuneration consists of base salary (EUR 571,428 excl. holiday allowance and fringe payments), short-term performance-based incentives (66.7% of base salary at the target level), long-term performance-based share incentives (150% of annual base on target level) and additional pension payment (EUR 85,714). The only variation in his employment terms relates to the severance payment period, which to the benefit of the shareholders is six months, instead of twelve months as defined in the Policy. The Board considers this deviation temporary in nature.

To encourage share ownership in Sanoma, shareholding guidelines for the CEO have been in place, and these also support and align shareholder and top-executive interests. Until their required shareholdings are achieved, the CEO and the members of the EMT are required to hold, and not to sell, at least 50% of the net shares received as a reward. At the end of December 2023, Susan Duinhoven held 601,010 Sanoma shares, fulfilling the ownership requirement of 75,000 shares since 2016, while Rob Kolkman held 44,675 shares (in comparison to the mentioned ownership requirement).

The total compensation paid to the CEO Susan Duinhoven in 2023 decreased to EUR 1,363,032 (2022: 3,735,202). For the STIs included, it reflects Sanoma's performance for the financial year 2022, and for the long-term incentives (LTI) that of the financial year 2020. As regards earned remuneration in 2023, the performance outcome in the STI, 130%, will be paid to her in cash in spring 2024. For 2023, the performance outcome for the 2023–2025 Performance Share Plan (PSP) was 130%. CEO Susan Duinhoven is departing as a good-leaver under all circumstances, and all the earned performance shares (LTI) will be delivered to her in 2024–2026 (more information under Remuneration of the CEO in 2023). No shares were earned from the PSP 2022–2024, in which the performance period was two years (2022–2023).

In 2023, the HR Committee supported the Board in reviewing a variety of key activities. These included the implementation of the People Excellence Programme, which is aimed at strengthening HR capabilities, as well as Learning's new HR system and the related change management and communications. The HR Committee also focused on following up on learning and development initiatives across the Group. With the aim of creating and strengthening the skills needed to ensure the Group's medium- and long-term success, the cultural change required for the implementation of the 70/20/10 learning framework (70% learning on the job, 20% learning from peers and 10% classical training) is all seen as crucial.

Engaged employees and long-term performance-based remuneration will play a pivotal role in achieving Sanoma's long-term targets and ambitions. With Sanoma's continuing transformation and the current challenging operating environment, it was a great pleasure to see that the Employee Experience Index of the Group increased to the long-term target level of 7.5 (2022: 7.3). This will strengthen Sanoma's ability to attract and retain talented employees.

Finally, on behalf of the HR Committee, I want to thank our teams and our shareholders for their continued support.

Julian Drinkall
Chair of the HR Committee

Remuneration aligned with long-term business performance

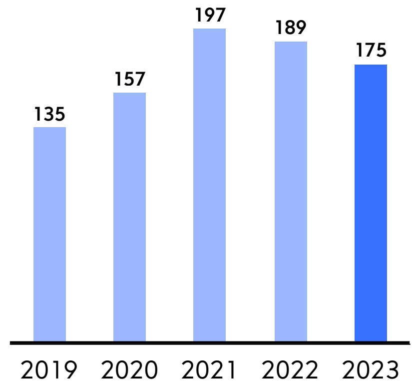
Sanoma is a leading European K12 learning company operating in twelve countries and a leading digital media company in Finland. In 2024–2026, Sanoma's strategic aims are to deliver increasing profitability and prepare for future growth through three strategic focus areas: 1) Increasing profitability of Learning and Media Finland, 2) Growing organically and through smaller in-market acquisitions in Learning, and 3) Deleveraging the balance sheet.

Sanoma's long-term financial and sustainability targets are unchanged. The financial targets relate to the Group's leverage, equity ratio and dividend and the SBU's organic growth and profitability. The sustainability targets are linked to the key themes in Sanoma's sustainability strategy and are available in the Sustainability Report. In the longer term, Sanoma's strategic growth ambition is to increase the Group net sales to over EUR 2 billion by 2030, with at least 75% coming from the learning business. In 2023, the share of the learning business of the Group's net sales was 57% and of the SBU's operational EBIT excl. PPA 79%.

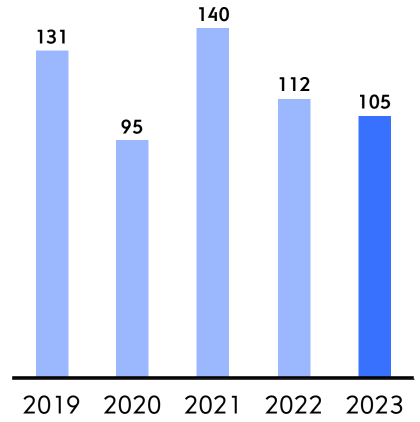
Long-term business performance

Key metrics of Sanoma's financial performance in the past five years are presented in the graphs below. In 2019–2023, total return to shareholders (share price development and dividends paid) was 3%.

Operational EBIT excl. PPA, m€

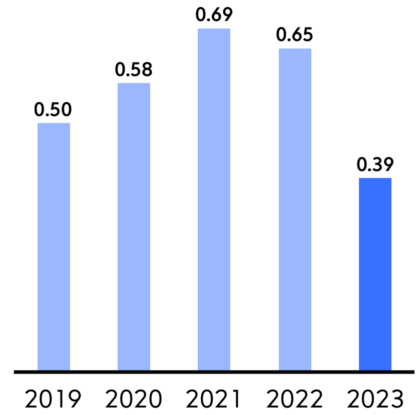


Free cash flow, m€



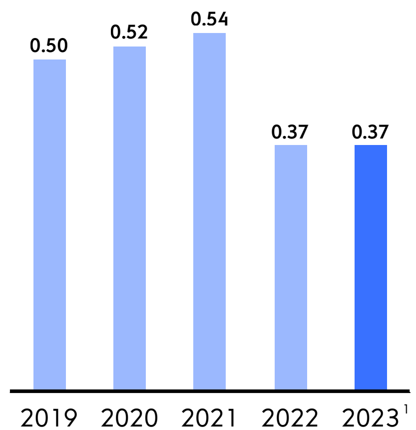
Free cash flow = Cash flow from operations less capital expenditure

Operational EPS, €[1]



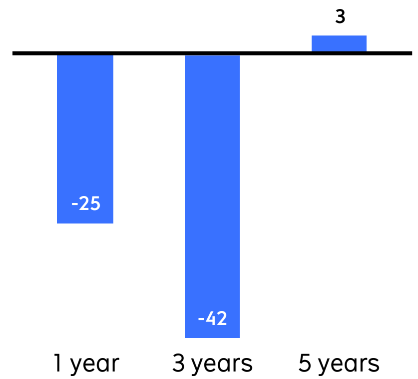
[1] Continuing operations

Dividend per share, €



[1] Board's proposal to the AGM 2024

Total return, %



OUR BUSINESSES IN BRIEF
SUSTAINABILITY
GOVERNANCE
Corporate Governance Statement
■ Remuneration Report
FINANCIALS

Development of compensation

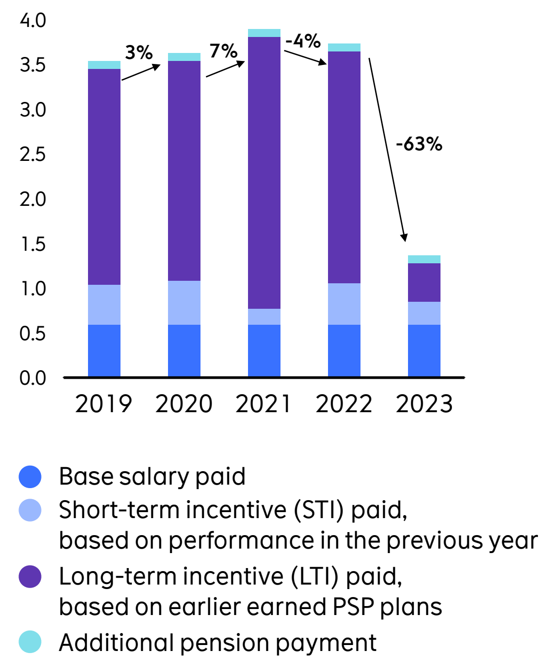
Compensation of Sanoma's Board of Directors, President and CEO and average employee during the past five years is presented below.

5-YEAR DEVELOPMENT OF REMUNERATION (PAID REMUNERATION PER YEAR), €

	2019	2020	2021	2022	2023
Chair of the Board [1]	102,000	133,500	144,000	144,000	144,000
Change y-o-y	0%	31%	8%	0%	0%
Vice Chair of the Board [1]	78,000	82,500	84,000	84,000	84,000
Change y-o-y	0%	6%	2%	0%	0%
Member of the Board [1]	66,000	70,500	72,000	72,000	72,000
Change y-o-y	0%	7%	2%	0%	0%
President and CEO [2]	3,541,726	3,632,689	3,889,411	3,735,202	1,363,032
Change y-o-y	206%	3%	7%	-4%	-63%
Sanoma employee [3]	56,000	58,000	59,000	58,000	65,000
Change y-o-y	-1%	4%	2%	2%	12%
Annual compensation ratio (President and CEO to employee) [4]	65	64	67	65	21
Change y-o-y [5]	210%	-2%	5%	-3%	-68%

[1] Fixed fee
[2] Susan Duinhoven has acted as the CEO of Sanoma from October 2015 until 31 December 2023
[3] Average Sanoma employee remuneration is calculated by dividing the Group's total salary costs by the average number of employees. For 2019–2021, only continuing operations are included.
[4] Annual total compensation for President and CEO / Average annual total compensation for all employees excluding President and CEO
[5] Percentage change in annual total compensation of President and CEO / Average percentage change in annual total compensation for all employees excluding President and CEO

Development of CEO compensation (paid), m€



Remuneration of the Board in 2023

In 2023, Board remuneration was based on the below resolution of the shareholders at the AGM 2023 on the monthly and meeting fees. Both the monthly fees and the meeting fees were unchanged compared to the previous year. Board remuneration was paid in cash and totalled EUR 844,500 (2022: 833,500).

Monthly fees

- EUR 12,000 to Chair,
- EUR 7,000 to Vice Chair and
- EUR 6,000 to members.

Meeting fees

- 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's 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.

REMUNERATION PAID TO THE MEMBERS OF THE BOARD IN 2023, €

Member	Fixed fees	Meeting fees from Board meetings	Meeting fees from Committee meetings	Total
Pekka Ala-Pietilä (Chair)	144,000	0	6,000	150,000
Nils Ittonen (Vice Chair)	84,000	0	16,500	100,500
Julian Drinkall	72,000	7,000	14,000	93,000
Rolf Grisebach	72,000	7,000	8,000	87,000
Anna Herlin	72,000	0	6,000	78,000
Mika Ihamuotila	72,000	0	4,500	76,500
Denise Koopmans	72,000	6,000	14,000	92,000
Sebastian Langenskiöld	72,000	0	12,000	84,000
Eugenie van Wiechen [1]	48,000	4,000	0	52,000
Rafaela Seppälä [2]	24,000	0	7,500	31,500

[1] Member of the Board since 19 April 2023
[2] Member of the Board until 19 April 2023

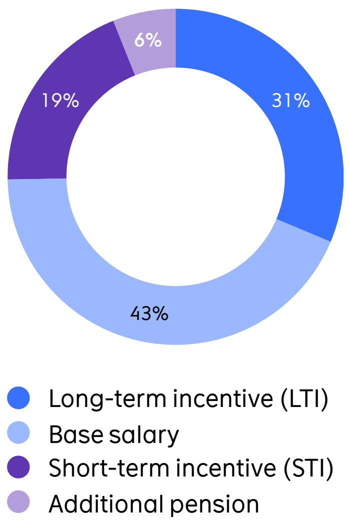
Remuneration of the CEO in 2023

Susan Duinhoven acted as the President and CEO of Sanoma from October 2015 until 31 December 2023. This report describes her paid and earned remuneration in 2023. Key principles of the remuneration of Rob Kolkman, who started as the President and CEO of Sanoma on 1 January 2024, are available at sanoma.com.

Paid remuneration in 2023

In 2023, the CEO Susan Duinhoven's base salary equalled 46% (2022: 16%) of the total compensation paid to her (excluding additional pension payment), while variable, performance-based compensation equalled 54% (2022: 84%). Detailed information on the remuneration paid to the CEO in 2019–2023 is available under Development of compensation.

Structure of paid compensation in 2023, %



REMUNERATION PAID TO THE CEO SUSAN DUINHOVEN IN 2023, €

Base salary	Annual short-term incentive [1]	Long-term incentive [2]	Additional pension payment	Total compensation paid
591,041	259,330	424,710	87,951	1,363,032

[1] Earned in 2022, paid in 2023
[2] Earned based on performance in 2020 in PSP 2020–2022, paid as 48,550 gross shares on 1 March 2023 at share price of EUR 8.65

Earned remuneration in 2023

In 2023, the CEO Susan Duinhoven was offered three performance-based incentive plans: a short-term incentive (STI) and two share-based long-term incentives (LTI, Performance Share Plans 2023–2025 and 2022–2024). The purpose of the short-term incentive is to incentivise for achieving stretched financial and non-financial short-term targets aligned with business strategy. The purpose of the LTI is to incentivise and support the development and execution of business strategies linked to long-term performance and shareholder value creation, and to serve as a retention tool. Regarding the earned share-based LTI, CEO Susan Duinhoven will, according to an earlier agreement, be treated on a good-leaver ground under all circumstances.

The STI performance criteria for the one-year performance period of 2023 were set by the Board at the beginning of the financial year. The CEO's STI earning opportunity for 2023 was set at 66.7% of annual base salary at target level and 100% at maximum level. The performance outcome in the STI was 130%, resulting from the financial and sustainability performance of the company in 2023. The earned STI reward will be paid to her in spring 2024.

The LTI performance criteria (PSP 2023–2025) for the one-year performance period of 2023 were set by the Board at the beginning of the financial year. The CEO's earning opportunity in the PSP 2023–2025 was 100,000 shares (gross) at target level and 150,000 shares (gross) at maximum level. The performance outcome in the LTI was 130%, resulting from the financial performance of the company in 2023. The earned share-based LTI reward related to PSP 2023–2025 will be paid in spring 2026.

The LTI performance criteria (PSP 2022–2024) for the two-year performance period of 2022–2023 were set by the Board at the beginning of 2022. The CEO's earning opportunity in the PSP 2022–2024 was 100,000 shares (gross) at target level and 150,000 shares (gross) at maximum level. The performance outcome in the PSP 2022–2024 was 0%, resulting from the financial performance of the company in 2022–2023. There is no earned share-based LTI reward related to PSP 2022–2024 to be delivered in spring 2025.

REMUNERATION EARNED BY THE CEO SUSAN DUINHOVEN IN 2023

STI 2023 criteria	Weight	Performance outcome	Earned reward, to be paid in 2024
Operational EBIT excl. PPA	40%	100%	EUR 467,334
Adjusted free cash flow	40%	150%	
Employee engagement survey	10%	150%	
Data and privacy related sustainability target	10%	148%	

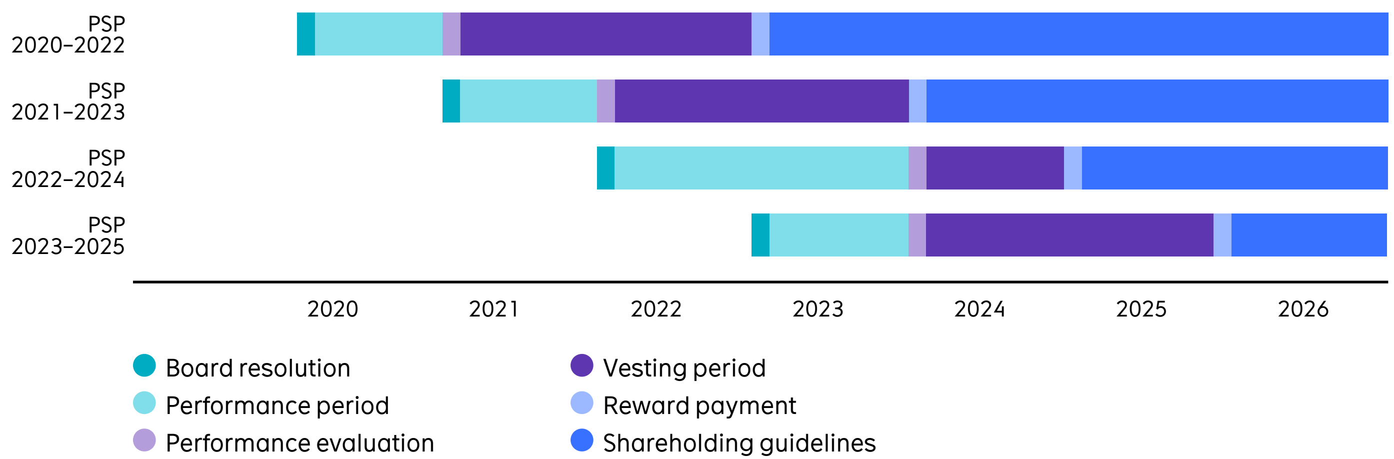
LTI, PSP 2023–2025 criteria	Weight	Performance outcome	Earned reward (gross shares), to be paid in 2026
Adjusted free cash flow in 2023	60%	150%	130,000
Operational EPS in 2023	40%	100%	

LTI, PSP 2022–2024 criteria	Weight	Performance outcome	Earned reward (gross shares)
Adjusted free cash flow in 2022–2023	60%	0%	-
Operational EPS in 2022–2023	40%	0%	

Share-based incentives of the CEO

Sanoma's long-term remuneration framework is built on share-based incentive plans, Performance Share Plans and Restricted Share Plans, which offer the Group's management an opportunity to earn Sanoma shares as long-term incentives. The Performance Share Plan (PSP) offers an opportunity to earn a predetermined number of Sanoma shares as a reward for achieving performance targets set by the Board, and the Restricted Share Plan (RSP) offers an opportunity to earn a predetermined number of Sanoma shares as reward for continuous service and retention. More information on Sanoma's long-term share-based incentives is available at sanoma.com.

Share-based incentives of the CEO Susan Duinhoven



SUMMARY OF GRANTED, EARNED AND PAID SHARE-BASED INCENTIVES TO THE CEO SUSAN DUINHOVEN

Plan	Granted	Share price at grant date	Performance criteria	Performance period	Granted reward shares at target	Achieved reward vs. target (100%)	Gross shares earned	Net shares paid	Delivery time (payment)
PSP 2020–2022	7 February 2020	EUR 10.64	Adjusted free cash flow and operational EPS in 2020	2020	50,000 [1]	97%	48,550	23,415	Spring 2023
PSP 2021–2023	9 February 2021	EUR 17.00	Adjusted free cash flow and operational EPS in 2021	2021	100,000	131%	130,600		Spring 2024
PSP 2022–2024	10 February 2022	EUR 13.54	Adjusted free cash flow and operational EPS in 2022–2023	2022–2023	100,000	0%	-		Spring 2025
PSP 2023–2025	10 February 2023	EUR 9.48	Adjusted free cash flow and operational EPS in 2023	2023	100,000	130%	130,000		Spring 2026

[1] Originally 100,000, halved in September 2020 due to the impact of the coronavirus pandemic

Shares conditionally granted to the CEO and members of the Executive Management Team (EMT) under the PSP and RSP are subject to a share ownership requirement that is determined by the Board in accordance with the HR Committee's proposal. Until their required shareholding is achieved, the CEO and the members of the EMT are required to hold, and not to sell, at least 50% of the shares received as a reward.

The CEO Susan Duinhoven has not been granted rewards in the Restricted Share Plan (RSP) since 2017, when she was granted 50,000 restricted shares as compensation for lower pension payments than originally contractually agreed due to changes in the regulation. These shares were delivered in 2019.

In 2020–2023, the number of granted gross shares on-target level for the CEO Susan Duinhoven was 100,000 shares (previously 150,000). The final number of shares earned will be based on the fulfilment of the earnings criteria decided annually by the Board.

Adjustments when calculating the performance outcome

According to the key principles of the Remuneration Policy, the STI and LTI performance criteria are set by the Board at the beginning of the following performance periods:

- for STIs the corresponding financial year,
- for LTI launched in 2022 the corresponding and the subsequent financial year (2022–2023), and
- for LTI launched in 2021 and earlier, and in 2023, the corresponding financial year.

The financial criteria are typically linked to the ambitious Group budget and plans approved by the Board, whereas the sustainability criteria are linked to a clear performance improvement compared to the previous year. However, the financial performance criteria may be adjusted during the year for the following items that were not included in the original budget and plans, subject to the Board approval at the recommendation of the HR Committee:

- acquisitions and divestments taking place during the course of the year,
- unforeseen items affecting comparability (IACs) for their impact on free cash flow,
- changes in accounting policies or practices, and
- changes in budgeted and actual foreign exchange rates.

In 2023, some positive and negative adjustments in the performance criteria of adjusted free cash flow, operational EBIT excl. PPA and operational EPS were made, but the net impact was minor. The main adjustments were related to Learning's efficiency improvement program Solar launched in October 2023, and changes in foreign exchange rates.

Financials

Description of our financial performance in 2023

This Annual Report is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation.

Report of the Board of Directors

Report of the Board of Directors

Strategic review

In 2023, Sanoma continued to build the long-term competitive strengths of both Learning and Media Finland. The operating environment was challenging throughout the year, while Sanoma managed well in partially mitigating the direct and indirect impacts of cost and salary inflation, higher interest rates and weakening consumer confidence in its financial performance.

In October, it was announced that Learning is expected to reach its long-term profitability target (operational EBIT margin excl. PPA) of 23% in 2026 through the process and efficiency program Solar. Program Solar is estimated to bring EUR 55 million operational efficiencies from 2026 onwards, and it consists of four streams: 1) organisational optimisation post curriculum renewals in Poland and Spain, 2) process improvements in publishing operations, 3) continuing harmonisation of digital learning platforms, and 4) overhead and other optimisations across the SBU. Higher than average price increases that were implemented in the beginning of the year to mitigate the inflation impact and strong demand in Spain related to the last year of the LOMLOE curriculum renewal led to strong 8% organic growth in the learning content business, which in 2023 represented approx. 74% of Learning's net sales. Integration of the local K12 learning content business acquired in Italy in August 2022 was successful, and according to plans was nearly completed during the year. Discontinuation of low-value contracts in the Dutch distribution business started and is expected to result in a clear net sales decline of that business in the short- to mid-term.

In Media Finland, the strategic focus of the year was in enhancing successful digital transformation both in newsmedia and entertainment to create a sustainable long-term competitive advantage and continue implementing the established cost conscious way of working, which partially mitigated the impact of high cost inflation. Media Finland's total subscription base grew slightly as solid growth in digital subscriptions, driven by the subscription video-on-demand (SVOD) service Ruutu+, offset the decline in print subscriptions. This led to a total of more than 900,000 subscribers paying for digital content in a country with approx. 2.7 million households. In B2B, digital advertising demand was stable, while Sanoma's market share within domestic digital advertising increased. Media Finland has a reasonably balanced business portfolio, with 52% of net sales attributable to the relatively stable B2C business, mainly subscription, and 48% to the B2B business in 2023. Within B2B, print advertising represented only 17% of net sales.

Sustainability is deeply rooted into the purpose of Sanoma's learning and media businesses, which have a positive impact on the lives of millions of people every day. During the year, Sanoma's sustainability work focused, among other things, on reducing its carbon footprint as well as on developing diversity, equality and inclusion (DE&I), leadership, ethical use of AI and suppliers' sustainability practices across the Group. In November, Sanoma's climate targets, which include ambitious reductions of CO_2 emissions not only in Sanoma's own operations, but also in the value chain by 2030, were validated by the Science Based Targets initiative (SBTi). Together with targets related to the development of accessibility of digital learning content, the SBTi targets were already in March linked as KPIs to Sanoma's EUR 300 million Revolving Credit Facility.

Sanoma is in a good position to continue building on the long-term strengths of both Learning and Media Finland. Its long-term financial and sustainability targets and 2030 growth ambition are unchanged (details available under Sanoma as an investment). In 2024–2026, the three strategic focus areas of the Group are: 1) increasing the profitability of Learning and Media Finland, 2) growing organically and through smaller in-market acquisitions in Learning and 3) deleveraging the balance sheet.

Financial review

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

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

sanoma

and cost inflation. Other operations' earnings decreased mainly due to higher bonus provisions.

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

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

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

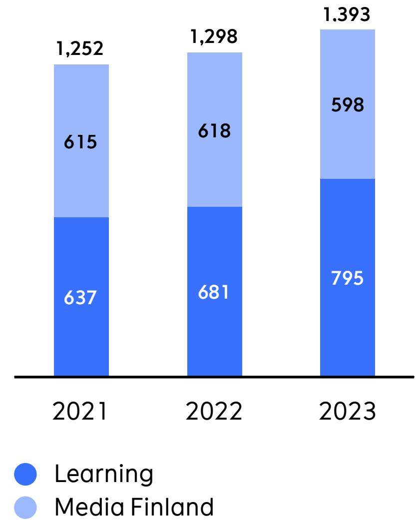
Operational earnings per share decreased to EUR 0.39 (2022: 0.65) and earnings per share to EUR -0.03 (2022: 0.47), being adversely impacted by clearly higher financial expenses and the interest booked for the hybrid bond.

IACS, PPAS AND RECONCILIATION OF OPERATIONAL EBIT

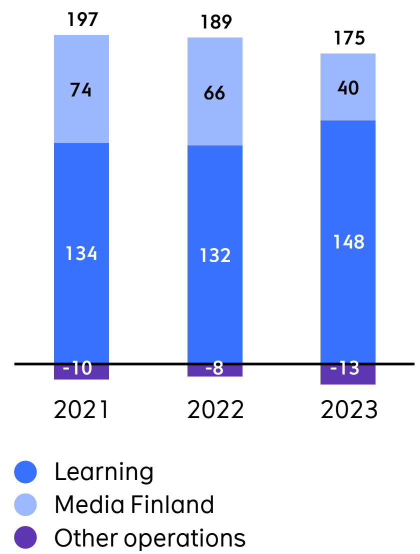
EUR million	FY 2023	FY 2022
EBIT	**51.7**	**112.0**
Items affecting comparability (IACs)		
Restructuring expenses	-37.6	-27.2
Of which related to Program Solar	-21.8	
Impairments	-13.3	-11.6
Capital gains/losses	4.6	0.9
VAT claims for years 2015–2018 and 2019–2021	-35.9	
IACs total	**-82.3**	**-37.9**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

A detailed reconciliation on SBU level is presented at the end of the Report of the Board of Directors in chapter Reconciliation of certain key figures.

Net sales by SBU, m€



Operational EBIT excl. PPA by SBU, m€



Financial position

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

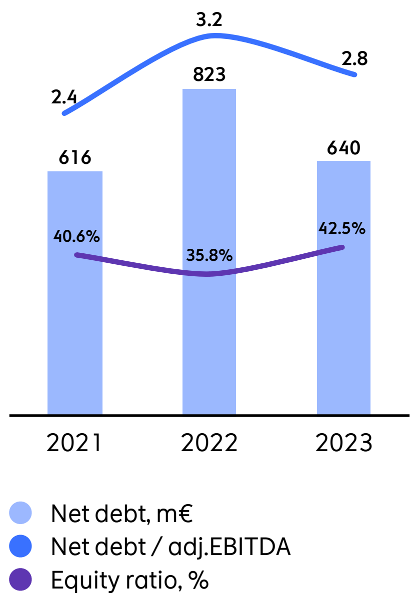
At the end of December 2023, the Group's equity totalled EUR 799 million (2022: 702), including the hybrid bond of EUR 150 million, and the consolidated balance sheet amounted to EUR 2,036 million (2022: 2,104).

Cash flow

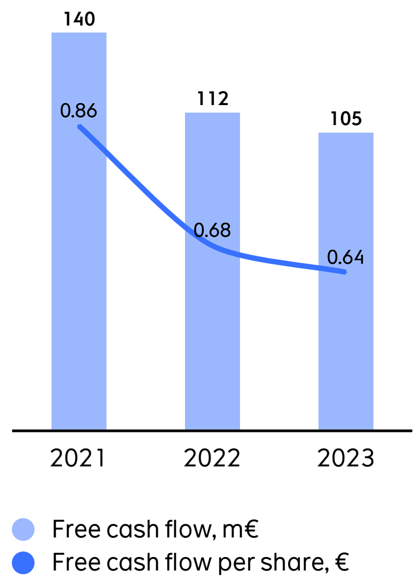
In 2023, the Group's free cash flow totalled EUR 105 million (2022: 112). In Learning, active working capital management throughout the year led to a significant improvement in operating cash flow. The Italian and German businesses acquired in August 2022 had a significant positive impact on the free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

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

Development of financial position



Free cash flow



Acquisitions and divestments

There were no major acquisitions or divestments in 2023. Information on acquisitions and divestments conducted in 2022 and earlier is available at sanoma.com.

Events during the reporting period

On 26 October, Sanoma announced that Sanoma Learning's operational EBIT margin excl. PPA is estimated to reach its long-term target level of 23% in 2026 (2023: 18.7%) supported by the new process and efficiency improvement program, Solar. Annual operational efficiencies from Solar are estimated to amount to approx. EUR 55 million from 2026 onwards. Solar consists of several workstreams across the learning business and operations, including organisational optimisation post curriculum renewals especially in Spain and Poland, process improvements in publishing operations across learning material businesses in seven countries, continuing harmonisation of digital learning platforms started in 2022, and overhead and other optimisation across the SBU. In 2023, Sanoma has booked EUR 22 million of costs related to Solar as items affecting comparability (IACs) in Sanoma Learning's result. In 2024, Solar-related costs booked as IACs are estimated to amount to approx. EUR 23 million. All organisational optimisation actions are subject to works council negotiations and other local legal procedures. The implementation of Solar has started and is progressing on track, with 80% of the initiatives expected to be finalised during 2024.

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

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

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

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

On 2 March, Sanoma signed a Sustainability Side Letter to add sustainability-linked KPIs to its EUR 300 million Revolving Credit Facility signed in November 2022 with ten banks. With the addition, a minor part of the pricing of the loan will be linked to Sanoma's sustainability performance in reducing greenhouse gas emissions in line with Sanoma's commitment to the Science Based Targets initiative 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.

Strategic Business Units

In 2023, Sanoma Group included two strategic business units (SBU), Learning and Media Finland.

Learning

Sanoma Learning is one of the global leaders in K12 education, serving about 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	2023	2022	Change
Net sales	795.2	681.0	17%
Operational EBITDA [1]	237.6	212.8	12%
Operational EBIT excl. PPA [2]	148.4	131.8	13%
Margin [2]	18.7%	19.4%	
EBIT	70.6	67.2	5%
Capital expenditure	33.8	40.4	-16%
Average number of employees (FTE)	2,849	2,717	5%

[1] Excluding IACs
[2] Excluding IACs of EUR -43.4 million in 2023 (2022: -32.2) as well as PPA adjustments and amortisations of EUR 34.5 million in 2023 (2022: 32.5).

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table at the end of the Report of the Board of Directors in chapter Reconciliation of certain key figures.

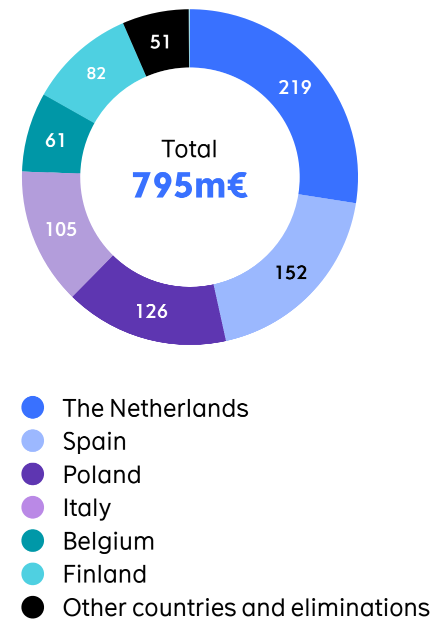
Net sales of Learning grew significantly and amounted to EUR 795 million (2022: 681). Growth of learning content sales was particularly strong in Spain and Poland, driven by the successful implementation of the recent curriculum renewals. In the Netherlands, sales of learning content increased, while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

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

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

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

Net sales by country, m€



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	2023	2022	Change
Net sales	597.8	618.1	-3%
Operational EBITDA [1]	132.4	150.2	-12%
Operational EBIT excl. PPA [2]	39.8	65.8	-40%
Margin [2]	6.7%	10.6%	
EBIT	-8.4	54.3	-115%
Capital expenditure	8.6	8.9	-4%
Average number of employees (FTE)	2,144	2,160	-1%

[1] Excluding IACs
[2] Excluding IACs of EUR -41.3 million in 2023 (2022: -4.6) as well as PPA adjustments and amortisations of EUR 6.8 million in 2023 (2022: 6.9).

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table at the end of the Report of the Board of Directors in chapter Reconciliation of certain key figures.

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

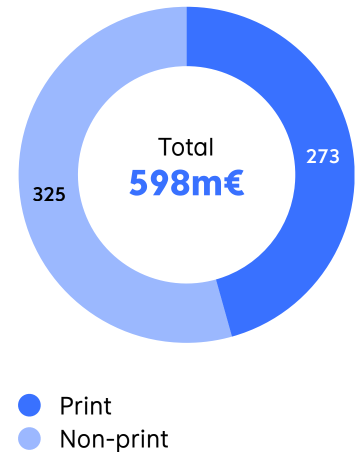
According to the Finnish Advertising Trends survey for December 2023 by Kantar TNS, the advertising market in Finland declined by 4% year-on-year on a net basis in 2023. Advertising decreased in all categories relevant to Sanoma: by 13% in newspapers, by 15% in magazines, by 4% in TV, by 2% in radio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

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

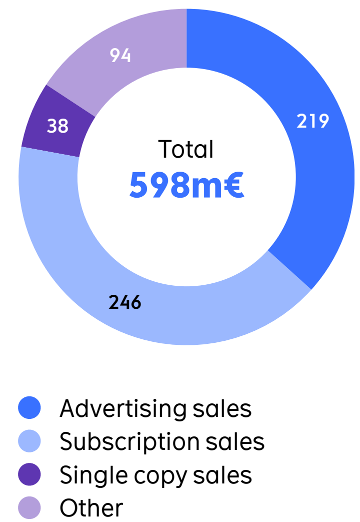
EBIT declined to EUR -8 million (2022: 54) as a result of lower operational earnings, the EUR 36 million VAT claims for the years 2015–2021 booked as IACs in Q2 2023 and costs related to recent minor M&As. Consequently, the IACs increased to EUR -41 million (2022: -5). PPAs were EUR 7 million (2022: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

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

Net sales by category, m€



Net sales by category, m€



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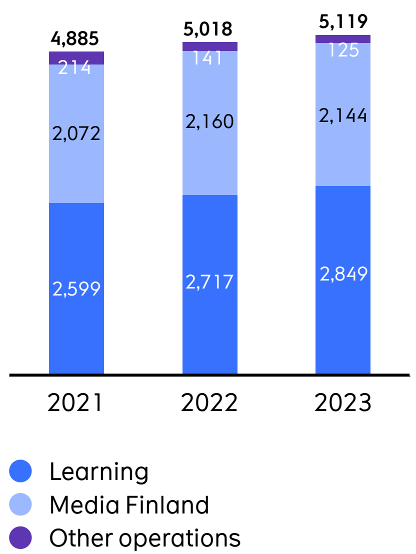
Personnel

In 2023, the average number of employees in full-time equivalents (FTE) was 5,119 (2022: 5,018). The average number of employees (FTE) per SBU was as follows: Learning 2,849 (2022: 2,717), Media Finland 2,144 (2022: 2,160) and Other operations 125 (2022: 141). The increase in the average number of employees in Learning was mainly due to the acquired Italian and German business.

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

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

Personnel by SBU,
FTE, average



Non-financial information

As a leading K12 learning company in Europe and a leading digital media company in Finland, Sanoma plays an important role in society and has a positive impact on the lives of millions of people every day. Sanoma's Sustainability Strategy consists of six themes: Inclusive learning, Sustainable media, Valued people, Trustworthy data, Vital environment, and Responsible business practices. With its Sustainability Strategy, Sanoma is committed to the United Nations' Sustainable Development Goals (SDGs). Sanoma's Code of Conduct and its policies and practices are built upon global conventions and commitments and applied across the Group. The policies are approved by the Board of Directors.

Sanoma's Sustainability Strategy relates to the themes covered by the Non-Financial Reporting Directive (NFRD): environment, employee and social issues, human rights, and anti-bribery and corruption. In addition to this NFRD review, more information on sustainability is available in the Sustainability Report, which is prepared according to the Global Reporting Initiative (GRI) standards, the Sustainability Accounting Standard Board's (SASB) standards and the Task Force on Climate Related Disclosures (TCFD) guidelines. Sanoma's EU Taxonomy Disclosure can be found in chapter EU Taxonomy disclosure of this report.

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

In late 2023, Sanoma conducted its first double materiality assessment following the CSRD and the reporting requirements set in the ESRS. The results of the double materiality assessment will be finalised during 2024 and will determine which sustainability topics Sanoma will include in its CSRD report. Sanoma will publish its first CSRD report, including the results of the double materiality assessment, in its Report of the Board of Directors for 2024.

In March 2023, Sanoma signed a Sustainability Side Letter to add sustainability-linked KPIs to its EUR 300 million Revolving Credit Facility with ten banks, maturing in November 2026. With the addition, a minor part of the pricing of the loan is linked to Sanoma's sustainability performance in reducing greenhouse gas emissions in line with Sanoma's commitment to the Science Based Targets initiative and developing inclusive learning solutions, more specifically the accessibility of digital learning content and platforms.

Sanoma's business model and its role and impacts in the value chain are described in more detail in the value creation model. Risks related to non-financial aspects are included in chapter Risks and risk management. Sanoma's governance structure and framework is presented in the Corporate Governance Statement.

Value creation model

The value creation model summarises Sanoma's business model and its role and impacts in the value chain. Sanoma uses resources and inputs in developing, producing and distributing learning and media content and offering services. The model also describes the most material outputs of Sanoma's business operations and their impacts on Sanoma's audiences, customers, society and other stakeholders. All figures presented in the model are for the year 2023.

Inputs

Operational
- Systems and applications
- Own and external printing facilities
- Transportation and distribution
- User data

Human, social & intellectual
- Committed and diverse personnel (more than 5,500 employees at the end of 2023) and freelancers, who have competence and know-how in learning and media content creation, innovation and development
- Key stakeholder relations and engagement with teachers, readers and users to understand customers' needs

Financial
- Equity 799 m€
- Net debt 640 m€

Natural
- Energy used 39 GWh
- Paper used 63,100 tonnes

Business activities

Learning materials, methods & digital platforms

Media content

Advertising

Data & privacy

Leadership and talent management

Business development

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Our products have a positive impact on the lives of millions of people every day.

Customers are at the heart of everything we do.

We think and work according to our values.

Governance framework

Outputs

Operational, intellectual & social
- Modern learning materials, methods and digital platforms
- Independent, high-quality journalism
- Local entertainment
- Optimal reach and targeting for successful and responsible advertising
- Customer value by responsible use of data
- New products and solutions to meet the changing customer needs

Human
- Engaged diverse employees
- Increased knowledge and know-how

Financial
- Earnings[1] 175 m€
- Employee benefits 405 m€
- Net financial items 31 m€
- Taxes and employer charges 96 m€
- Free cash flow 105 m€
- Dividends paid 61 m€

Natural
- GHG emissions 108,900 tCO_2e

[1] Operational EBIT excl. PPA

Impacts

- Our products have a positive impact on the lives of millions of people every day
- Our modern, high-quality materials, methods and digital platforms support high learning results and contribute to the successful and stable development of societies
- Our independent, high-quality journalism supports freedom of speech and increases people's awareness and intellectual capital
- We enrich people's lives by entertainment contributing to shared values and experiences
- We contribute to economic growth via responsible advertising and employment
- We support users' awareness about the benefits of data and their trust in our data integrity
- We play an active role in the responsible and forward-looking development of the learning and media industries
- We work to minimise the environment and climate impact across our value chain

Valued people: Social and employee matters

Employees are at the centre of Sanoma's strategy and operations: this is the only way to ensure the level of engagement and focus on results required for an organisation where creativity and people orientation are key drivers. Our strategic growth ambition requires excellence, focus and full alignment from the employees, together with strong capabilities to operate in the current challenging environment and lead Sanoma to a successful future. The mix of characteristics of Sanoma as an employer is quite unique: meaningful work with a strong purpose, a competitive offering and equal treatment, flexible working arrangements, a collaborative environment and clear opportunities to grow and develop.

Sanoma's Diversity and Inclusion Policy sets the ambition for a diverse and inclusive workplace with fair treatment and equal opportunities, non-discrimination, equal pay for equal roles, and gender-neutral experience. In most of the Group's operating countries, equality actions are centred around local equality and non-discrimination plans. In 2023, Sanoma continued advancing diversity, equity and inclusion (DE&I) following its long-term development plan with the aim of improving equal opportunities. Sanoma has zero tolerance for any form of discrimination, harassment or bullying at the workplace. Sanoma's Code of Conduct sets out the general principles of ethical conduct and Sanoma's responsibilities as an employer.

The Human Resources Committee is responsible for the evaluation of related policies, practices, development plans and the performance of the key executives. Sanoma's human resources management model ensures well-organised overall management and employee participation in the development, implementation, and evaluation of occupational health, safety and well-being.

Outcomes and performance

In 2023, Sanoma employed more than 5,500 people across 12 countries. Sanoma recruited 642 (2022: 963) new employees, while 845 (2022: 892) employees left the company, resulting in an average employee turnover of 13.3% (2022: 16.5%). The impact of the process and efficiency improvement program Solar in Learning is somewhat visible in the number of employees who left the company, having also an impact on the lower number of new hires. 42% (2022: 42%) of employees have worked for Sanoma for more than ten years.

At the end of 2023, 70% (2022: 69%) of Sanoma employees were covered by collective bargaining agreements.The commitment to the right of freedom of association and collective bargaining is embedded into Sanoma's Code of Conduct.

Sanoma conducts an annual Employee Engagement Survey for all its employees. In 2023, the Employee Experience Index (EEI) increased to 7.5 (2022: 7.3), reaching the long-term target level and continuing to be above the industry benchmark level of 7.1. In 2023, the EEI result made up 10% of Sanoma's short-term executive management incentives and the performance outcome on the Group level reached the maximum level of 150%.

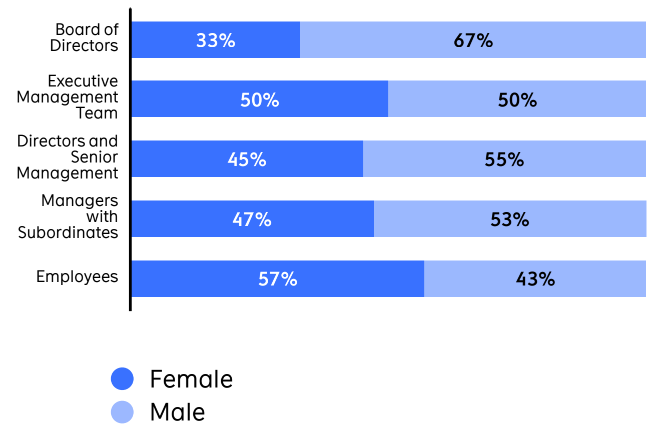
RESULTS OF THE EMPLOYEE ENGAGEMENT SURVEY (EES)

	2023	2022	2021
Employee Experience Index (EEI) [1]	7.5	7.3	7.3
Response rate %	92	87	90

[1] EEI is a 10-item index measured in the annual employee engagement survey, scale 1–10

By 2030, Sanoma aims for a 50/50 gender balance in managerial positions (i.e. managers with subordinates). In 2023, 56% (2022: 56%) of all personnel were women and 44% (2022: 44%) men. The share of women who were team managers increased to 47% (2022: 44%) and directors or senior management to 45% (2022: 41%). The Board has set a measurable objective regarding the representation of both genders: both genders shall be represented in the Board with the share of the under-represented gender being at least 40%. Where two candidates are equally qualified, priority will be given to the candidate of the under-represented gender. In 2023, 33% (2022: 33%) of Board members were women.

Gender diversity, % at the end of 2023



Trustworthy data: Privacy and information security

As both Learning and Media Finland offer digital content, matters related to information security and data protection are important for Sanoma. Sanoma's Group-wide Privacy Programme ensures that the company continuously develops the responsible use of personal data in compliance with privacy laws. Sanoma focuses on fair and transparent practices defined in the Privacy and Data Protection Policy. Privacy is incorporated into product and business development through Privacy and Security-by-Design processes. Sanoma's Privacy Programme is supported by a separate Information Security Programme to build robust information security measures across the organisation and to protect personal data and other key data assets. There is a team of information security experts supporting the implementation of the Information Security Policy and standards and implementing security controls consistently across the organisation.

Sanoma actively monitors relevant authority and industry guidelines related to privacy and information security and develops guidance and training to implement legal requirements in practice. Internal Audit reviews the Privacy and Data Protection Policy implementation on a regular basis, and compliance is reported on a biannual basis to the Audit Committee. Third parties processing data on Sanoma's behalf are expected to contractually comply with Sanoma's Supplier Code of Conduct and Data Processing Agreement, which defines and instructs suppliers on data protection measures that need to be implemented on Sanoma's behalf.

The interpretation of the ePrivacy Directive remains unclear across the EU, which is why there have been various authority enforcement actions during 2021–2023 regarding consent practices for the use of cookies and similar identifiers. Media Finland has received an authority decision from the Finnish Transport and Communications Agency (Traficom) about its cookie practices in 2023, which was appealed to the Helsinki Administrative Court to gain clarity on the technical scope and applicability of the ePrivacy Directive rules.

Outcomes and performance

Sanoma closely follows the number of data breaches in Learning and Media Finland. During 2023, there were 164 (2022: 196) personal data breaches in total, out of which none (2022: 0) were considered major. Most of the minor breaches occurred mainly in Media Finland's B2C sales domain, and were typically related to a single customer's data. Sanoma did not receive any formal substantiated complaints, notices, orders or penalties related to personal data breaches from the regulatory authorities during 2023.

Consumers have the right to ask Sanoma as a data controller to provide them access to, and to correct or delete their data, if needed. Media Finland received 120 (2022: 80) consumer requests for data access, deletion and portability, out of 1.4 million subscriptions in total.

In 2023, data and privacy related targets made up 10% of Sanoma's short-term executive management incentives on target level. The performance outcome of 148% on the Group level was close to the maximum level.

Vital environment: Climate and biodiversity

Sanoma's climate strategy is an important part of its 2030 business strategy, transforming the business to meet the requirements of a low-carbon economy. In November 2023, the Science Based Targets initiative (SBTi) approved Sanoma's near-term science-based emission reduction targets for its own operations (Scope 1 and 2) and value chain (Scope 3). This validation confirms that Sanoma's climate strategy and business model are compatible with transitioning to a sustainable economy and limiting of global warming to 1.5°C in line with the Paris Agreement.

In 2023, 94% (2022: 94%) of Sanoma's greenhouse gas emissions derived from its value chain (Scope 3) and 6% (2022: 6%) from its own operations. Scope 1 covers direct emissions from owned or controlled sources, including reserve power consumption and company cars. Scope 2 covers indirect emissions from the generation of purchased energy consumed in facilities, warehouses and printing houses used by Sanoma. Scope 3 includes all other indirect emissions that occur in the company's value chain.

Sanoma's target is to reduce Scope 1 and 2 own operations' GHG emissions by 42% by 2030 from a 2021 base year. In Scope 3, Sanoma's target is to reduce GHG emissions from purchased goods and services, fuel and energy-related activities, and upstream transportation and distribution by 38% by 2030 from a 2021 base year. The Scope 3 target applies to categories that have the biggest impact on Sanoma's GHG emissions – printed products, services (e.g. as marketing, consulting, TV production services) and transportation. In addition to the science-based emission reduction targets, Sanoma aims to be carbon neutral in all operations in 2030. Climate-related risks and opportunities are reported according to the Task Force on Climate-related Financial Disclosures (TCFD) framework, including a detailed description of the management of climate-related topics.

In addition to climate action, Sanoma acts to safeguard biodiversity with a goal that all paper qualities used by Sanoma originate from sustainable, FSC or PEFC certified sources. The target was not achieved within the set time line, the end of 2023, and during 2024, Sanoma will further intensify cooperation with suppliers to verify the source of paper.

Sanoma owns two printing houses in Finland, which operate according to the ISO 14001 environmental management system. Sanoma monitors the use of paper and minimises the use of printing plates, ink, wetting water additive, water and energy to minimise the greenhouse gas emissions.

To manage the environmental impacts in the value chain, Sanoma's key policies and principles include the Supplier Code of Conduct and the Paper Procurement Standard. All business partners and suppliers are expected to uphold the Supplier Code of Conduct, a key element in Sanoma's supplier management system. The Supplier Code of Conduct is included in the terms of contract with all key suppliers.

Outcomes and performance

In 2023, Sanoma's direct and indirect greenhouse gas (GHG) emissions totalled 108,900 tCO_2e (2022: 145,100). Scope 1 and 2 emissions declined by 31% (2022: 7%) compared to base year 2021. Emissions in Scope 3 categories 1, 3 and 4, linked to the Scope 3 science-based target, declined by 29% (2022: 8%). Sanoma's emission intensity declined despite the growth of the business.

The consumption of electricity, district heating and cooling in both own and leased properties declined to 39 GWh (2022: 43) mainly as a result of the AI optimisation of heating, benefits from the earlier energy efficiency projects and office floorspace restructurings. In total, 93% (2022: 92%) of electricity and 73% (2022: 57%) of all energy used was fossil-free. Sanoma's target was to use only fossil-free by the end of 2023. The aim is to reach the target in 2024.

In 2023, the total amount on paper used was 63,100 (2022: 70,900) tonnes. Mainly driven by the decline of paper usage in Media Finland, the amount of paper used declined by 11% (2022: +9%). This follows the prevailing media trend of consumers moving from printed to hybrid and digital media products. In Learning, paper used also declined in 2023 despite growing net sales. In 2023, the share of certified paper was 94% (2022: 94%). The total share of certified paper was impacted by the scarcity of certified paper available in the market and Sanoma being unable to ensure that only certified paper was provided for all orders. For 2024, Sanoma has agreed with newspaper and magazines suppliers to increase the share of certified paper used to 100%. In Learning, the share of certified bookpaper increased as a result of changing paper suppliers and source. During 2024, Learning will also cooperate with paper suppliers to ensure only certified paper is used.

GREENHOUSE GAS (GHG) EMISSIONS AND INTENSITY

	2023	2022	2021	Change 2023 vs. base year 2021
Scope 1 and 2. Own operations direct and indirect GHG emissions total, tCO_2e	6,200	8,300	9,000	-31%
Scope 3. Value chain indirect GHG emissions total, categories 1, 3 and 4, tCO_2e	87,700	113,700	123,100	-29%
GHG emission intensity in own operations: Scope 1 and 2 GHG emissions, tCO_2e/employee	1.1	1.5	1.7	
GHG emission intensity in own and value chain: Scope 1, 2 and 3 GHG emissions, tCO_2e/employee	19.5	25.9	27.7	
GHG emission intensity in own and value chain: Scope 1, 2 and 3 GHG emissions, tCO_2e/ EUR 1,000 of net sales	0.08	0.11	0.12	

Emissions calculated according to the GHG protocol. GHG emissions disclosure is described in detail in the Sustainability Report under Reporting scope and practices.

ENERGY INTENSITY

	2023	2022	Change
Energy consumption of the organisation, MWh	38,500	43,300	-11%
Share of fossil-free electricity used, %	93	92	
Share of fossil-free energy used, %	73	57	
Energy intensity, MWh/employee	6.9	7.7	-11%

AMOUNT OF PAPER AND SHARE OF CERTIFIED PAPER

tonnes	**2023**	**2022**	**Change**
Newsprint	26,300	30,300	-13%
Magazine paper	4,600	6,000	-23%
Book paper	32,200	34,600	-7%
Total	**63,100**	**70,900**	**-11%**
Share of certified paper used, %	**94**	**94**	

Includes paper used in Sanoma's own printing facilities for its own and externally sold print products as well as paper acquired for products printed by third parties. Book paper is used in Learning and newsprint and magazine paper in Media Finland.

Responsible business practices: Anti-bribery, anti-corruption, and potential adverse human rights impacts

Sanoma is committed to respecting the international standards on human rights, freedom of speech, labour conditions, environment and anti-corruption as defined in the Ten principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights. Sanoma also commits to respecting the ILO's Declaration on Fundamental Principles and Rights at Work. In its operations and governance, Sanoma follows laws and regulations applicable in its operating countries, ethical guidelines set by the Sanoma Code of Conduct (Code) as well as the Group's internal policies and standards. Policies define how Sanoma's operations are managed and give a framework to daily work. The Code and key policies are enforced annually through mandatory e-learning. All new employees should complete the Code of Conduct e-learning in their first month of employment. In the newly acquired companies, the e-learning takes place within 3–6 months after the acquisition is completed.

Concerns about misconduct or unethical behaviour may be reported anonymously via Sanoma's externally operated misconduct reporting system, Sanoma-WhistleB hotline, which is available for employees and external stakeholders. Possible cases of misconduct or unethical behaviour are also identified during internal audits or through other internal channels. All cases and conclusions of investigations are reported to the Ethics and Compliance Committee and the Audit Committee.

Sanoma's Anti-Bribery and Corruption Policy gives specific rules and monetary limits for received and given gifts (EUR 75), and entertainment and hospitality (EUR 100), and sets out the process to seek further approval through a separate gift and hospitality tool if necessary. When it comes to public officials, gifts of any value must not be offered to or accepted from public officials unless approved by a management team member.

Sanoma has a Know Your Counterparty (KYC) process to identify possible risks and non-compliance in doing business with third parties. Sanoma's Supplier Code of Conduct (Supplier Code) sets out the ethical standards and responsible business principles the suppliers are required to comply with and expected to also apply to their employees, affiliates, and sub-contractors. The Supplier Code is an integral part of Sanoma's standard contractual procurement framework, including supplier selection, evaluation and performance appraisal. The Supplier Code is based on recognised international standards, principles and best practices on human rights, labour conditions, environment and anti-corruption.

Sanoma's first Human Rights Impact Assessment was conducted as part of the UN Global Compact (UNGC) Business and Human Rights Accelerator programme in 2023. The programme was organised to support businesses in building a continuous human rights due diligence process and setting concrete targets to manage human rights-related risks. The assessment was conducted following the due diligence process defined in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Outcomes and performance

Sanoma has two Code of Conduct e-learnings: a Code of Conduct basic e-learning and a Code of Conduct refresher. In 2021, Sanoma renewed its Code of Conduct e-learnings and all employees, both existing and new, took the basic Code of Conduct e-learning. It includes dedicated sections for general ethics, anti-bribery and corruption rules, competition law, privacy, security and compliance with supplier relationship management. As of 2022, the basic e-learning has been targeted at only new employees. It is mandatory for all new employees. At the same time, existing employees are reminded of ethics and principles of the Code through a mandatory refresher Code of Conduct e-learning, which is updated annually. In 2023, this refresher e-learning covered also current topics such as safe corporate culture and AI. Sanoma currently tracks the completion rate of both the Code of Conduct refresher e-learning and the basic e-learning. As the refresher e-learning is targeted at all existing employees, Sanoma follows the completion rate of this e-learning as a key performance indicator from 2023 onwards, when the completion rate was 98% (2022: 95%). In 2023, the cumulative completion rate of the basic Code of Conduct e-learning, covering the years 2021–2023 and both existing and new employees, was 96% (2022: 98%). From 2024 onwards, the basic Code of Conduct e-learning rate will only include new employees.

The supplier selection for new key suppliers follows Sanoma's strategic sourcing process, which incorporates the Supplier Code as a mandatory step in supplier evaluation. Tracking is done for new suppliers with over EUR 100,000 spend for the reporting year through Sanoma's centralised contract lifecycle management system. In 2023, 92% (2022: 86%) of new key suppliers had signed the Supplier Code.

EU Taxonomy disclosure

Consolidated disclosures pursuant to Art. 8 Taxonomy Regulation

The EU's Sustainable Finance Classification System ('Taxonomy') is a system for defining environmentally sustainable economic activities. According to the Taxonomy, an economic activity is classified as environmentally sustainable if it contributes substantially to one or more of the six environmental objectives, does no significant harm (DNSH) to the other environmental objectives (i.e. complies with DNSH technical screening criteria in the delegated acts supplementing the Taxonomy Regulation) and complies with Minimum Safeguards related to the OECD MNE Guidelines, the UNGPs, the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. The six environmental objectives defined by the EU are:

1) climate change mitigation,
2) climate change adaptation,
3) sustainable use and protection of water and marine resources,
4) transition to a circular economy,
5) pollution prevention and control and
6) protection and restoration of biodiversity and ecosystems.

For 2023, the eligibility of all six environmental objectives, with three KPIs – turnover, capex and opex – is reported following the Taxonomy accounting policy. In addition, alignment is reported for climate change mitigation and adaptation.

The Taxonomy currently focuses on the most carbon-intensive industries, green energy and innovations. Sanoma's environmental footprint is not significant, and as a learning and media company, only a few of its businesses are defined as Taxonomy-eligible activities, while none are Taxonomy-aligned. Sanoma's Taxonomy disclosure is based on the third annual assessment of Taxonomy-eligibility and second annual assessment of Taxonomy-alignment. The assessment was conducted in internal workshops with representatives from the businesses, sustainability and finance operations.

According to Sanoma's assessment, the following economic activities are identified as eligible under objective 2) climate change adaptation: 8.2 Computer programming, consultancy and related activities (digital learning businesses) and 8.3 Programming and broadcasting activities (TV and radio broadcasting business in Finland). Economic activities 13.1 Creative, arts and entertainment activities (live events business in Finland) and 13.3 Motion picture, video and television programme production, sound recording and music publishing activities (music publishing business in Finland) were also found to be potentially eligible for Sanoma, but to avoid double counting, Sanoma reports all eligible turnover, capex and opex related to Nelonen Media and these activities under economic activity 8.3. According to Sanoma's assessment, the Taxonomy's economic activity 11 Education, only refers to the organising of public and private education, and thus does not cover Learning's business. The Taxonomy's list of potentially eligible activities does not include any news media related economic activities and therefore Sanoma's news media business is not considered as an eligible economic activity.

Sanoma's eligible activities only include potential substantial contribution to objective 2) climate change adaptation. None of Sanoma's eligible activities were identified to substantially contribute to 2) climate change adaptation and therefore none of Sanoma's activities are Taxonomy-aligned. None of Sanoma's eligible activities include any DNSH criteria. Sanoma has reviewed the Minimum Safeguards criteria related to the Taxonomy and complies with respect to human rights, bribery and corruption, taxation and fair competition.

The Taxonomy regulation and reporting requirements will evolve in the coming years and Sanoma will continue annually updating its Taxonomy assessment according to the requirements.

Taxonomy accounting policy

In Sanoma's reporting, Taxonomy-eligible and Taxonomy-aligned turnover, capex and opex are only accounted once, although some taxonomy-eligible businesses would be eligible under several economic activities.

Taxonomy-eligible and aligned turnover: Turnover of Taxonomy-eligible economic activities is reported in relation to the Group's total net sales (Note 2.2), which means the turnover of products and services associated with Taxonomy-eligible economic activities is divided with the Group's consolidated net sales. The Taxonomy-eligible turnover includes net sales of activity 8.3. Net sales of economic activity 8.2. is not included in the Taxonomy-eligible net sales, because this activity is not an enabling activity. Enabling economic activities are a sub-category of environmentally sustainable economic activities under the Taxonomy Regulation, which do not substantially contribute to climate change mitigation through their own performance. Taxonomy-aligned turnover would be calculated following the same formula as eligible activities, if the activity-specific substantial contribution criteria would be met.

Taxonomy-eligible and aligned capital expenditure: Capex of Taxonomy-eligible activities is reported in relation to the Group's total capex. Total capex includes additions in the Group's tangible and intangible assets during the year. The Taxonomy-eligible capex includes additions in the tangible and intangible assets of all Taxonomy-eligible activities. According to the Taxonomy regulation, the total acquisition value of TV programming rights is considered as Taxonomy-eligible capex under the activity 8.3 forming a major part of Sanoma's taxonomy-eligible capex. In Sanoma's financial reporting, the acquisition of TV programming rights is excluded from the cash-based capex. Taxonomy-aligned capex would be calculated following the same formula as eligible activities, if the activity-specific substantial contribution criteria would be met.

Taxonomy-eligible and aligned operating expenses: Opex of Taxonomy-eligible activities is reported in relation to net opex. Net opex deviates from the Group's operating expenditure and includes direct non-capitalised costs related to the use of Sanoma's taxonomy-eligible economic activities' assets. The direct non-capitalised costs are related to TV broadcasting, digital production, purchased digital traffic, research and development (incl. related employee benefit expenses), ICT development and short-term leasing payments. Opex of Taxonomy-eligible activity 8.2 includes non-capitalised R&D costs (incl. employee benefit expenses). Opex of Taxonomy-eligible activity 8.3 includes distribution expenses and direct employee expenses of broadcasting activities. Taxonomy-aligned opex would be calculated following the same formula as eligible activities, if the activity specific substantial contribution criteria would be met.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering the year 2023

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm) (h)									
Economic activities (1)	**Code (a) (2)**	**Turnover (3)**	**Proportion of Turnover, 2023 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2022 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		MEUR	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Activity 8.2 Computer programming, consultancy and related activities	CCA 8.2	0	0%	N/EL	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Activity 8.3 Programming and broadcasting activities	CCA 8.3	0	0%	N/EL	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**%**	**0%**	**%**	**%**	**%**	**%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
Of which Enabling		**0**	0%	%	0%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which Transitional		**0**	0%	%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Activity 8.3 Programming and broadcasting activities	CCA 8.3	179	13%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								14%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**179**	13%	%	13%	%	%	%	%								14%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**0**	0%	%	0%	%	%	%	%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**1,214**	**87%**																
TOTAL		**1,393**	**100%**																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering the year 2023

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm) (h)									
Economic activities (1)	**Code (a) (2)**	**CapEx (3)**	**Proportion of CapEx, 2023 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.)CapEx, 2022(18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		MEUR	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Activity 8.2 Computer programming, consultancy and related activities	CCA 8.2	0	0%	N/EL	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Activity 8.3 Programming and broadcasting activities	CCA 8.3	0	0%	N/EL	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**%**	**0%**	**%**	**%**	**%**	**%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
Of which Enabling		**0**	0%	%	0%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which Transitional		**0**	0%	%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Activity 8.2 Computer programming, consultancy and related activities	CCA 8.2	7	4%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								3%		
Activity 8.3 Programming and broadcasting activities	CCA 8.3	65	33%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								18%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**72**	37%	%	37%	%	%	%	%								21%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**0**	**0%**	%	0%	%	%	%	%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**125**	**63%**																
TOTAL		**197**	**100%**																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering the year 2023

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm) (h)									
Economic activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.)OpEx, 2022(18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Activity 8.2 Computer programming, consultancy and related activities	CCA 8.2	0	0%	N/EL	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Activity 8.3 Programming and broadcasting activities	CCA 8.3	0	0%	N/EL	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**%**	**0%**	**%**	**%**	**%**	**%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
Of which Enabling		**0**	0%	%	0%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which Transitional		**0**	0%	%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Activity 8.2 Computer programming, consultancy and related activities	CCA 8.2	13	31%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								30%		
Activity 8.3 Programming and broadcasting activities	CCA 8.3	11	25%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								21%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**24**	56%	%	56%	%	%	%	%								51%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**0**	0%	%	0%	%	%	%	%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**19**	44%																
TOTAL		**43**	**100%**																

Risks and risk management

Sanoma is exposed to numerous risks and opportunities, which may arise from its own operations or the changing operating environment in the short-term or long-term.

Sanoma divides its key risks into four main categories: strategic, operational, non-financial and financial risks.

The most significant risks that could have a negative impact on Sanoma's business, performance or financial status are described below. Under the different categories, the most material risks are presented first. In addition to the risks presented in this review, currently unknown or immaterial risks may arise or become material in the future. Significant near-term risks and uncertainties are reported on a continuous basis in each Interim Report.

Sanoma's Enterprise Risk Management Policy defines the Group-wide risk management principles, objectives, roles, responsibilities and procedures also covering sustainability and climate-related risks. The President and CEO, supported by the Executive Management Team, is responsible for defining risk management strategies, procedures and setting risk management priorities. SBUs are responsible for identifying, measuring, reporting and managing risks. The updated risk assessment results, with related ongoing or planned mitigation actions, are reported to the Audit Committee and, further to the Board of Directors twice a year. Risk management and internal control policies, processes, roles and responsibilities are presented in more detail in the Corporate Governance Statement and in the Sustainability Report.

Strategic risks

Mergers & Acquisitions (M&A)

Sanoma's strategic aim is to grow through acquisitions primarily in Learning, but to a lesser extent also in Media Finland. In Learning, Sanoma is looking for growth opportunities in K12 learning services with the current focus on synergistic in-market acquisition opportunities i.e. expanding its K12 offering in the current operating countries. In Media Finland, Sanoma is interested in synergistic acquisitions in the chosen strategic focus areas of news and feature, entertainment or B2B marketing solutions. However, 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, there are several risks related to M&A transactions. M&A risks may relate to unidentified liabilities of the target companies or their assets, changes in the 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. Future M&A transactions may also be financed with debt, increasing Sanoma's overall indebtedness, which may, in turn, adversely affect the availability, costs or other terms of future financing. Regulation of M&A activity by competition authorities may, among other things, also restrict or delay the Group's ability to engage in M&A transactions.

In 2023, the Group announced a few small transactions, including e.g. the acquisition of Marva Media's regional news media business in Southwest Finland. The success of the recent acquisitions largely depends on the timely and efficient integration of the business operations, processes and ways of working. The process of integrating the acquired businesses into Sanoma's existing businesses involves uncertainties, and there can be no assurance that Sanoma will be able to integrate the businesses in the manner or within the timeframe anticipated and achieve the anticipated benefits of the acquisitions.

To focus its business on areas where it has clear competitive advantages and leading market positions, the Group has divested its non-core businesses in recent years. For example, in 2023 the Group completed the divestments of the Supla audiobooks business in Finland and the early morning newspaper delivery business in the Southern Finland region, Early Bird. At the very beginning of 2024, Sanoma divested its small exam preparation business in Germany, Stark, which had become part of the Group in connection to the acquisition of Pearson's local K12 learning content business in Italy in August 2022, as well as its majority holding in Netwheels Oy. Sanoma may divest additional businesses in order to further focus its operations, or for other reasons. Any future divestments may be affected by many factors, such as the availability of bank financing to potential buyers, interest rates and competitors' capacity, all of which are beyond the Group's control, and may also lead to exposure to indemnity claims. There can be no assurance that the Group will succeed profitably in the divestment of certain assets or that such divestments will be possible on acceptable terms, or at all. Such divestments may also require attention from the Group's management, taking its attention away from the management of ongoing business.

Sanoma is mitigating these risks by actively maintaining its industrial networks, proactively seeking potential targets, working with well-known parties in transaction processes and following its internal policies and procedures in the decision-making, organisation and follow-up concerning M&A transactions. Despite this, there can be no assurance that the acquisitions will be successful and that Sanoma will achieve its strategic aim of acquisition-based growth.

Changes in customer preferences, technology and industry trends

In learning, digital and blended (print and digital) learning materials, methods and platforms have gradually been gaining ground. Blended learning materials are seen to optimally support learning outcomes, although the usage of digital learning tools has continued to increase across most markets. In the learning material distribution services, the shift towards digital is being paralleled by a move from renting and selling books towards subscription-based commercial models, most notably in the Dutch market. Both of these trends and/or their acceleration or slow-down may have an effect on the operational performance, financial performance and/or financial position of Learning. In addition, Learning is, by nature, subject to seasonal fluctuation, with most of the sales and earnings accrued during the second and third quarters when the new school year starts, which further increases the pressure to be able to respond to changes in a timely manner.

On top of the key trends and market fluctuations over the last years, generative AI has been introduced to the market, providing Learning both opportunities and uncertainties. Applications of generative AI may bring efficiency gains in core processes related to, for example, method creation and software development. In learning content, generative AI provides opportunities for personalisation, underpinning the value of curated, high-quality content published and owned by Sanoma, albeit potentially adding competitive pressure. As the speed in which new technologies develop and penetrate the market is uncertain, there can be no assurance that Learning's development work would keep it ahead or aligned with market trends.

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. Ongoing digitalisation is currently the driving force behind many of these changes, and the increasing use of mobile devices is changing the way people consume media. Print news media consumption is transforming to digital channels and viewing time of free-to-air television is decreasing while online video-on-demand (VOD) consumption is increasing. The demand for advertising derived from printed media has also been in decline in recent years as advertisers shift to digital channels, and this trend is expected to continue. However, even the digital advertising ecosystem is changing. For example, advertisers' preference for performance-based advertising or the deprecation of third-party cookies may result in changes in business models related to the sales of digital advertising.

In Media Finland, generative AI provides significant opportunities for productivity improvements and possibilities to accelerate technology development. Generative AI also supports journalism in creating new content and formats to reach more audiences and enhances customer communication and services. Risks with generative AI include misuse of the Group's data and content. AI advancements also pose risks to media brand trust by creating seemingly credible content or increasing the volume of AI-generated content that starts to compete with curated content.

In the Group, generative AI risks are mitigated by having up-to-date AI principles and employee instructions, the right technology in place upfront, and by closely following market developments. Sanoma has several ongoing projects within productivity, content production and customer communication that enable it to capture potential upsides and mitigate potential risks of generative AI.

To mitigate these risks, Sanoma is continuously developing digital and hybrid learning and media products and services. In addition, Sanoma maintains close and long-term relationships with schools, teachers and governing bodies and typically sells digital solutions and printed materials together. The wide cross-media offering provides Sanoma with a solid foundation to constantly develop its diverse offering to advertisers. However, there can be no assurance that Sanoma will be able to adjust to and meet the changes in consumer preferences, industry trends and technological developments in the future. Failure to respond to market changes by developing and/or adopting new products and services, through both established and new platforms, on a competitive and profitable basis may result in the Group losing market share in its established businesses to competitors.

Competitive environment and threat of new entrants

The learning and media 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, especially for digital products and services offered by the Group. Competition may arise from large international media companies entering new geographic markets or expanding the distribution of their products and services to new distribution channels. Risks may arise if competitors are faster than the Group to adopt new technologies, such as generative AI and alternative forms of media or digital destinations, catering to both consumer and advertiser needs. Additionally, consolidation within relevant markets may increase existing competition or give rise to new entrants in the market. In Learning, there is a similar risk stemming from large international media companies, digital entrants, educational technology companies, open educational resources, user-generated content or digital tools. Furthermore, Learning is exposed to competition also from traditional publishers in different countries.

To mitigate these risks, the Group's ability to compete effectively will require continuous efforts by the Group in, among other things, sales and marketing, cost innovation and investment in technology to respond to changes in the markets. Although the Group currently holds strong positions in its key markets, there can be no assurance that it will be able to maintain these positions or that these positions will enable the Group to compete effectively in the future.

Changes in applicable laws, regulations or the political environment

The Group's operations are subject to various laws and regulations in the countries in which 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 education or digital platforms-related regulation could have a material effect on Sanoma's commercial propositions, technology or content investment needs, or financial performance. Although legislation related to learning is typically country-specific, which limits the magnitude of said risk at the Group level, Sanoma faces an increased legislative risk in Poland and Spain, both of which are large markets and where broad or abrupt education-related legislative changes could have a material effect on Learning. The introduction or delay, pace, scope and timing of changes in education-related legislation, or their reflections in public educational spending, in the markets in which Sanoma operates – most notably in Poland or Spain, but potentially also other markets – may also influence the performance of Learning as a whole. In media, any adverse developments affecting the freedom of the press or source protection could have an adverse effect on the performance of Media Finland.

Changes in taxation as well as in the interpretation of tax laws and practices may have an effect on the operations of the Group or on its financial performance (e.g. value-added tax (VAT) applicable to Sanoma's printed, digital and hybrid products).

Tightening of consumer protection-related laws may necessitate the amendment of some consumer media sales business models. Furthermore, the deterioration of publishers' and broadcasters' copyright protection or increase in legal obligations (such as reporting or monetary 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 or impact the valuation of balance sheet items related to acquiring and managing copyrights.

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 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 business. For example, the proposed regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications and repealing Directive 2002/58/EC (Regulation on Privacy and Electronic Communication) may require consent for telesales for subscriptions and may also have a negative impact on cookie-related usage and thus demand for digital advertising. This would have an effect on business-to-consumer media sales and business-to-business advertising in both the news and VOD-businesses.

The Group may also be faced with the risk of overregulation on the European or national levels, or different, potentially tighter national interpretations of the EU-level regulation in its operating countries. In particular, this risk is seen to relate to sustainability, compliance, intellectual property rights, data protection, digital transformation, consumer protection, accessibility and artificial intelligence (AI). Regarding AI, the EU has reached a political agreement on the proposed AI Act, expected to come into effect in 2026 and potentially having some impacts on certain products of Learning.

To mitigate these risks, Sanoma aims to anticipate any changes by closely monitoring the regulatory developments and adapting its business models accordingly. However, implementing changes to its business models in order to adapt to new regulations is likely to impose additional costs and may take time. Violations of any applicable laws or regulations could also result in penalties and fines.

General economic and market conditions

The general economic and political conditions in Sanoma's operating countries and overall industry trends could influence Sanoma's business activities and operational performance. In addition to the increasing global risks, including geopolitical unrest, the fluctuating costs and supply of global commodities, such as energy, and overall inflation, general economic conditions may be affected by various additional events that are beyond Sanoma's control, such as natural disasters or pandemics. Although Sanoma's diversified and well-balanced business portfolio to a certain extent mitigates this type of risk, it may cause disruption to Sanoma, its employees, markets, suppliers and customers, which could have a material adverse effect on Sanoma's business, operating model, financial condition and/or results of operations.

In general, long- and mid-term cyclicality associated with the performance of Learning relate to the development of public and private education spending especially during curriculum renewals, and may affect the demand of Learning content year-on-year. Moreover, changes in the overall economic environment can affect Learning's cost base, particularly the cost and availability of paper and printing, as well as of personnel. Such changes could also affect demand in segments, where the parents or students themselves (rather than the government or schools) pay for learning materials. e.g. by increasing the demand for second-hand books. Such segments constitute a minority of Learning's business.

In Media Finland, risks associated with business and financial performance typically relate to advertising demand and consumer spending. A significant proportion of the Group's sales is derived from advertising sales in magazines, newspapers, television, radio and digital media as well as circulation sales of printed media. Both of these sources of income are sensitive to changes in the general economic environment and consumer confidence, with advertising sales being historically somewhat more sensitive to economic downturns than circulation sales, particularly in subscription sales. Moreover, changes in the overall economic environment can affect Media Finland's cost base, particularly the cost and availability of paper and printing, as well as of personnel and distribution costs. In addition to increasing Media Finland's direct operating costs, higher cost inflation may have an adverse indirect impact on the demand for its products and services.

Changes in the geopolitical situation, particularly in Finland, could have an indirect impact on the business operations and financial performance of Sanoma's businesses in Finland.

Sanoma's diverse business portfolio and actions to manage the risks and costs related to prevailing and expected economic conditions, partially mitigate these risks. In 2023, approx. 57% (2022: 52%) of Sanoma's net sales was derived from learning, approx. 20% (2022: 22%) from single copy or subscription sales, approx. 3% (2022: 4%) from print advertising, approx. 12% (2022: 14%) from non-print advertising and approx. 7% (2022: 7%) from other sales.

Operational risks

Changes in the economic conditions

Changes in the general economic conditions may be reflected in Sanoma's operational and financial performance. Cost inflation may continue to have some impact on Sanoma's operating costs. The availability of newsprint paper, the paper quality most used by Sanoma, has recently remained at a good level. Weakened confidence among Finnish consumers, impacted by the war in Ukraine as well as inflation and high interest rates, may have an adverse impact on the demand for Media Finland's products and services. In addition, the weakening of the euro against main currencies, including the U.S. 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, albeit part of the currency transaction risk is hedged with forward contracts. Sanoma can partly mitigate these impacts on its financial performance through, for example, costs management actions. These include Program Solar in Learning, which is expected to bring an annual EUR 55 million benefits from 2026 onwards. Failure in implementing the cost savings actions related to Program Solar may have an impact on Sanoma's financial performance in the coming years.

Data and privacy risks

Data is an increasingly essential part of Sanoma's products and services in both Learning and Media Finland. The Group holds large volumes of personal data, including that of employees, customers and, in its digital learning businesses, students and teachers. Sanoma is subject to the General Data Protection Regulation ((EU) 2016/679, "the GDPR"), which sets strict requirements for implementing data subject rights, and for companies to demonstrate their accountability for complying with the regulation. Non-compliance with the GDPR in Sanoma's business and operations, or potential inadequacy of the data protection processes and practices may cause problems, difficulties or additional costs to Sanoma. Any infringement of the GDPR could adversely affect Sanoma's reputation. Furthermore, under the GDPR, a national data protection authority is vested with the power to impose corrective actions, such as temporary or definitive bans on processing, and to impose administrative fines for breaches of the GDPR up to EUR 20 million or 4% of the total worldwide annual turnover of a company. The Directive on privacy and electronic communications 2002/58/EC also imposes requirements for online data collection and use. There have been various authority enforcement actions across the EU since 2021 regarding consent practices for the use of cookies and similar identifiers. While these, along with the expected ePrivacy Regulation, are benefiting the media and advertising industry in the long-term by creating a level playing field for small media players, in the short-term they could also have a negative impact on media through additional costs. Although Sanoma runs a privacy programme that monitors development and enforcement of privacy regulations, there can be no assurance that such measures will be successful in ensuring compliance with privacy laws, which could lead to penalties, significant remediation costs and reputational damage 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. For example, Sanoma's or its third-party suppliers' systems could be vulnerable to unauthorised access, misuse, breaches due to employee error or malfeasance, computer viruses, attacks by hackers or other similar threats. Data is key in the development of Sanoma's products and services, as it enables content and learning services to be better tailored to the needs of customers, such as by providing individualised learning paths and even more compelling media content. Continuing the use of data in the future is dependent on maintaining the trust of customers, and potential data breaches could significantly undermine this trust.

To mitigate these risks, Sanoma's key privacy implementation processes include conducting privacy impact assessments, data lifecycle management, negotiating data processing agreements with third parties, information security measures to protect data, data breach management procedures and the implementation of data subject rights. However, there can be no assurance that data breaches will not occur despite these efforts to prevent such breaches or, in the event that breaches occur, that Sanoma will be able to mitigate the effects of such a breach. This could lead to reputational damage which could ultimately lead to Sanoma's inability to effectively compete for future business and to potential cancellations of existing contracts.

Information and Communications Technology (ICT)

Functioning and reliable information and communications technology systems are integral to the Group's businesses and operations. The systems include online services, digital learning platforms, video-on-demand platforms, newspaper and magazine subscriptions, advertising and delivery systems, as well as various internal systems for production control, customer relations management and supporting functions. Information and communications technology security risks may relate to confidentiality, integrity and/or the availability of information, as well as to reliability and compliance of data processing. The risks can be divided into physical risks, such as fire, sabotage and equipment breakdown, and logical risks, such as information security risks, including increased threat of malware and cyber-attacks, hacking of personal data or other sensitive data assets, and employee or software failure. Additionally, the fragmentation of the data landscape and legacy systems or failure in meeting customer needs or local requirements when developing or harmonising the digital offering could cause a delay or hinder the Group's digitalisation.

To mitigate these risks, Sanoma has continuity and disaster recovery plans in place for its critical systems and clear responsibilities regarding information and communications technology security. Information security controls include the use of threat intelligence capabilities, cyber security incident detection capabilities, identity and access management solutions, log management capabilities and the use of external information security audits. Sanoma's insurance programme provides partial coverage for insurable information security risk. Although Sanoma has several information security control measures in place, there can be no assurances that such measures will be adequate to prevent failures of one or more of the Group's essential information and communications technology systems, which could cause disruptions to its business and reputational damage resulting from possible data breaches.

Risks related to third parties

A broad network of third parties in a wide variety of countries plays an integral role in Sanoma's daily operations. Third-party suppliers in Sanoma's value chain include, among others, technology solution and service providers, paper, print and logistics suppliers as well as content providers for both Learning and Media Finland. Therefore, risks relating to the availability, price, quality, security and delivery schedules of third-party suppliers are material for Sanoma's operations. These include, during recent years, the increased use of external cloud-based services, the functioning of which is strongly dependent on the usability and accessibility of global internet connections.

The expanding global supply chain risks that are a combination of, for example, geopolitics, the post-pandemic situation, the economic environment, high inflation and production factors may result in much tighter supply market conditions and availability concerns. The current global geopolitical and economic situation may also cause delivery delays and cost overruns. To mitigate the risks inherent in its supply chain, Sanoma has diversified its supplier base with a targeted selection of regional and local suppliers and developed response strategies should disruption materialise. Close cooperation with the suppliers helps Sanoma to assess and understand which suppliers are most at risk under different circumstances.

Sanoma utilises freelancers to support its own editorial staff in content creation. The status of freelancers and related copyright legislation development may vary by authority and country, but no individual case is estimated to become material unless it escalates to concern a large group of freelancers working for Sanoma. The development in the status of freelancers or the related regulation may, however, also increase the related costs.

In addition, certain advertising and marketing efforts are executed with the help of third parties. The advertising technology ecosystem consists of players, such as Google and Facebook, that have dominant market power, which may lead to an imbalance in their agreements with Sanoma. Sanoma participates in a class action by European publishers against Google regarding abuse of Google's dominant position in the advertising technology ecosystem.

Sanoma's daily business is dependent on its ability to identify sources of supply that meet Sanoma's standards and identified business, technology and sustainability requirements, although Sanoma is not dependent on any individual suppliers. To mitigate third-party-related risks, Sanoma follows the guiding principles of supplier risk management set out in the Group's Procurement Policy, Supplier Code of Conduct and legal framework. Most significant suppliers are selected through competitive bidding and qualification processes. Suppliers and other third parties are subject to a Know Your Counterparty (KYC) process to identify any risks related to anti-bribery, sanctions regulations and other issues.

With suppliers most relevant to Sanoma's business continuity, Sanoma has set up steering practices and supplier engagement to jointly mitigate identified risks. These include, for example, increasing the paper inventory and agreeing on steps to avoid problems with newspaper delivery. If any of the key suppliers had to be replaced abruptly, it could cause temporary business interruptions and/or increase costs.

Despite the processes and risk mitigation activities that Sanoma has in place, Sanoma may not be able to ensure that its suppliers or other third parties comply with all relevant regulations and its internal policies and standards, which could, for example, lead to legal processes and/or reputational damage. In addition, cooperation with third parties may expose Sanoma to certain data-related risks.

Intellectual Property Rights (IPRs)

The Group's products and services largely consist of intellectual property delivered through a variety of media. Key intellectual property rights ("IPRs") related to Sanoma's products and services are copyrights including rights to make the copyright protected works available to the public, trademarks, business names, domains and know-how owned and licensed by the Group. In addition, the Group conducts business in certain countries where the extent of effective legal protection and enforcement of IPRs may differ and, therefore, cause uncertainty. Moreover, despite trademark and copyright protection, third parties may copy, commercially exploit, infringe on or otherwise profit from the Group's proprietary rights without authorisation. These unauthorised activities may be more easily facilitated by the Internet and generative AI tools. The scarcity of Internet and generative AI-specific legislation relating to trademark and copyright protection or enforcement of rights, as well as effective and concrete means to intervene with online IPR infringements, create an additional challenge for the Group in protecting its proprietary rights relating to its online business processes and other digital rights, and failure to protect its proprietary rights or IPRs could result in the loss or diminution in value of these rights. Sanoma also uses a high volume of third-party IPRs in its operations, which exposes it to possible infringement claims from third parties. Such claims could result in burdensome litigations and additional costs as well as adversely affect Sanoma's reputation, which could, in turn, have a negative impact on Sanoma's operations.

To mitigate these risks, the Group relies on copyright, trademark and other intellectual property laws as well as its Group-wide IPR Policy and procedures to establish and protect its proprietary rights in these products. However, there can be no assurance that the Group's proprietary rights will not be challenged, invalidated or circumvented.

Business interruption, health and safety and hazard climate-related risks

Operational disruption to the Group's business may be caused by a major disaster and/or external threats that could restrict its ability to supply products and services to its customers, including potential disruption such as internet or energy availability in the Group's main operating countries. The Group is exposed to various health and safety and environmental risks, such as natural disasters and hazards following climate change, that are beyond Sanoma's control and that could cause business interruption and result in significant costs. External threats including, but not limited to pandemics, terrorist attacks, strikes and weather conditions, could affect the Group's businesses and employees, disrupting daily business activities. Also, any failure to maintain high levels of safety management could result in physical injury, sickness or liability to Sanoma's employees, which could, in turn, result in the impairment of Sanoma's reputation or inability to attract and retain skilled employees.

Despite Sanoma's operational policies, efficient and accurate process management and contingency planning, there can be no assurance that these will be sufficient in preventing any of the above-mentioned risks, or recovering from such risks. To mitigate potential hazard physical risks, Sanoma has continuity and disaster recovery plans in place for its critical systems and operations, but there can be, however, no assurance that these will be sufficient in preventing such risks from impacting Sanoma negatively.

Sanoma's insurance programme provides coverage for insurable hazard risks, subject to insurance terms and conditions, but there can be no assurances that Sanoma's insurance coverage would adequately cover all or any of such costs, if such an incident were to occur, which could result in significant costs.

Non-financial risks

Talent attraction and retention

The Group's success depends on having competent, skilled and engaged management and employees, and on their competencies and skills in developing appealing products and services in accordance with customer needs in a changing environment. Recruiting and retaining skilled and motivated personnel may become increasingly difficult as a result of various factors, including a shortage of skills in the labour market and intensifying competition for talent. In addition, Sanoma's involvement in M&A transactions generally exposes it to the risk of employees, including senior management and other key employees, leaving before such projects are completed or the acquired businesses are integrated to Sanoma's existing business. Also, cultural differences, resistance to change or uncertainty around the successful adaptation of new (hybrid and remote) working models may hinder the Group's performance or transformation. Should the Group fail to attract, retain, develop, train and motivate qualified, engaged and diverse employees at all levels, it could have an adverse effect on the Group's profitability and value creation, competitiveness and development of its business operations in the long-term.

To mitigate these risks, Sanoma aims to enhance a corporate culture that supports learning, innovation, creativity, diversity, managing continuous change, as well as ethical and efficient ways of working, for which the framework is set in Sanoma's Code of Conduct and Diversity Policy. Sanoma measures employee engagement on an annual basis, and the results are also linked to executive and senior management remuneration.

Climate change-related risks

Sanoma's most significant environmental impacts derive from greenhouse gas emissions caused by the energy and materials used in Sanoma's value chain, although Sanoma's business is not highly carbon intensive. Due to the nature of Sanoma's business, no material climate risks are expected to arise in the short-term. The availability and price of certified forest commodities and renewable energy pose some risk for Sanoma and changes in them may potentially have an adverse impact on the Group's business and financial performance. In the long-term, Sanoma has identified low to medium impact risks related to carbon pricing mechanisms, brand and changing customer behaviour as well as increased severity and frequency of extreme weather events such as cyclones or floods. The effects of climate change are wide-ranging and may bring, for example, considerable social uncertainty, which may in turn cause risks that are currently unidentified.

Sanoma mitigates climate-related risks through its ambitious climate strategy and by developing sustainability together with its stakeholders and working alongside its suppliers to improve their sustainability performance by monitoring and collecting relevant data and using this to compare suppliers. To identify and control environmental and climate-related risks and opportunities, Sanoma evaluates them as part of its annual risk-assessment process. In addition, Sanoma analyses its climate-related risks and opportunities by using the Task Force on Climate-related Financial Disclosures (TCFD) framework, which is available in the Sustainability Report.

Risks related to human rights, anti-corruption and bribery

Sanoma operates in twelve European countries and both of its business segments use a wide network and variety of business partners that provide products and services. The business partners range from individual third-party content providers to international paper and print producers and cloud-service providers (more information on risk related to third-parties is available above under Operational risks). Sanoma is committed to conducting business in a legal and ethical manner in compliance with local and international laws and regulations applicable to its business as well as its Code of Conduct. Nevertheless, there is a risk that Sanoma's employees or business partners may act in a way that violates human rights or anti-corruption and bribery laws and regulations or they may act unethically.

To mitigate these risks, all Sanoma employees, for example, must comply with Sanoma's Code of Conduct, which supports the international standards on human rights and labour conditions and clearly prohibits all corruption and bribery. The requirements of the Code of Conduct are extended to Sanoma's suppliers through the Supplier Code of Conduct. Sanoma aims to ensure compliance with measures such as a mandatory e-learning course on the Code of Conduct for all employees; however, there can be no assurance that Sanoma's internal control measures will detect and prevent misbehaviour by individual employees or third-party suppliers. Breaches of applicable laws and regulations or corporate policies by Sanoma's employees or business partners may lead to legal processes, sanctions and fines, as well as reputational damage affecting Sanoma's operations, which could have a material adverse effect on Sanoma's business, financial condition or results of operations.

Financial risks

Funding and liquidity risks

Under all circumstances, the Group seeks to maintain adequate liquidity, which depends on a number of factors. The Group's liquidity risk relates to servicing debt, financing investments and retaining adequate working capital. Sanoma aims to minimise its liquidity risks by ensuring sufficient revenues, maintaining adequate committed credit limits, using several financing institutions and forms of financing, and spreading loan repayment programmes over a number of calendar years. The Group's Treasury Policy sets minimum requirements for liquidity reserves.

There can be no assurance that the Group will be able to maintain a sufficient level of liquidity or that the Group will be able to obtain, on a timely basis or at all, sufficient funds on acceptable terms to provide adequate liquidity in the event that cash flows from operations, unused committed credit line and cash reserves prove to be insufficient. Negative changes in the economic environment could affect the Group's profitability and cash flow in a manner that could adversely impact the Group's ability to comply with financial covenants in loan agreements. Failure to comply with the financial covenants could lead to mandatory prepayment of loans. Failure to generate additional funds, whether from operations or additional debt or equity financings, may, for example, require the Group to delay or abandon some or all of its strategy initiatives, including its strategic aim of acquisition-based growth, which could have a material adverse effect on the Group's business, financial condition or results of operations. In addition, any future adverse developments, such as a deterioration in the financial markets and a worsening of general economic conditions, may adversely affect Sanoma's ability to borrow additional funds as well as the cost and other terms of the funding. For example, global financial markets have experienced, and may continue to experience, significant volatility and liquidity disruption, for example, due to high inflation, the impacts of the war in Ukraine or other geopolitical unrest, which may adversely affect Sanoma's funding costs and access to funding and ultimately affect Sanoma's ability to finance its operations.

A more detailed description of the funding and liquidity risks and their management is available in the Financial Statements, Note 5.2.

Interest rate risks

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. The Group manages its exposure to interest rate risk by ensuring that the interest duration of the gross debt of the Group is within a certain time range approved by the Board of Directors as part of the Group's Treasury Policy. The Group may also manage its exposure to interest rate risk by using a mix of fixed rate and floating rate loans or by utilising interest rate derivatives.

As a result of the floating rate loans, a significant rise in interest rates would lead to an increase in financial expenses limiting for example the Group's ability to pay dividends. For example, one percentage point increase in interest rates would cause a EUR 3 million (2022: 4) increase in net financing costs. A failure to manage interest rate risk may have an adverse effect on the Group's financial condition.

A more detailed description of the interest rate risks and their management is available in the Financial Statements, Note 5.2.

Currency risks

The majority of the Group's cash flow from operations is denominated in euros. However, the Group is exposed to some transaction risk resulting from cash flows generated from sales and expenses denominated in other currencies. Group companies are responsible for monitoring and hedging material transaction risks related to their business operations in accordance with the Group's Treasury Policy. The majority of the Group's transaction risk in 2023 was related to the procurement of IT services and TV programming rights, both denominated in U.S. dollars, the strengthening of which could significantly increase the Group's operating costs. The Group has selectively entered into forward contracts as a means of hedging against significant transaction risks. Internal funding transactions within the Group are mainly carried out in the functional currency of the subsidiary. Group Treasury is responsible for monitoring and hedging the currency risks related to intra-group loans. Derivative instruments are used to hedge future cash flows, hence changes in their value will offset changes in the value of cash flows at the time they are paid or received. The materialisation of any of these risks could have a materially adverse effect on the Group's earnings and cash flow directly, and there can be no assurance that the hedging of these risks is sufficient.

The Group is also exposed to translation risk resulting from converting the income statement and balance sheet items of foreign subsidiaries into euros. A significant change in exchange rates may also have an effect on the value of the businesses in Poland, Norway and Sweden. The Group did not hedge against translation risk in 2023, in accordance with the Group's Treasury Policy approved by the Board of Directors.

A more detailed description of the currency risks and their management is available in the Financial Statements, Note 5.2.

Credit risks

The Group's credit risks are related to its business operations, that is, the risk of the Group not being able to collect the payments for its receivables. The possible weakening of the economy, for example due to high inflation, the impacts of the war in Ukraine or other geopolitical unrest, 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. As part of the quarterly reporting, Sanoma reviews the potential changes on the expected credit losses and adjusts provisions accordingly if needed. In Learning, credit risk of certain customers with a high-risk profile is partially covered by credit insurance. The Group's operational units are responsible for managing credit risks related to their businesses.

Agreements that Sanoma has entered into with financial institutions contain an element of risk of the counterparties being unable to meet their obligations, which could have a material adverse effect on Sanoma's business and financial condition. The Group's Treasury Policy specifies that financing, deposits and derivative transactions are carried out with counterparties of good credit standing and divided between a sufficient number of counterparties in order to protect financial assets. The Group has spread its credit risks efficiently by dealing with several financing institutions. Sanoma's ability to manage its financial counterparty-related risks depends on a number of factors, including market conditions affecting its financial counterparties, and there can be no assurance that Sanoma's measures will be successful in preventing the realisation of financial counterparty-related risks, which could have a material adverse effect on Sanoma's business and financial condition.

A more detailed description of the credit risks and their management is available in the Financial Statements, Note 5.2.

Risk of impairment of goodwill, immaterial rights and other intangible assets

As of 31 December 2023, the Group's consolidated balance sheet included EUR 1,533 million (2022: 1,551) in goodwill, immaterial rights and other intangible assets compared to consolidated equity of EUR 799 million (2022: 702), respectively. The majority of the balance of goodwill, immaterial rights and other intangible assets are related to Learning. In accordance with the International Financial Reporting Standards (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. The impairment losses on goodwill, immaterial rights and other intangible assets for the year ended 31 December 2023 totalled EUR 11 million (2022: 8). Changes in business fundamentals could lead to further impairment, thus negatively impacting Sanoma's equity and equity-related ratios. Furthermore, 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 and may be impaired in the future in connection with the completions of acquisitions.

The Group is exposed to seasonal fluctuation

The Group's businesses are exposed to seasonal fluctuation. For example, the Group's 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.

Such seasonal fluctuations influence the Group's net sales, EBIT and free cash flow and, thus, could have a material adverse effect on Sanoma's business, financial condition or results of operations and impact the comparability of the quarterly financial information of the Group.

Risks related to changes to tax laws or their application or as a result of a tax audit

Sanoma's tax burden depends on tax laws and regulations and their application and interpretation. Changes in tax laws and regulations or their interpretation and application may increase Sanoma's tax costs to a significant degree, which could have an adverse effect on Sanoma's financial condition and/or results of operations. In addition, Sanoma may, at times, be subject to tax audits conducted by national tax authorities. Tax audits or other auditing measures carried out by tax or other authorities could result in an imposition of additional taxes (such as income taxes, value added taxes (VAT) and withholding taxes), which could lead to an increase in Sanoma's tax liability.

For example, the Finnish tax administration has performed tax audits in Sanoma Media Finland Oy covering the years 2015–2021. In April 2021, the Finnish Tax Adjustment Board accepted a claim based on tax audits at Media Finland in years 2015–2018 about the treatment of VAT of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway. The decision was appealed to the Administrative Court, which rejected Sanoma's appeal in June 2023. Sanoma considers the claims unjustified and has applied for permission to appeal the 2015–2018 decision to the Supreme Administrative Court, where the permission is pending. Sanoma paid the required VAT, the related penalty and interests of EUR 25 million in 2021 in order to avoid further interest accumulation. The tax authorities have 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 in 2021. In December 2022, Sanoma received a similar payment decision from the Finnish Tax Administration regarding the tax audits at Sanoma Media Finland Oy for the years 2019–2021, concerning the same business model and a similar distribution arrangement as described above. The decision was in line with the earlier decision concerning the years 2015–2018 by the Finnish Tax Adjustment Board. Sanoma has appealed the decision to the Finnish Tax Adjustment Board, but paid EUR 11 million of VAT, penalties and interests in December 2022 based on the decision in order to avoid further interest accumulation. The tax authorities have made an ex officio decision on a corporate income tax adjustment as a consequence of value-added tax adjustment and refunded EUR 2 million of corporate income tax to Sanoma in March 2023. Based on the Administrative Court's decision received in June 2023, the VAT claims for years the 2015–2018 and 2019–2021 with a total net amount of approx. EUR 30 million, were booked as items affecting comparability (IAC) in Media Finland's Q2 2023 result. The court decision had no impact on Sanoma's free cash flow. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.

A more detailed description of the Group's financial risks and their management is available in the Financial Statements, Note 5.2.

Outlook for 2024

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

Regarding the operating environment, Sanoma expects that:

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

Corporate Governance

Separate Corporate Governance Statement 2023 and Remuneration Report 2023 can be found in the Governance section.

Decisions of the Annual General Meeting 2023

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

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

The AGM resolved that the number of the members of the Board of Directors shall be set at nine. Pekka Ala-Pietilä, Julian Drinkall, Rolf Grisebach, Anna Herlin, Mika Ihamuotila, Nils Ittonen, Denise Koopmans and Sebastian Langenskiöld were re-elected as members, and Eugenie van Wiechen was elected as a new member of the Board of Directors. Pekka AlaPietilä 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 resolved that § 10 of the Company's Articles of Association is amended to enable holding a general meeting of shareholders entirely without a meeting venue as a so-called remote meeting and that the notice to the meeting may be published only on the Company's website. Furthermore, §§ 11–12 will be abolished (as the substantive contents is incorporated into the revised § 10).

Board authorisations

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.

Changes in the management

On 6 November, President and CEO Susan Duinhoven informed Sanoma's Board of Directors that she will step down from the role of President and CEO during the first half of 2024.

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

Executive Management Team

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

Related party transactions

Sanoma has a Related Party Policy, under which members of the Board of Directors, the Executive Management Team and the SBU management teams are under obligation to submit certain related party transactions, as defined in the Policy, for a prior approval. In addition, the Board Charter includes instructions for Board members' conduct in related party transactions and other conflict of interest situations.

Sanoma reports related party transactions in accordance with IFRS. More information on transactions with related parties is available in Financial Statements 2023, Note 6.1.

Annual General Meeting 2024

Sanoma's Annual General Meeting 2024 will be held on Wednesday, 17 April 2024 at 14:00 EET at Sanomatalo (Töölönlahdenkatu 2, 00100 Helsinki). The shareholders of the Company and their proxy representatives can also exercise the shareholder's rights by voting in advance as well as by submitting counterproposals and asking questions in advance in accordance with the instructions set out in the Notice to the Annual General Meeting of the Company published on 7 February 2024.

More information is available on the Company's website sanoma.com.

Dividend proposal

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

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

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

Shares and shareholders

Sanoma has one series of shares, with all shares producing equal voting rights and other shareholder rights. The shares have no redemption and consent clauses, nor any other transfer restrictions. Sanoma share has no nominal value or book value.

Share capital

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

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

Share trading and performance

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

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

Ownership structure and shareholders

The Board of Directors is not aware of any effective agreements related to holdings in Sanoma shares and the exercise of voting rights.

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

On 31 December 2023, the combined holdings in the Company's shares of the members of the Board of Directors, the President and CEO, and the bodies they control (as referred to in Chapter 2, Section 4 of the Finnish Securities Market Act) accounted for 0.9% (2022: 7.1%) of all shares and votes. More information on management shareholding and remuneration is available in the Financial Statements, Note 6.3.

Flagging notification

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

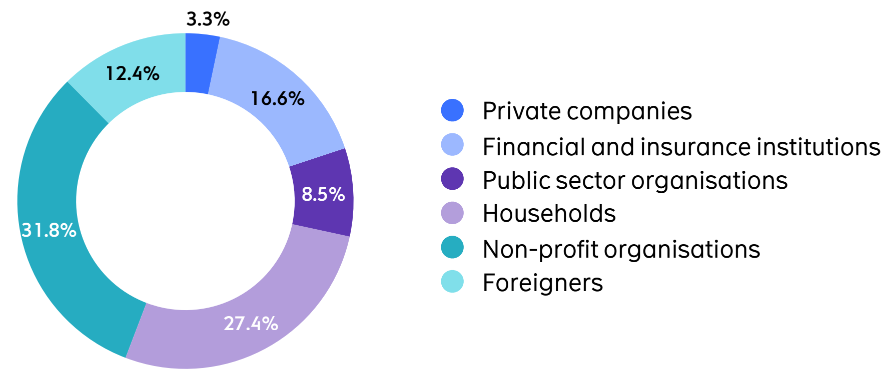
MAJOR SHAREHOLDERS 31 DECEMBER 2023

	Shareholders	Shares	% of shares
1	Jane and Aatos Erkko Foundation	39,820,286	24.35
2	Holding Manutas Oy	21,585,000	13.20
3	Langenskiöld Robin	12,273,371	7.50
4	Seppälä Rafaela	7,654,746	4.68
5	Varma Mutual Pension Insurance Company	5,538,352	3.39
6	Helsingin Sanomat Foundation	4,701,570	2.87
7	Ilmarinen Mutual Pension Insurance Company	4,007,300	2.45
8	Noyer Alex	3,213,277	1.96
9	Elo Mutual Pension Insurance Company	2,188,000	1.34
10	Bernardin-Aubouin Lorna	1,852,470	1.13
11	The State Pension Fund	1,760,000	1.08
12	Foundation for Actors' Old-Age Home	1,700,000	1.04
13	Stiftelsen för Åbo Akademi	1,000,000	0.61
14	OP-Finland	828,308	0.51
15	Säästöpankki Kotimaa Mutual Fund	822,431	0.50
16	Evli Finnish Small Cap Fund	775,000	0.47
17	Samfundet Folkhälsan i Svenska Finland	764,389	0.47
18	OP-Finland Small Firms Fund	699,169	0.43
19	Langenskiöld Christoffer	645,996	0.39
20	Langenskiöld Sebastian	645,963	0.39
	20 largest shareholders total	**112,475,628**	**68.76**
	Nominee registered	**15,105,793**	**9.24**
	Other shares	**35,984,242**	**22.00**
	Total	**163,565,663**	**100.00**

SHAREHOLDERS BY NUMBER OF SHARES HELD 31 DECEMBER 2023

Number of shares	Number of shareholders	%	Number of shares	%
1–100	8,908	35.98	413,400	0.25
101–500	8,912	36.00	2,439,554	1.49
501–1,000	2,996	12.10	2,345,616	1.43
1,001–5,000	3,103	12.53	6,828,887	4.18
5,001–10,000	404	1.63	2,880,283	1.76
10,001–50,000	312	1.26	5,901,729	3.61
50,001– 100,000	51	0.21	3,640,026	2.23
100,001–500,000	43	0.17	9,355,706	5.72
500,001 +	27	0.11	129,681,013	79.28
Total	**24,756**	**100.00**	**163,486,214**	**99.95**
In the joint book-entry account			79,449	0.05
Number of shares issued			**163,565,663**	**100.00**

HOLDINGS BY SECTOR 31 DECEMBER 2023



Events after the reporting period

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

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

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

Alternative performance measures

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

Definitions of key IFRS indicators and APMs are available in chapter Key indicators and share indicators. Reconciliations are available in chapter Reconciliation of certain key figures.

OUR BUSINESSES IN BRIEF

SUSTAINABILITY

GOVERNANCE

FINANCIALS

- Report of the Board of Directors
- Consolidated Financial Statements
- Parent Company Financial Statements
- Boards proposal for distribution of profits
- Signatures of the Board
- Auditor's Report
- Information for investors

Key indicators and share indicators

Key indicators

EUR million	2023	2022	2021	2020	2019
Net sales [1]	1,392.9	1,298.3	1,251.6	1,061.7	912.6
Operational EBITDA [1]	358.3	355.4	361.0	309.9	276.8
% of net sales [1]	25.7	27.4	28.8	29.2	30.3
Operational EBIT excl. PPA [1]	175.4	189.3	197.2	156.5	137.6
% of net sales [1]	12.6	14.6	15.8	14.7	15.1
Items affecting comparability in EBIT [1]	-82.3	-37.9	-15.8	135.9	-22.5
Purchase price allocation adjustments and amortisations (PPAs) [1]	41.3	39.3	39.0	22.3	10.5
EBIT [1]	51.7	112.0	142.4	270.1	104.5
% of net sales [1]	3.7	8.6	11.4	25.4	11.5
Result before taxes [1]	20.6	99.2	133.8	261.0	82.7
% of net sales [1]	1.5	7.6	10.7	24.6	9.1
Result for the period from continuing operations [1]	4.1	77.0	101.4	237.8	64.8
% of net sales [1]	0.3	5.9	8.1	22.4	7.1
Result for the period	4.1	77.0	101.2	247.1	13.3
% of net sales	0.3	5.9	8.1	23.3	1.5
Balance sheet total	2,036.6	2,103.6	1,932.5	2,048.3	1,997.9
Capital expenditure	43.1	52.9	41.7	42.5	31.7
% of net sales	3.1	4.1	3.3	3.7	2.5
Free cash flow	105.1	111.7	139.7	94.8	131.3
Return on equity (ROE), %	0.5	11.2	14.7	40.7	2.2
Return on investment (ROI), %	3.5	7.7	10.2	24.0	5.4
Equity ratio, %	42.5	35.8	40.6	37.4	30.5
Net gearing, %	80.0	117.3	85.5	93.1	144.2
Interest-bearing liabilities	705.6	864.4	668.8	775.3	817.9
Non-interest-bearing liabilities	531.6	537.1	542.8	560.4	644.5
Net debt	639.7	823.4	616.4	660.7	794.7
Net debt / Adj. EBITDA	2.8	3.2	2.4	2.6	2.7
Average number of employees (FTE) [1]	5,119	5,018	4,885	4,255	3,551
Number of employees at the end of the period (FTE) [1]	5,017	5,079	4,822	4,806	3,937

[1] Figures contain only continuing operations.

Share indicators

EUR	2023	2022	2021	2020	2019
Earnings/share, continuing operations [1]	-0.03	0.47	0.62	1.46	0.39
Earnings/share	-0.03	0.47	0.61	1.51	0.07
Earnings/share, diluted, continuing operations [1]	-0.03	0.47	0.61	1.45	0.39
Earnings/share, diluted	-0.03	0.47	0.61	1.51	0.07
Operational earnings/share, continuing operations [1]	0.39	0.65	0.69	0.58	0.50
Operational earnings/share	0.39	0.65	0.69	0.67	0.80
Free cash flow per share	0.64	0.68	0.86	0.58	0.81
Equity/share	4.88	4.26	4.38	4.23	3.25
Dividend/share [2]	0.37	0.37	0.54	0.52	0.50
Dividend payout ratio, % [2]	neg.	79.2	87.9	34.4	707.0
Operational dividend payout ratio, % [2]	93.8	56.8	77.9	77.9	62.5
Market capitalisation, EUR million [3]	1,134.7	1,602.4	2,218.5	2,240.1	1,539.7
Effective dividend yield, % [2]	5.3	3.8	4.0	3.8	5.3
P/E ratio	neg.	21.0	22.2	9.1	133.6
Adjusted number of shares at the end of the period [3]	163,267,618	163,177,768	162,886,049	163,036,686	163,016,523
Adjusted average number of shares [3]	163,253,094	163,130,613	163,165,194	163,041,596	162,933,737
Lowest share price	5.91	9.48	12.80	6.84	7.96
Highest share price	10.30	14.78	17.12	14.00	10.44
Average share price	7.58	12.56	14.54	10.15	9.03
Share price at the end of the period	6.95	9.82	13.62	13.74	9.45
Trading volumes, shares	21,898,627	12,404,976	16,289,472	29,310,738	19,098,115
% of shares	13.4	7.6	10.0	18.0	11.7

[1] Figures contain only continuing operations.
[2] Year 2023 proposal of the Board of Directors.
[3] The number of shares does not include treasury shares.

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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 incl. transaction and integration costs of acquisitions or efficiency programme 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 KPI's (incl Operational EBIT excl PPA)
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, %	=	Equity total / Balance sheet total - advances received	x 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	=	Free cash flow / 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 financial items
Earnings/share (EPS)	=	Result for the period attributable to the equity holders of the Parent Company – tax adjusted interest on hybrid loan / Weighted average number of shares on the market		Measures Sanoma's result for the period per share

Definitions of key indicators

KPI		Definition		Reason to use
Operational EPS	=	Result for the period attributable to the equity holders of the Parent Company - tax adjusted interest on hybrid loan - IACs - tax effect of IACs - non-controlling interests' share of IACs / Weighted average number of shares on the market		In addition to EPS, reflects the underlying business performance and enhances comparability between reporting periods
Net gearing, %	=	Interest-bearing liabilities (short- or long-term liabilities which have separately determined interest cost) - cash and cash equivalents / Equity total	x 100	Measures how much debt in relation to equity Sanoma is using to finance its assets
Return on equity (ROE), %	=	Result for the period / Equity total (average of monthly balances)	x 100	Measures the company's relative profitability, ie. the profit received for the equity employed
Return on investment (ROI), %	=	Result before taxes + interest and other financial expenses / Balance sheet total - non-interest-bearing liabilities (average of monthly balances)	x 100	Measures the company's relative profitability, ie. the profit and interest received for net assets employed
Non-interest-bearing liabilities	=	Non-interest-bearing liabilities include trade and other payables, contract liabilities, deferred and income tax liabilities, provisions and pension liabilities		
Equity/share	=	Equity attributable to the equity holders of the Parent Company / Adjusted number of shares on the market at the balance sheet date		
Dividend payout ratio, %	=	Dividend/share / Result/share	x 100	
Operational dividend payout ratio, %	=	Dividend/share / Operational EPS	x 100	
Effective dividend yield, %	=	Dividend/share / Share price on the last trading day of the year	x 100	
P/E ratio	=	Share price on the last trading day of the year / Result/share	x 100	
Market capitalisation	=	Number of shares on the market at the balance sheet date x share price on the last trading day of the year		

Reconciliation of certain key figures

Reconciliation of operational EBIT excl. PPA

EUR million	2023	2022
EBIT	**51.7**	112.0
Items affecting comparability (IACs) and PPA adjustments and amortisations[1]		
Learning		
Impairments	-10.1	-11.6
Capital gains/losses		0.5
Restructuring expenses	-33.3	-21.1
PPA adjustments and amortisations	-34.5	-32.5
Media Finland		
Impairments	-3.2	
Capital gains/losses	1.6	0.4
Restructuring expenses	-3.8	-5.0
VAT claims for years 2015-2018 and 2019-2021	-35.9	
PPA adjustments and amortisations	-6.8	-6.9
Other operations		
Capital gains/losses	2.9	
Restructuring expenses	-0.6	-1.1
Items affecting comparability (IACs) and PPA adjustments and amortisations total	**-123.7**	-77.2
Operational EBIT excl PPA	**175.4**	189.3
Depreciations of buildings and structures	-27.9	-26.6
Depreciation of rental books	-7.4	-11.5
Amortisation of film and TV broadcasting rights	-58.9	-54.2
Amortisation of prepublication rights	-42.5	-31.6
Other depreciations, amortisations and impairments	-57.8	-53.2
Items affecting comparability in depreciation, amortisation and impairments	11.6	11.1
Operational EBITDA	**358.3**	355.4

EUR million	2023	2022
Items affecting comparability (IACs) in results of associated companies		
Media Finland		
Fair value remeasurement of previously held equity interest	-1.0	
Total	**-1.0**	

[1] Items affecting comparability and PPA adjustments and amortisations are unaudited.

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Reconciliation of operational EPS

EUR million	2023	2022
Result for the period attributable to the equity holders of the Parent Company	**3.3**	76.2
Current year interest on the hybrid bond net of tax	-7.6	
Items affecting comparability	83.3	37.9
Tax effect of items affecting comparability	-14.6	-7.8
Operational result for the period attributable to the equity holders of the Parent Company	**64.4**	106.3
Weighted average number of shares on the market	163,253,094	163,130,613
Operational EPS	**0.39**	0.65

Reconciliation of net debt

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

Reconciliation of adjusted EBITDA

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

Reconciliation of comparable net sales growth

EUR million	2023	2022
Group		
Net sales	1,392.9	1,298.3
Impact of acquired and divested operations	-82.7	-10.5
Comparable net sales	**1,310.2**	1,287.8
Learning		
Net sales	795.2	681.0
Impact of acquired and divested operations	-80.0	-6.0
Comparable net sales	**715.2**	675.0
Media Finland		
Net sales	597.8	618.1
Impact of acquired and divested operations	-2.7	-4.5
Comparable net sales	**595.1**	613.6

Reconciliation of return on equity (ROE), %

EUR million	2023	2022
Result for the period	4.1	77.0
Equity total (average of monthly balances)	766.1	688.0
Return on equity, %	**0.5**	11.2

Reconciliation of return on investment (ROI), %

EUR million	2023	2022
Result before taxes	20.6	99.2
Interest and other financial items	35.3	18.0
Result before taxes excl. interests and other financial items	55.9	117.2
Balance sheet total (average of monthly balances)	2,170.6	2,103.5
Non-interest-bearing liabilities (average of monthly balances)	-591.2	-582.4
Balance sheet total - non-interest-bearing liabilities (average of monthly balances)	1,579.4	1,521.1
Return on investment, %	**3.5**	7.7

Consolidated Financial Statements

Consolidated income statement

EUR million	Note	2023	2022
NET SALES	2.1, 2.2	**1,392.9**	1,298.3
Other operating income	2.3	25.6	21.0
Materials and services	2.5	-487.0	-458.0
Employee benefit expenses	2.4, 6.2, 6.3	-405.4	-356.2
Other operating expenses	2.5	-239.0	-177.2
Share of results in joint ventures	4.7	0.7	0.5
Depreciation, amortisation and impairment losses	2.6, 3.2, 3.3, 4.6	-235.9	-216.5
EBIT		**51.7**	112.0
Share of results in associated companies	4.7	-0.6	-0.4
Financial income	2.7	8.6	9.5
Financial expenses	2.7	-39.1	-22.0
RESULT BEFORE TAXES		**20.6**	99.2
Income taxes	2.8	-16.5	-22.2
RESULT FOR THE PERIOD		**4.1**	77.0
Result attributable to:			
Equity holders of the Parent Company		3.3	76.2
Non-controlling interests		0.8	0.7
Earnings per share for result attributable to the equity holders of the Parent Company:	2.9		
Earnings per share, EUR		-0.03	0.47
Diluted earnings per share, EUR		-0.03	0.47

Statement of comprehensive income

EUR million	2023	2022
Result for the period	4.1	77.0
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Change in translation differences	1.7	2.3
Items that will not be reclassified to profit or loss		
Defined benefit plans	15.7	-6.9
Income tax related to defined benefit plans	-3.2	1.3
Other comprehensive income for the period, net of tax	14.2	-3.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**18.3**	73.6
Total comprehensive income attributable to:		
Equity holders of the Parent Company	17.5	72.9
Non-controlling interests	0.8	0.7

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Consolidated balance sheet

Assets

EUR million	Note	31 Dec 2023	31 Dec 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2.3, 2.5, 3.3	40.3	49.2
Right-of-use assets	3.3	144.2	156.5
Investment property	2.3, 2.5, 4.6	2.9	5.2
Goodwill	3.2	812.2	812.1
Other intangible assets	3.2	720.5	739.0
Equity-accounted investees	4.7	3.6	4.1
Other investments	4.8	2.8	3.7
Deferred tax receivables	2.8	5.5	10.7
Non-current receivables	4.2, 4.9	31.4	20.8
NON-CURRENT ASSETS, TOTAL		**1,763.4**	1,801.3
CURRENT ASSETS			
Inventories	4.1	53.5	71.2
Income tax receivables		13.9	10.4
Contract assets	2.2	0.5	0.6
Trade and other receivables	4.3	139.4	179.1
Cash and cash equivalents	5.3	65.9	41.0
CURRENT ASSETS, TOTAL		**273.2**	302.3
ASSETS, TOTAL		**2,036.6**	2,103.6

Equity and liabilities

EUR million	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
EQUITY	5.4, 6.2		
Share capital		71.3	71.3
Treasury shares		-4.1	-5.2
Fund for invested unrestricted equity		209.8	209.8
Translation differences		-15.7	-17.3
Retained earnings		386.5	436.5
Hybrid bond		149.1	
Total equity attributable to the equity holders of the Parent Company		**796.8**	695.1
Non-controlling interests		2.6	7.0
EQUITY, TOTAL		**799.4**	702.1
NON-CURRENT LIABILITIES			
Deferred tax liabilities	2.8	116.0	121.4
Pension obligations	4.9	3.4	4.1
Provisions	4.4	2.0	0.1
Financial liabilities	5.1	249.4	599.4
Lease liabilities	5.1	124.8	119.6
Contract liabilities	2.2	0.8	2.5
Trade and other payables	4.5	2.5	2.8
NON-CURRENT LIABILITIES, TOTAL		**498.9**	850.0
CURRENT LIABILITIES			
Provisions	4.4	12.3	1.7
Financial liabilities	5.1	301.4	100.1
Lease liabilities	5.1	30.0	45.3
Income tax liabilities		0.6	12.9
Contract liabilities	2.2	151.9	139.3
Trade and other payables	4.5	242.1	252.2
CURRENT LIABILITIES, TOTAL		**738.3**	551.5
LIABILITIES, TOTAL		**1,237.2**	1,401.5
EQUITY AND LIABILITIES, TOTAL		**2,036.6**	2,103.6

Changes in consolidated equity

		Equity attributable to the equity holders of the Parent Company								
EUR million	**Note**	**Share capital**	**Treasury shares**	**Fund for invested unrestricted equity**	**Translation differences**	**Retained earnings**	**Hybrid bond**	**Total**	**Non-controlling interests**	**Total**
Equity at 1 Jan 2022	5.4	**71.3**	**-7.5**	**209.8**	**-19.6**	**459.7**		**713.6**	**7.2**	**720.9**
Result for the period						76.2		76.2	0.7	77.0
Other comprehensive income					2.3	-5.6		-3.3		-3.3
Total comprehensive income					**2.3**	**70.6**		**72.9**	**0.7**	**73.6**
Share-based compensation	6.2					-0.4		-0.4		-0.4
Shares delivered	6.2		2.3			-2.3				
Dividends paid						-88.1		-88.1	-1.0	-89.1
Reclassification of translation differences						-3.2		-3.2		-3.2
Total transactions with owners of the company			**2.3**			**-94.0**		**-91.7**	**-1.0**	**-92.6**
Acquisitions and other changes in non-controlling interest						0.2		0.2	0.0	0.2
Total change in ownership interest						**0.2**		**0.2**	**0.0**	**0.2**
Equity at 31 Dec 2022		**71.3**	**-5.2**	**209.8**	**-17.3**	**436.5**		**695.1**	**7.0**	**702.1**
Equity at 1 Jan 2023	5.4	**71.3**	**-5.2**	**209.8**	**-17.3**	**436.5**		**695.1**	**7.0**	**702.1**
Result for the period						3.3		3.3	0.8	4.1
Other comprehensive income					1.7	12.5		14.2		14.2
Total comprehensive income					**1.7**	**15.8**		**17.5**	**0.8**	**18.3**
Share-based compensation	6.2					3.4		3.4		3.4
Shares delivered	6.2		1.1			-1.1				
Dividends paid						-60.4		-60.4	-0.7	-61.1
Total transactions with owners of the company			**1.1**			**-58.1**		**-57.0**	**-0.7**	**-57.7**
Acquisitions and other changes in non-controlling interest						1.7		1.7	-4.5	-2.8
Total change in ownership interest						**1.7**		**1.7**	**-4.5**	**-2.8**
Issuance of hybrid bond (net of issuance costs)							149.1	149.1		149.1
Interest on hybrid bond						-9.6		-9.6		-9.6
Equity at 31 Dec 2023		**71.3**	**-4.1**	**209.8**	**-15.7**	**386.5**	**149.1**	**796.8**	**2.6**	**799.4**

Consolidated cash flow statement

EUR million	Note	2023	2022
OPERATIONS			
Result for the period		4.1	77.0
Adjustments			
Income taxes	2.8	16.5	22.2
Financial expenses	2.7	39.1	22.0
Financial income	2.7	-8.6	-9.5
Share of results in equity-accounted investees	4.7	-0.1	-0.2
Depreciation, amortisation and impairment losses		235.9	216.5
Gains/losses on sales of non-current assets		-6.0	-3.3
Other adjustments		7.3	2.1
Adjustments total		284.1	249.9
Change in working capital			
Change in trade and other receivables		38.6	46.5
Change in inventories		14.0	-6.4
Change in trade and other payables, and provisions		-4.2	-35.7
Acquisitions of broadcasting rights, prepublication costs and rental books		-128.9	-111.2
Dividends received		0.6	0.6
Interest paid		-30.1	-11.9
Other financial items		3.7	-1.3
Taxes paid		-33.6	-42.8
CASH FLOW FROM OPERATIONS		**148.2**	164.6
INVESTMENTS			
Capital expenditure		-43.1	-52.9
Operations acquired	3.1	-0.4	-204.9
Acquisition of other investments		-0.1	

EUR million	Note	2023	2022
Proceeds from sale of tangible and intangible assets		9.3	1.4
Operations sold	3.1	3.5	7.7
Sales of other investments			0.0
Loans granted		0.0	-3.2
Repayments of loan receivables			0.4
Interest received		2.2	0.8
CASH FLOW FROM INVESTMENTS		**-28.5**	-250.7
CASH FLOW BEFORE FINANCING		**119.6**	-86.2
FINANCING			
Proceeds from issue of hybrid bond (net of issuance costs)		148.9	
Change in loans with short maturity	5.1	-69.7	69.7
Drawings of other loans	5.1	0.6	250.3
Repayments of other loans	5.1	-76.2	-124.7
Payment of lease liabilities	5.1	-31.1	-30.5
Acquisitions of non-controlling interests	3.1	-7.1	-1.0
Dividends paid		-61.1	-89.1
CASH FLOW FROM FINANCING		**-95.8**	74.6
Change in cash and cash equivalents according to cash flow statement		**23.9**	-11.6
Effect of exchange rate differences on cash and cash equivalents		0.3	0.2
Net increase(+)/decrease(-) in cash and cash equivalents		**24.1**	-11.4
Cash and cash equivalents at 1 Jan		41.0	52.4
Cash and cash equivalents at 31 Dec	5.3	**65.1**	41.0

Notes to the Consolidated Financial Statements

1. Accounting policies for Consolidated Financial Statements

1.1 Corporate information

Sanoma is learning and media company. In 2023, Sanoma Group included 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 one of the global leaders in K12 education serving about 25 million students in 12 countries. Its learning products and services enable teachers to develop the talents of every child to reach their potential. Sanoma Learning offers printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education, and it aims to grow the business. Sanoma Learning develops its methodologies based on deep teacher and student insight and truly understanding their individual needs. By combining educational technologies and pedagogical expertise, Sanoma Learning creates 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. It provides information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. Sanoma Media Finland has leading brands and services, like Helsingin Sanomat, Ilta-Sanomat, Aamulehti, Me Naiset, Aku Ankka, Nelonen, Ruutu, Supla and Radio Suomipop. For advertisers, it is a trusted partner with insight, impact and reach.

Sanoma Corporation, the Parent of Sanoma Group, is a public limited company and its share is listed on the Nasdaq Helsinki. The Parent Company is domiciled in Helsinki, Finland and its registered office is Töölönlahdenkatu 2, 00100 Helsinki, Finland.

On 6 February 2024, Sanoma's Board of Directors approved these financial statements to be disclosed.

Copies of the consolidated financial statements are available at sanoma.com or from the Parent Company's head office.

1.2 Basis of preparation of financial statements

Sanoma has prepared its consolidated financial statements in accordance with the IFRS Accounting Standards as adopted by the European Union while adhering to related IAS and IFRS standards, effective at 31 December 2023, as well as SIC and IFRIC interpretations. IFRS refers to the approved standards and their interpretations applicable within the EU under the Finnish Accounting Act and its regulations in accordance with European Union Regulation No. 1606/2002. The notes to the consolidated financial statements are in accordance with Finnish Accounting Standards and Finnish Limited Liability Companies Act.

Financial statements are presented in millions of euros, based on historical cost conventions unless otherwise stated in the accounting policies. 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.

1.3 Accounting policies

Management judgement in applying the most significant accounting policies and other key sources of estimation uncertainty

Preparing the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. During the preparation of the financial statements, such estimates were used when making calculations for impairment testing of goodwill, allocating acquisition cost of acquired businesses and determining the estimated useful lives and depreciation methods for property, plant and equipment and amortisation methods for broadcasting rights, prepublication rights and other intangible assets. In addition, management judgement is used when determining the valuation of deferred taxes, defined benefit pension assets and pension obligations and provisions. The assumptions are derived from external sources wherever available. In case of high dependency on assumptions, sensitivity analyses are performed to determine the impact on carrying amounts. Although these estimates are based on the management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

Impairment testing is discussed later in the accounting policies and notes to the financial statements. Other uncertainties related to management judgement are presented, as applicable, in the relevant notes.

Consolidation principles

The consolidated financial statements are prepared by consolidating the Parent Company's and its subsidiaries' income statements, comprehensive income statements, balance sheets, cash flow statements and notes to the financial statements. Prior to consolidation, the Group companies' financial statements are adjusted, if necessary, to ensure consistency with the Group's accounting policies.

The consolidated financial statements include the Parent Company Sanoma Corporation and companies in which the Parent Company has control. Control means that the Group is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Intra-group shareholdings are eliminated using the acquisition method. In cases where the Group has an obligation to increase ownership in a subsidiary and the risks and rewards of ownership have transferred to the Group due to this obligation, the consolidation has taken the ownership into account in accordance with the obligation.

Companies acquired during the financial year are included in the consolidated financial statements from the date on which control was transferred to the Group, and divested subsidiaries are consolidated until the date on which said control ceased. Intra-group transactions, receivables and liabilities, intra-group margins and distribution of profits within the Group are eliminated in the consolidated financial statements.

Sanoma uses the acquisition method when accounting for business combinations.

On the date of acquisition, the cost is allocated to the assets and liabilities of the acquired business by recognising them at their fair value. In business combinations achieved in stages, the interest in the acquired company that was held by the acquirer before the control was acquired shall be measured at fair value at the date of acquiring control. This value has an impact on calculating the goodwill from this acquisition and it is presented as a loss or gain in the income statement.

The consideration transferred and the identifiable assets and the liabilities assumed in the business combination are measured at fair value on the date of acquisition. The acquisition-related costs are expensed excluding the costs to issue debt or equity securities. The potential contingent purchase price is the consideration paid to the seller after the original consolidation of the acquired business or the share of paid consideration that the previous owners return to the buyers. Whether any consideration shall be paid or returned is usually dependent on the performance of the acquired business after the acquisition. The contingent consideration shall be classified as a liability or as equity. The contingent consideration classified as a liability is measured at fair value on the acquisition date and subsequently on each balance sheet date. Changes in the fair value are presented in income statement.

Sanoma's equity-accounted investees include joint ventures and associated companies, which are accounted for using the equity method. The Group's share of the strategically important joint ventures' and associated companies' result is disclosed separately in operating profit. The Group's share of the result of other equity-accounted investees is reported below operating profit. The carrying amount of equity-accounted investees is presented on one line in the balance sheet and it includes the goodwill originating from those acquisitions. The investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income of the investee. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Joint ventures are entities that are controlled jointly based on a contractual agreement by the Group and one or several other owners.

Associated companies are entities in which the Group has significant influence. Significant influence is assumed to exist when the Group holds over 20% of the voting rights or when the Group has otherwise obtained significant influence but not control or joint control over the entity. If Sanoma's share of the losses from an associated company exceeds the carrying value of the investment, the investment in the associated company will be recognised at zero value on the balance sheet. Losses exceeding the carrying amount of investments will not be consolidated unless the Group has been committed to fulfil the obligations of the associated company.

Profit or loss for the period attributable to equity holders of the Parent Company and to the holders of non-controlling interests is presented in the income statement. The statement of comprehensive income shows the total comprehensive income attributable to the equity holders of the Parent Company and to the holders of non-controlling interests. The amount of equity attributable to holders of non-controlling interests is presented as a separate item on the balance sheet within equity.

Foreign currency items

Items reported in the financial statements of each Group company are recognised using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that company (the functional currency). The consolidated financial statements are presented in euros, which is the Parent Company's functional and presentation currency.

Foreign currency transactions of the Group entities are translated to the functional currency at the exchange rate quoted on the transaction date. The monetary assets and liabilities denominated in foreign currencies on the balance sheet are translated into the functional currency at the exchange rate prevailing on the balance sheet date.

The gains and losses resulting from the foreign currency transactions and translating the monetary items are recognised in income statement. The exchange rate gains and losses are reported in financial income and expenses.

The income and expense items in the income statement and in the statement of comprehensive income of the non-euro Group entities (subsidiaries, associated companies and joint ventures) are translated into euros using the monthly average exchange rates and balance sheets using the exchange rate quoted on the balance sheet date. The profit for the period being translated into euros by different currency rates in the comprehensive income statement and balance sheet results in a translation difference in equity. The change in translation difference is recognised in other comprehensive income.

Exchange rate differences resulting from the translation of foreign subsidiaries' and equity accounted investees' balance sheets are recognised under shareholders' equity. When a foreign entity is disposed of, in whole or in part, cumulative translation differences are recognised in the income statement as part of the gain or loss on disposal.

During the reporting year or preceding financial year, the Group did not have subsidiaries in hyperinflationary countries.

Government grants

Grants from the government or other similar public entities that become receivable as compensation for expenses already incurred are recognised in the income statement on the period on which the company complies with the attached conditions. These government grants are reported in other operating income in income statement. Government grants related to the purchase of property, plant and equipment or intangible assets are recognised as a reduction of the asset's book value and credited to the income statement over the asset's useful life.

Assets held for sale and discontinued operations

Assets are classified as held for sale if their carrying amount is recovered principally through a sale rather than through continuing use and a sale is considered highly probable. Such assets are stated at the lower of carrying amount and fair value less cost of disposal. Non-current assets held for sale are no longer depreciated. When equity-accounted investees meet the criteria to be classified as held for sale, equity accounting ceases at the time of reclassification.

Operations are classified as discontinued operations in case a component of an entity has either been disposed of, or is classified as held for sale, and:

- it represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

A component of an entity is defined as operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

The result for the period of discontinued operations is presented as a separate item in the consolidated income statement.

Goodwill and other intangible assets

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. Goodwill represents the excess of the cost over the fair value of the acquired company's net assets. Goodwill reflects e.g. expected future synergies resulting from acquisitions.

Goodwill is not amortised but it is tested for impairment annually or if there are some triggering events.

The identifiable intangible assets are recognised separately from goodwill if the assets fulfil the related recognition criteria - i.e. they are identifiable, or based on contractual or other legal rights- and if their fair value can be reliably measured. Intangible assets are initially measured at cost and amortised over their expected useful lives. In Sanoma, expected useful lives can be determined for intangible rights. With regard to the acquisition of new assets, the Group assesses the expected useful life of the intangible right, for example, in light of historical data and market position, and determines the useful life on the basis of the best knowledge available on the assessment date.

The Group recognises the cost of broadcasting rights to TV programmes under intangible assets and their cost is amortised based on broadcasting runs. The prepublication costs of learning materials and solutions are recognised in intangible assets and amortised over the useful lives. In cash flow, acquisitions of broadcasting rights and prepublication costs are part of cash flow from operations.

The known or estimated amortisation periods for intangible assets with finite useful lives are:

Publishing rights	2–20 years
Software licenses	2–10 years
Copy- and trademark rights	2–20 years
Customer relationships	3–20 years
Software projects	3–10 years
Online sites	3–10 years
Prepublication costs	3–8 years

Amortisation is calculated using the straight-line method. Recognising amortisation is discontinued when an intangible asset is classified as held for sale.

Goodwill and other intangible assets are described in more detail in Note 3.2.

Impairment testing

The carrying amounts of assets are reviewed whenever there is any indication of impairment. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or groups of assets. Those CGUs for which goodwill has been allocated are tested for impairment at least once a year. Intangible assets with indefinite useful lives are also tested at least annually.

The test assesses the asset's recoverable amount, which is the higher of either the asset's fair value less cost of disposal or value in use based on future cash flows. In Sanoma, impairment tests are principally carried out on a cash flow basis by determining the present value of estimated future cash flows of each CGU. If the carrying amount of the CGU exceeds its recoverable amount, an impairment loss is recorded in the income statement. Primarily, the impairment loss is deducted from the goodwill of the cash-generating unit and after that it is deducted proportionally from other non-current assets of the cash-generating unit. The useful life of the asset is re-estimated when an impairment loss is recognised.

If the recoverable amount of an intangible asset has changed due to a change in the key expectations, previously recognised impairment losses are reversed. However, impairment losses are not reversed beyond the amount the asset had before recognising impairment losses. Impairment losses recognised for goodwill are not reversed under any circumstances.

Impairment testing is described in more detail in Note 3.2.

Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any impairment losses. The cost includes any costs directly attributable to acquiring the item of PPE. Any subsequent costs are included in the carrying value of the item of PPE only if it is probable that it will generate future benefits for the Group and that the cost of the asset can be measured reliably. Lease premises' renovation expenses are treated as other tangible assets in the consolidated balance sheet. Ordinary repairs and maintenance costs are expensed as incurred.

The depreciation periods of PPE are based on the estimated useful lives and are:

Buildings and structures	5–50 years
Machinery and equipment	2–20 years
Rental books	5 years
Other tangible assets	3–10 years

Depreciation is calculated using the straight-line method. Land areas are not depreciated. Recognising depreciation is discontinued when the PPE is classified as held for sale.

The residual value and the useful life of an asset are reviewed at least at the end of each financial year and if necessary, they are adjusted to reflect the changes in expectations of financial benefits.

Gains and losses from disposing or selling items of PPE are recognised in the income statement and they are reported in other operating income or expenses.

Investment property

A property is classified as investment property if the Group mainly holds the property to earn rental yields or for capital appreciation. Investment property is initially measured at cost and presented as a separate item on the balance sheet. Investment properties include buildings, land and investments in shares of property and housing companies not in Sanoma's own use. Based on their nature, such shareholdings are divided into land or buildings.

The fair value of investment properties is presented in the notes to the consolidated financial statements. Fair values are determined by using the yield value method or using the information on equal real estate business transactions in the market. Also, an outside surveyor has been used when determining the fair value. The risk of the yield value method takes into account, among others, the term of the lease period, other conditions of the lease, the location of the premises and the nature of releasability as well as the development of environment and area planning.

Leases

At inception of a contract, an entity assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of property, plant and equipment, where the Group is the lessee, are recognised as assets and liabilities for the lease term. The cost of right-of-use asset comprises the amount of initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives and any initial direct costs incurred by the lessee. The asset is depreciated during the lease term or, if shorter, during its useful life.

In leases of premises there are extension and termination options. The entity considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. A lease term is reassessed if there's a significant event or change in circumstances that is within the control of the lessee and affects whether the lessee is reasonably certain to exercise option not previously included in lease term or not to exercise an option previously included in the lease term.

The lease liability is valued at the present value of the unpaid rents at the valuation date (commencement date of the lease). Rental costs include fixed rents and variable rents that depend on changes in the index or price level specified in the agreement. Sanoma applies the practical expedient and will not separate non-lease component from lease components and will instead account for each lease component and any associated non-lease components as a single lease component. Other variable rents included in the lease are treated as an expense for the period. Rents are discounted at the internal rate of the lease. If the internal rate is not readily determinable, the company's additional credit interest rate is used.

In income statement, leasing costs are classified as depreciation and interest. Lease payments are apportioned between the interest expenses and the repayment of lease liabilities. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In cash flow statement, the cash payments for the interest portion of the lease liability are presented in cash flow from operations. Cash payments for the principal portion of the lease liability are shown in cash flow from financing. The right-of-use assets and lease liabilities are presented separately in the balance sheet. The cash payments for the principal portion of the lease liability, which are paid in the next 12 months, are shown in current lease liabilities in balance sheet.

Sanoma applies the exemption for short-term leases (lease term 12 months or shorter than 12 months) and for leases for which underlying asset is of low value and continues to recognise those leases straight-line basis as an expense. In cash flow statement, short-term lease payments and payments for leases of low-value assets are included in cash flow from operations.

The lease payments received for operating leases are shown under other operating income. The Group has no leases classified as finance leases in which it is a lessor.

Inventories

Inventories are stated at the lower of cost and net realisable value, using the average cost method. The cost of finished goods and work in progress includes the purchase price, direct production wages, other direct production costs and fixed production overheads to their substantial extent. Net realisable value is the estimated selling price, received as part of the normal course of business, less estimated costs necessary to complete the product and make the sale.

Financial assets

Group's financial assets are classified as subsequently measured at amortised cost and at fair value through profit or loss.

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Sanoma has only one business model for debt instruments which is a business model whose objective is to hold assets in order to collect contractual cash flows. Financial assets are not reclassified subsequently to their initial recognition unless the Group changes its business model for managing financial assets. All equity instruments are measured at fair value.

Transaction costs are included in the initial carrying value of the financial assets if the item is not classified as a financial asset at fair value through profit or loss. Derecognition of financial assets takes place when Sanoma has lost the contractual right to the cash flows from the asset or it has transferred the essential risks and benefits to third parties.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. In Sanoma, financial assets measured at amortised cost include loan receivables, trade receivables and cash. According to IFRS 9, an entity shall recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. Sanoma has adopted the general expected credit loss model for debt instruments carried at amortised cost. For trade receivables, Sanoma applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivable. Sanoma uses a provision matrix as a practical expedient for measuring expected credit losses for 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.

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on an investment that is subsequently measured at fair value through profit or loss is recognised in the financial items in the income statement. In Sanoma financial assets measured at fair value through profit or loss include other equity investments and derivatives.

Cash and cash equivalents

Cash and cash equivalents include bank accounts and short-term deposits with a maturity of less than three months. Bank overdrafts are shown under current financial liabilities on the balance sheet.

Financial liabilities

Sanoma's financial liabilities are classified either as financial liabilities at amortised cost or as financial liabilities at fair value through profit or loss. Financial liabilities are classified as short-term liabilities unless the Group has an unconditional right to postpone settling of the liability at least with 12 months from the end of the reporting period. The financial liability or a part of it can be derecognised only when the liability has ceased to exist, meaning that the obligations identified by the agreement have been fulfilled, abolished or expired. If the Group issues a new debt instrument and uses the received reserves to repurchase earlier issued debt instrument (whole or part) with not substantially different terms, any costs or fees incurred adjust the carrying amount of the new liability and are amortised over the remaining term of the issued instrument. A gain or loss arising from the difference in contractual cash flows is recognised in the income statement at the time of the modification.

The financial debt of Sanoma Group is classified as financial liabilities at amortised cost which are initially recognised at fair value including the transaction costs directly attributable to the acquisition of the financial liability. Subsequently, these financial liabilities are measured at amortised cost using the effective interest method.

In Sanoma Group, financial liabilities at fair value through profit or loss include derivatives that do not comply with the conditions for hedge accounting. Both the unrealised and realised gains and losses arising from the changes in fair values of the derivatives are recognised in the financial items in the income statement on the period the changes arise.

Hybrid bond

A hybrid bond is a bond that 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. Paying the interest on the hybrid bond is at the discretion of the company, however an obligation to pay the interest arises if the company decides to distribute dividends. Unpaid interest accumulates. A hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the current shareholders.

Derivatives

Sanoma may use derivative instruments, such as forward foreign exchange contracts and interest rate swaps, in order to hedge against fluctuations in foreign exchange or interest rates. Sanoma does not apply hedge accounting.

Derivatives are initially recognised at fair value on the date of entering to a hedging agreement and they are subsequently measured at their fair value on each balance sheet date. The fair value of foreign exchange contracts is based on the contract forward rates in effect on the balance sheet date. Derivative contracts are shown in other current receivables and liabilities on the balance sheet. Both the unrealised and realised gains and losses arising from changes in fair values of the derivatives are recognised in the financial items in the income statement on the period the changes arise.

Risk management principles of financial risks are presented in more detail in Note 5.2.

Fair value hierarchy

Financial assets and liabilities measured at fair value are divided into three levels in the fair value hierarchy. In level 1, fair values are based on quoted prices in active markets. In level 2, fair values are based on valuation models for which all inputs are observable, either directly or indirectly. For assets and liabilities in level 3, the fair values are based on input data that is not based on observable market data.

Income taxes and other taxes

The income tax charge presented in the income statement is based on taxable profit for the financial period, adjustments for taxes from previous periods and changes in deferred taxes. Tax on taxable profit for the period is based on the tax rate and legislation effective in each country. Income taxes related to transactions impacting the profit or loss for the period are recognised in the income statement. Tax related to transactions or other items recognised in other comprehensive income or directly in equity, are recognised accordingly in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are recorded principally on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, using tax rates effective on the balance sheet date. Changes in the applicable tax rate are recorded as changes in deferred tax in the income statement. Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

No deferred tax liability on undistributed retained earnings of subsidiaries has been recognised in that respect, as such distribution is not probable within the foreseeable future. The most significant temporary differences relate to depreciation differences, defined benefit pension plans, subsidiaries' tax losses carried forward and the fair value measurement of assets acquired in business combinations.

The amount of current and deferred tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The recorded receivable and payable amounts are adjusted where it is not considered probable that a tax authority will accept an uncertain tax treatment used by the Group in an income tax filing. The amounts recorded are based on the most likely amount or the expected value, depending on which method the Group expects to better predict the resolution of the uncertainty.

Deferred tax assets and deferred tax liabilities are offset in the balance sheet if Sanoma has a legal right to set off current tax assets against liabilities and they relate to the same tax authority.

If Sanoma has been the subject of tax adjustment claims which it considers unjustified, it considers a possible payment relating to claims to be deposits with the tax authority if they give the company a right to obtain future economic benefits, either by receiving a cash refund or by using the payment to settle the tax liability. Consequently items paid in relation to these claims are reported as receivables in the balance sheet during the period when the legal proceedings are ongoing and the case has not been finally settled.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of this obligation can be made.

A restructuring provision is recognised when the Group has prepared a detailed restructuring plan and started to implement that plan or announced the matter.

Share-based payments

The share-based incentive plans introduced at Sanoma offer the Group's management an opportunity to receive Sanoma shares after a vesting period of two to three years, provided that the conditions set for receiving the shares are met. Shares in the Restricted Share Plans are delivered to the participants provided that their employment with Sanoma continues uninterrupted throughout the duration of the plan until the shares are delivered. In addition to the continuous employment condition, vesting of the Performance Shares is subject to meeting (partially or fully) the Group's performance targets set by the Board for annually commencing new plans.

The possible reward is paid as a combination of shares and cash. The cash component is dedicated to cover reward-related taxes and tax-related costs.

Share-based payments that are settled net in shares after withholding taxes are accounted for in full as equity-settled arrangements despite the fact that the employer pays in cash the taxes related to the rewards on behalf of the participants.

The fair value for the equity settled portion has been determined at grant using the fair value of Sanoma share as of the grant date less the expected dividends paid before possible share delivery. The fair value for the cash settled portion is remeasured at each reporting date until the possible reward payment. The fair value of the liability will thus change in accordance with the Sanoma share price. Liabilities arising from share-based payments represent estimate of the employers' social costs relating to the payable rewards. The fair value is charged to personnel expenses until vesting.

A more detailed description of the share-based payments is provided in Note 6.2.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes the amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Revenue recognition is described in more detail in Note 2.2.

Research and development expenditure

Research expenditure is expensed as incurred.

Development expenditure refers to costs that an entity incurs with the aim of developing new products or services for sale, or fundamentally improving the features of its existing products or services, as well as extending its business. Development expenses are mainly incurred before the entity begins to make use of the new product/service for commercial or profitable purposes. Development expenditure is either expensed as incurred or recorded as other intangible asset if it meets the recognition criteria.

Pensions

The Group's pension schemes in different countries are arranged in accordance with local requirements and legislation. Pension schemes are classified into two categories: defined contribution plans and defined benefit plans. The Group has both defined contribution and defined benefit plans and the related pension cover is managed by both pension funds and insurance companies.

Contributions under defined contribution plans are expensed as incurred, and once they are paid to insurance companies the Group has no obligation to pay further contributions. All other post-employment benefit plans are regarded as defined benefit plans.

The present value of Sanoma Group's obligation of defined benefit plans is determined separately for each scheme using the projected unit credit method. Within the defined benefit plan, pension obligations or pension assets represent the present value of future pension payments less the fair value of the plan assets and potential past service cost. The present value of the defined benefit obligation is determined by using discount interest rates that are based on high-quality corporate bonds or government bonds whose duration essentially corresponds with the duration of the pension obligation. Pension expenses under the defined benefit plan are recognised as expenses for the remaining working lives of the employees within the plan based on the calculations of authorised actuaries.

Remeasurements of the net defined benefit liability are recognised immediately in other comprehensive income.

1.4 Adoption of new and amended standards and interpretations

The Group has applied the same accounting policies as in the Financial Statements 2022, except for the effect of changes required by the adoption of the following new standards, interpretations and amendments to standards and interpretations as of 1 January 2023:

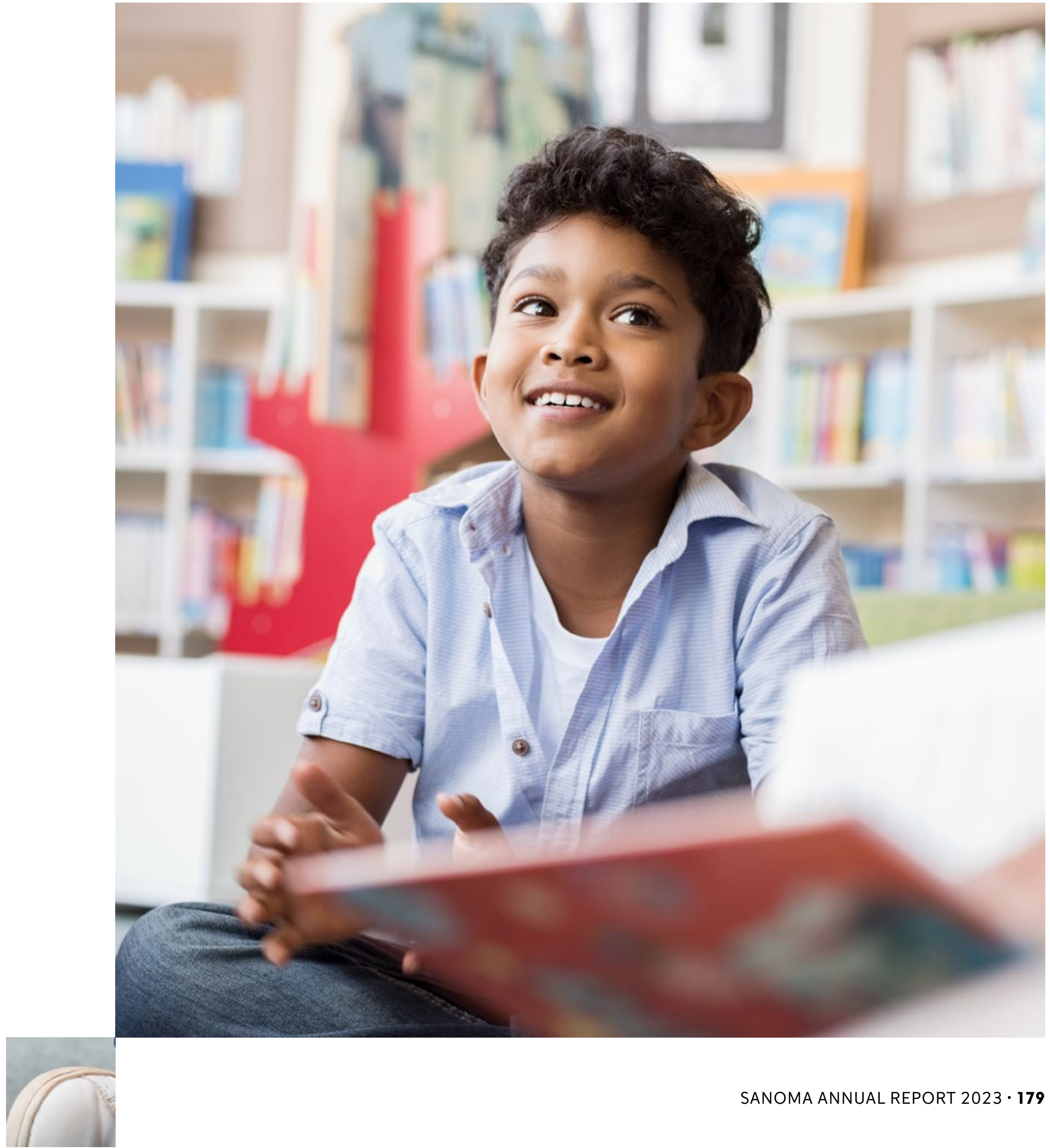
- The amendments to IAS 12 have been introduced in response to the OECD's Base Erosion and Profit Shifting (BEPS) Pillar Two rules and include:
  - A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
  - Disclosure requirements for affected entities to help users of the financial statements better understand the Group's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The purpose of the amendment is to clarify the recognition of deferred taxes for transactions which at the same time give rise to equal deferred tax liability and a deferred tax asset. Such events include, for example, the recognition of the lease in accordance with IFRS 16. The amendments do not have material effect on the Group's financial statements.

In addition, the Group will apply as of 1 January 2024:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants. The amendments specify requirements related to the classification of liabilities as current or non-current items and require additional disclosure on loans which contain covenants. The Group expects that the implementation will have no material impact on the Group's financial statements.

IASB and IFRIC have issued certain new standards and interpretations, which are not yet effective, and the Group has not applied these requirements before the effective date. These standards and amendments are not expected to have material Impact on the Group's financial statements.

2. Financial performance



2.1 Operating segments

In 2023, Sanoma Group included 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.

Learning

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

Media Finland

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.

Other operations/eliminations

In addition to the Group eliminations, the column Other operations/eliminations includes non-core operations, head office functions and items not allocated to segments.

SEGMENTS 2023

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
External net sales	795.2	597.7		1,392.9
Internal net sales	0.0	0.2	-0.2	
NET SALES	795.2	597.8	-0.2	1,392.9
Depreciation, amortisation and impairment losses	-132.1	-102.6	-1.2	-235.9
EBIT	70.6	-8.4	-10.5	51.7
OPERATIONAL EBIT EXCL. PPA [1]	148.4	39.8	-12.9	175.4
Share of results in associated companies		-0.6		-0.6
Financial income			8.6	8.6
Financial expenses			-39.1	-39.1
RESULT BEFORE TAXES				20.6
Income taxes				-16.5
RESULT FOR THE PERIOD				4.1
Capital expenditure	33.8	8.6	0.7	43.1
Goodwill [2]	868.3	111.7	-167.7	812.2
Equity-accounted investees		3.6		3.6
Segment assets	1,745.2	376.5	-170.5	1,951.3
Other assets				85.3
TOTAL ASSETS				2,036.6
Segment liabilities	267.2	183.9	-36.1	415.0
Other liabilities				822.2
TOTAL LIABILITIES				1,237.2
Free cash flow [1]	46.3	37.7	21.1	105.1
Average number of employees (full-time equivalents)	2,849	2,144	125	5,119

[1] Non-audited
[2] Other operations/eliminations column includes adjustment of goodwill related to legal restructuring of Learning.

Operational EBIT excl. PPA is adjusted by items affecting comparability.

SEGMENTS 2022

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
External net sales	681.0	617.3		1,298.3
Internal net sales	0.0	0.8	-0.8	
NET SALES	681.0	618.1	-0.8	1,298.3
Depreciation, amortisation and impairment losses	-124.5	-91.3	-0.7	-216.5
EBIT	67.2	54.3	-9.4	112.0
OPERATIONAL EBIT EXCL. PPA [1]	131.8	65.8	-8.4	189.3
Share of results in associated companies		-0.4		-0.4
Financial income			9.5	9.5
Financial expenses			-22.0	-22.0
RESULT BEFORE TAXES				99.2
Income taxes				-22.2
RESULT FOR THE PERIOD				77.0
Capital expenditure	40.4	8.9	3.6	52.9
Goodwill [2]	869.8	110.0	-167.7	812.1
Equity-accounted investees		4.0	0.0	4.1
Segment assets	1,757.4	423.4	-140.9	2,039.9
Other assets				63.7
TOTAL ASSETS				2,103.6
Segment liabilities	270.4	206.3	-73.9	402.8
Other liabilities				998.6
TOTAL LIABILITIES				1,401.5
Free cash flow [1]	80.8	49.1	-18.2	111.7
Average number of employees (full-time equivalents)	2,717	2,160	141	5,018

[1] Non-audited
[2] Other operations/eliminations column includes adjustment of goodwill related to legal restructuring of Learning.

Operational EBIT excl. PPA is adjusted by items affecting comparability.

The accounting policies for segment reporting do not differ from the accounting policies for the consolidated financial statements. The decisions concerning assessing the performance of operating segments and allocating resources to the segments are based on segments' EBIT and operational EBIT excl. PPA. Sanoma's President and CEO acts as the chief operating decision-maker. Segment assets do not include cash and cash equivalents, interest-bearing receivables, tax receivables and deferred tax receivables. Segment liabilities do not include financial liabilities, tax liabilities and deferred tax liabilities. Capital expenditure includes investments in tangible and intangible assets. Transactions between segments are based on market prices.

INFORMATION ABOUT GEOGRAPHICAL AREAS 2023

EUR million	Finland	The Netherlands	Other EU countries	Other countries	Total
External net sales	658.4	218.7	502.1	13.7	1,392.9
Non-current assets	465.5	530.5	718.2	14.2	1,728.3

INFORMATION ABOUT GEOGRAPHICAL AREAS 2022

EUR million	Finland	The Netherlands	Other EU countries	Other countries	Total
External net sales	676.7	223.4	380.7	17.5	1,298.3
Non-current assets	479.4	551.3	726.6	14.8	1,772.2

External net sales and non-current assets are reported based on where the company is domiciled. Non-current assets do not include financial instruments, deferred tax receivables and assets related to defined benefit plans.

The Group's revenues from transactions with any single external customer do not amount to 10% or more of the Group's net sales.

2.2 Net sales

Nature of goods and services

The following is a description of principal activities - separated by operating segments - from which the Group generates its revenue. Sanoma Group includes two operating segments, which are its strategic business units Sanoma Learning and Sanoma Media Finland. For more detailed information about operating segments, see Note 2.1.

Learning segment

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

Sales are primarily generated through the sale of educational books and granting access to online learning platforms. In most cases, customer contracts include a combination of books, CDs and access to platforms. In these cases educational books and the access to the online platform are considered distinct and therefore identified as separate performance obligations. The consideration is allocated between the separate performance obligations based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the identifiable products and services. For items that are not sold separately by the Group, the stand-alone selling prices are estimated using the adjusted market assessment approach.

Products and services	Nature of products and services, timing of satisfaction of performance obligations and significant payment terms
Educational books	**Educational books** include revenue from publishing books for primary, secondary and vocational education. Revenue is recognised when the books are delivered to the customer (point-in-time). Revenue from books with a right of return is presented after deducting the estimated returns. Books are usually billed upon delivery and paid according to the payment terms on the invoices.
Access to online learning platforms	**Access to online learning platforms** can either be sold separately or in combination with educational books. Revenue of access to online learning platforms is recognised over the period (over-time) the customer has access to the platform (usually during a school year). Access services are usually paid in advance in monthly, quarterly or annual instalments.
Access to online teacher solutions and school management systems	**Access to online teacher solutions and school management systems** includes revenue of access to online platforms and applications for which revenue is recognised over the period (over-time) that the customer has access to the platform.
Other	**Other sales** mainly include physical distribution of learning materials. For learning materials sold, the revenue is recognised when they are delivered to the customer. For rental learning books, revenue is recognised over the period (over-time) that the customer rents the book. Other sales also include consultancy services in testing and assessment activities. This is considered a separate performance obligation which is recognised in revenue over time when the service is delivered. Testing and assessment services are billed and paid on a monthly basis.

Media Finland segment

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.

Sanoma Media Finland principally generates consumer revenue from providing consumer magazines, newspapers, events, online services and SVOD (Subscription video on demand) and AOD (Audio on demand). Through combining media content and customer data, advertising revenue is generated by providing successful marketing solutions for our clients. The typical length of customer contracts is 12 months or less.

Print sales are generated primarily from circulation sales, both subscriptions and single copy sales. In addition, print sales include advertising sales. Non-print sales are generated from subscriptions for online news, SVOD and AOD as well as advertising sales generated through TV, VOD, radio, online and mobile channels. Also revenue generated from events (both consumer income and other B2B revenue) is included in non-print sales.

For each customer contract, the Group accounts for individual performance obligations separately if they are distinct. A product or service is considered distinct if it is separately identifiable from other promises in the contract and if a customer can benefit from it on its own. The consideration is allocated between separate performance obligations based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the identifiable products and services. For items that are not sold separately by the Group, the stand-alone selling prices are estimated using the adjusted market assessment approach.

Products and services	Nature of products and services, timing of satisfaction of performance obligations and significant payment terms
Advertising	**Print advertising** is generated through classical pages, classified ads (small advertisements categorised by topic) or plus propositions and inserts (flyers, cards, etc). Revenue recognition is at issue date (point-in-time) of the magazine/newspaper. Revenue is the net price; discounts are subtracted. Discounts can be agency discounts, generic discounts or volume discounts. Advertising services are usually billed and paid on a weekly or monthly basis. **TV and radio advertising** mainly relates to spot advertising for both free-to-air (FTA) channels and video-on-demand (VOD) generated from contracts with media agencies. Revenue is recognised when the commercial is broadcasted (point-in-time). Advertising services are usually billed and paid on a weekly or monthly basis. **Online and mobile advertising** is generated through display sales (e.g. banners and buttons) and non-display sales, which is primarily branded content. Both display and non-display sales are recognised over-time, during the running time of the advertising campaign. Performance-based revenue is generated based on number of clicks and/or fee for leads generated through the Group's websites (affiliate sales). Performance-based revenue is recognised at a point-in-time. Advertising services are usually billed and paid on a weekly or monthly basis.
Subscription	**Magazine and newspaper subscriptions** include subscriptions to magazine and newspaper content in print, digital and bundle format. The subscription terms vary from a few months up to more than 12 months. A part of the subscriptions are continuous, and end only when the customer ends them. Revenue is recognised based on publication dates over the contract term (over-time). Contracts are ended after the contract term and renewals are agreed at regular prices, therefore treated as new contracts. New subscriptions are offered at full price or at a discount. Revenue is presented net of the granted discount. When a new subscription is made, the customer may be offered a free premium article. The article is considered a separate performance obligation for which the stand-alone selling price is recognised when the control of the product is transferred to the customer (point-in-time). For subscription bundles (combination of print, online and/or event), the separate products are identified as separate performance obligations. Revenue is recognised based on the issue dates of respective products during the contract term (over-time). Print subscriptions are usually paid in advance in monthly, quarterly or annual instalments. **Video and audio subscriptions** include consumer subscriptions to video-on-demand and audio-on-demand. Revenue is recognised over the length of the subscription term (over-time). Video and audio subscriptions are usually paid in advance in monthly, quarterly or annual instalments.
Single copy	**Single copy sales** relate to magazines and newspapers sold in kiosks, supermarkets and other retail channels. Retailers have a right of return for unsold copies. Revenue is recognised at the moment the products are delivered to the retailer (point-in-time), taking into account a provision for estimated returns. Single copy are usually billed and paid on a weekly or monthly basis.
Other B2C sales	**Other B2C sales** consist of product sales, income from events (consumer part), newspaper consumer announcements and other consumer income. Revenue is recognised at a point-in-time. Other B2C sales are usually billed and paid on a monthly basis.
Other B2B sales	**Other B2B sales** include printing sales, income from events (B2B part), licensing, gift cards, service sales, commission sales and distribution sales. Based on the nature of the performance obligations other B2B sales are recognised both at a point-in-time and over-time. Other B2B are usually billed and paid on a monthly basis.

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 by the Group's two operating segments. Information on operating segments is presented in Note 2.1.

DISAGGREGATION OF REVENUE 2023

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

DISAGGREGATION OF REVENUE 2022

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

The revenue per country is based on the location of the entity that generates the revenue.

Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers.

	2023		2022	
EUR million	**Contract assets**	**Contract liabilities**	**Contract assets**	**Contract liabilities**
1 Jan	**0.6**	**141.9**	0.4	154.8
Revenue recognised that was included in the contract liability at the beginning of the period		-139.3		-152.3
Increases due to cash received, excluding amounts recognised as revenue during the period		150.2		139.4
Transfers from contract assets recognised at the beginning of the period to receivables	-0.6		-0.4	
Increase in contract assets due to fulfilled performance obligations not yet invoiced	0.5		0.6	
31 Dec	**0.5**	**152.7**	0.6	141.9

The contract assets primarily relate to performance obligations that have been fulfilled, but for which invoicing has not yet taken place. The contract assets are transferred to receivables upon invoicing and therefore becoming unconditional. The contract liabilities primarily relate to advance considerations received from customers and for which revenue is recognised at the moment of fulfilling the performance obligation. Contract assets and liabilities relate to customer contracts that are generally settled within 12 months after inception of the contract, with the exception of customer contracts for digital products in Sanoma Learning, which are settled between 6 months to maximum 8 years after inception of the contract.

Information on trade receivables is further disclosed in Notes 4.2 and 4.3 Trade and other receivables and Note 5.2 Financial risk management.

Transaction price allocated to remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

UNSATISFIED PERFORMANCE OBLIGATIONS

EUR million	**2024**	**> 2024**	**Total**
Learning	87.3	0.8	88.1
Media Finland	64.6		64.6
Total	**151.9**	**0.8**	**152.7**

DISTRIBUTION OF NET SALES BETWEEN GOODS AND SERVICES

EUR million	**2023**	**2022**
Sale of goods	834.0	767.2
Rendering of services	558.9	530.7
Total	**1,392.9**	1,298.3

The sale of goods includes sales of magazines, newspapers and books as well as the sale of other physical items.

Rendering of services consists of advertising sales in magazines, newspapers, TV, radio and online as well as sales of online marketplaces. In addition, sales of services include income from renting learning books as well as user fees for e-learning solutions and databases.

2.3 Other operating income

OTHER OPERATING INCOME

EUR million	2023	2022
Gains on sale of property, plant and equipment	1.5	1.3
Gains on sale of Group companies and operations	1.6	0.9
Gains on sale of investment property	2.9	
Rental income from investment property	0.1	0.1
Other rental income	5.3	5.1
Government grants	0.1	0.1
Other	13.8	13.6
Total	**25.6**	21.0

The Group's other rental income is mostly related to sub-leases.

Other operating income includes EUR 4.3 million (2022: 4.0) reprography fee income and EUR 2.8 million (2022: 2.8) income related to alternative payment methods.

More information on investment property can be found in Note 4.6.

2.4 Employee benefit expenses

EMPLOYEE BENEFIT EXPENSES

EUR million	2023	2022
Wages, salaries and fees	-328.5	-286.0
Equity-settled share-based payments	-4.4	-3.9
Pension costs, defined contribution plans	-37.6	-36.6
Pension costs, defined benefit plans	-1.8	-2.2
Other social expenses	-33.2	-27.5
Total	**-405.4**	-356.2

Wages, salaries and other compensations for key management are presented in Note 6.3 and share-based payments are described in Note 6.2. Post employment benefits are described in Note 4.9.

2.5 Materials and services and other operating expenses

MATERIALS AND SERVICES

EUR million	2023	2022
Paper costs	-54.2	-42.7
Raw materials and supplies	-112.7	-101.4
Purchased transport and distribution service	-98.2	-98.5
Purchased printing	-72.7	-58.5
Sales and commission costs	-13.8	-17.3
Editorial subcontracting	-11.9	-12.6
Royalties	-48.8	-43.3
Other purchased services	-48.1	-53.2
Other	-26.7	-30.5
Total	**-487.0**	-458.0

OTHER OPERATING EXPENSES

EUR million	2023	2022
Operating costs of premises	-9.7	-10.6
Rents	-4.8	-3.8
Advertising and marketing	-56.9	-40.6
Office and ICT expenses	-98.5	-85.7
Professional fees	-28.9	-33.5
Travel expenses	-6.8	-6.0
Other	-33.5	3.0
Total	**-239.0**	-177.2

The Group had no material research and development expenditure during the financial year or during the comparative year. In 2023, other operating expenses include EUR -35.9 million VAT claims for years 2015-2018 and 2019-2021. Other operating expenses include also cost adjustments related to the capitalisation in PPE and intangible assets.

Other operating expenses include the following expenses related to lease contracts.

EUR million	2023	2022
Expense relating to short-term leases	-4.3	-2.1
Expense relating to leases of low-value assets	0.0	-0.1
Expense relating to variable lease payments not included in lease liabilities	-1.2	-1.0

AUDIT FEES

EUR million	2023	2022
Statutory audit	-1.3	-1.4
Audit related services	0.0	0.0
Tax services	0.0	0.0
Other non-audit services	-0.2	-0.1
Total	**-1.6**	-1.5

In 2023, PricewaterhouseCoopers Oy, a firm of Authorised Public Accountants, acted as Sanoma's auditor.

PricewaterhouseCoopers Oy has provided non-audit services to entities of Sanoma Group in total EUR 0.2 million (2022: 0.1) during the financial year 2023. The services for the year 2023 included auditors' statements, tax services and other services.

2.6 Depreciation, amortisation and impairment losses

DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

EUR million	2023	2022
Amortisation of intangible assets		
Purchase price allocation amortisation	-41.3	-39.3
Other amortisation of intangible assets		
Prepublication rights of learning materials	-42.5	-31.6
Film and TV broadcasting rights	-58.9	-54.2
Other intangible assets	-26.8	-26.2
Total	-169.6	-151.4
Depreciation of property, plant and equipment		
Rental books	-7.4	-11.5
Other depreciation	-7.9	-8.6
Total	-15.3	-20.2
Depreciation of right of use assets		
Buildings	-27.9	-26.6
Machinery and vehicles	-5.4	-6.0
Total	-33.3	-32.6
Impairment losses	-17.7	-12.4
Total	**-235.9**	-216.5

2.7 Financial items

FINANCIAL ITEMS

EUR million	2023	2022
Dividend income	0.1	0.1
Interest income from financial assets measured at amortised cost	2.2	0.9
Forward currency exchange contracts, change in fair value	0.0	
Exchange rate gains	5.7	4.0
Other financial income	0.7	4.5
Financial income total	**8.6**	9.5
Interest expenses from financial liabilities measured at amortised cost	-25.0	-10.2
Interest expenses on leases	-6.4	-4.7
Forward currency exchange contracts, no hedge accounting, change in fair value	0.0	-0.3
Fair value losses	-1.0	
Exchange rate losses	-3.8	-4.2
Other financial expenses	-3.0	-2.7
Financial expenses total	**-39.1**	-22.0
Total	**-30.5**	-12.5

In comparable year 2022, other financial income included a EUR 3 million change in fair value of a liability related to an earlier acquisition in Learning.

2.8 Income taxes and deferred taxes

INCOME TAXES

EUR million	2023	2022
Income taxes on operational income	-26.3	-33.9
Income taxes from previous periods	6.2	0.1
Withholding tax on dividends		-0.1
Change in deferred tax	3.5	11.7
Tax expense in the income statement	**-16.5**	-22.2

INCOME TAX RECONCILIATION AGAINST LOCAL TAX RATES

EUR million	2023	2022
Result before taxes	20.6	99.2
Tax calculated at (Finnish) statutory rate 20%	-4.1	-19.8
Effect of different tax rates in the operating countries	-0.3	-1.1
Non-taxable income	0.8	0.9
Non-deductible expenses	-10.8	-2.1
Withholding tax on dividends		-0.1
Tax relating to previous accounting periods	6.2	0.1
Effect of joint ventures and associated companies	0.4	0.0
Write down or non-recognition of deferred tax assets from losses	-8.7	
Dispute regarding VAT treatment of certain magazines	-2.0	
Other items	2.0	0.0
Income taxes in the income statement	**-16.5**	-22.2
Effective tax rate	**80.3**	22.4

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DEFERRED TAX RECEIVABLES AND LIABILITIES 2023

EUR million	At 1 Jan	Recorded in the income statement	Recorded in the equity	Operations acquired/ sold	Recorded in other comprehensive income	Translation differences and reclassifications	At 31 Dec
Deferred tax receivables							
Tax losses carried forward and unused credits	10.2	-7.4				-0.8	2.1
PPE and intangible assets	51.4	-1.2				-2.8	47.4
Inventories	0.1	0.1				0.0	0.2
Trade and other receivables	0.1	0.1					0.2
Provisions	3.4	1.4				0.3	5.0
Pension obligations, defined benefit plans	1.0	-0.2			0.3	0.0	1.2
Other items	0.9	0.9	0.5			0.2	2.5
Total	67.1	-6.3			0.3	-2.6	58.5
Offsetting of deferred tax assets and liabilities	-56.4						-53.0
Total	**10.7**						**5.5**
Deferred tax liabilities							
PPE and intangible assets	172.4	-8.9		0.3		-2.8	161.0
Inventories	0.0	0.0				0.0	0.0
Pension assets, defined benefit plans	3.1	-0.6			3.5	0.0	6.0
Other items	2.2	-0.3				0.0	1.9
Total	177.8	-9.8		0.3	3.5	-2.8	169.0
Offsetting of deferred tax assets and liabilities	-56.4						-53.0
Total	**121.4**						**116.0**

DEFERRED TAX RECEIVABLES AND LIABILITIES 2022

EUR million	At 1 Jan	Recorded in the income statement	Recorded in the equity	Operations acquired/ sold	Recorded in other comprehensive income	Translation differences and reclassifications	At 31 Dec
Deferred tax receivables							
Tax losses carried forward and unused credits	9.2	1.6		0.0		-0.6	10.2
PPE and intangible assets [1]	33.8	0.7		17.3		-0.5	51.4
Inventories	0.1	-0.1				0.1	0.1
Trade and other receivables	0.2	-0.1					0.1
Provisions	4.1	-0.6				-0.1	3.4
Pension obligations, defined benefit plans	1.4	0.0			-0.4	0.0	1.0
Other items	1.7	-1.1				0.3	0.9
Total	50.5	0.6		17.3	-0.4	-0.8	67.1
Offsetting of deferred tax assets and liabilities[1]	-41.1						-56.4
Total	**9.4**						**10.7**
Deferred tax liabilities							
PPE and intangible assets [1]	162.9	-12.5		20.9		1.1	172.4
Inventories	0.0	0.0				0.0	0.0
Pension assets, defined benefit plans	5.5	-0.6			-1.7	0.0	3.1
Other items	0.0	2.1		1.9		-1.7	2.2
Total	168.5	-11.1		22.8	-1.7	-0.6	177.8
Offsetting of deferred tax assets and liabilities[1]	-41.1						-56.4
Total	**127.4**						**121.4**

[1] The figures have been restated in accordance with the adoption of the amendment to IAS 12, which the Group has applied from 1 January 2023.

TAX LOSSES

	Tax losses carried forward		Recognised deferred tax asset		Unrecognised deferred tax asset	
EUR million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Expiry within five years	1.2	1.0	0.0	0.2	0.0	0.0
Expiry after five years	9.3	4.4	0.2	0.6	2.0	0.3
No expiry	58.9	55.7	1.8	9.3	11.8	4.2
Total	**69.5**	61.0	**2.0**	10.2	**13.8**	4.5

The recognition of the deferred tax assets is supported by an offsetting deferred tax liabilities and where applicable by the Group's estimations of future taxable profits based on the approved business plans and budgets of the subsidiary. The Group continually evaluates the assesments in respect of the utilisation of the deferred tax assets.

Due to the unlikely use of tax benefits in the coming years, deferred tax receivables of EUR 13.8 million (2022: 4.5) have not been recorded in the consolidated balance sheet based on the management's judgement. These unrecognised receivables relate mainly to tax losses carried forward of subsidiaries.

Pillar II

Sanoma is within the scope of the OECD Pillar Two global minimum tax model rules. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which we operate. The legislation will be effective for Sanoma's financial year beginning 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, Sanoma has no related current tax exposure. We apply the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the Pillar Two legislation, Sanoma might be liable to pay a top-up tax for the difference between its effective tax rate per jurisdiction calculated using Global Anti-Base Erosion (GloBE) rules and the 15% minimum rate. We have assessed our exposure to the Pillar Two legislation. The assessment is based on the most recent country-by-country reporting and IFRS financial data of the jurisdictions. Based on this assessment we are currently not expecting additional tax exposure as all jurisdictions should qualify for transitional safe harbour.

2.9 Earnings per share

Undiluted earnings per share is calculated by dividing the result for the period attributable to the equity holders of the Parent Company, adjusted by the tax-adjusted interest on the hybrid bond, by the weighted average number of shares outstanding.

EARNINGS PER SHARE

	2023	2022
Result attributable to the equity holders of the Parent Company, EUR million	3.3	76.2
Accrued interest on the hybrid bond	-9.5	
Tax effect	1.9	
Net effect	-7.6	
Weighted average number of shares on the market, thousands	163,253	163,131
Earnings per share, EUR	**-0.03**	0.47

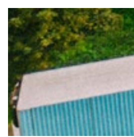
Diluted earnings per share is calculated by adjusting the weighted average number of shares so that share plans are taken into account.

DILUTED EARNINGS PER SHARE

	2023	2022
Profit used to determine diluted earnings per share, EUR million	3.3	76.2
Accrued interest on the hybrid bond	-9.5	
Tax effect	1.9	
Net effect	-7.6	
Weighted average number of shares on the market, thousands	163,253	163,131
Effect of share plans, thousands	236	362
Diluted average number of shares, thousands	163,489	163,492
Diluted earnings per share, EUR	**-0.03**	0.47

Information on share plans is presented in Note 6.2. For more information on shares and shareholders, see Report of the Board of Directors, chapter Shares and shareholders.

3. Acquisitions and capital expenditure



3.1 Acquisitions and divestments

Acquisitions in 2023

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

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

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

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

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

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

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

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

IMPACT OF BUSINESS ACQUISITIONS ON GROUP'S ASSETS AND LIABILITIES

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

ACQUISITIONS OF NON-CONTROLLING INTERESTS

EUR million	2023	2022
Acquisition cost	2.8	
Book value of the acquired interest	1.1	
Impact on consolidated equity	**-1.7**	

CASH PAID TO OBTAIN CONTROL, NET OF CASH ACQUIRED

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

Acquisitions in 2022

In 2022, Sanoma invested EUR 217 million in business acquisitions.

On 31 August, Sanoma acquired Pearson's local K12 learning content business in Italy and its small exam preparation business in Germany. The acquisition was announced on 7 June 2022. The acquired business was reported as part of Sanoma Learning SBU as of 31 August 2022.

Pearson Italy is one of the leading providers of learning materials for secondary education in the country and it has a leading position in certain subjects, including philosophy and literature. Under its strong local brands, Pearson Italy offers schools, teachers and students recognised and reputable high-quality learning materials. The acquisition also includes Pearson's small exam preparation business in Germany, which will continue to operate under the Stark brand. The acquired businesses have 251 employees, of which 161 are in Italy and 90 in Germany. They became employees of Sanoma Learning as from closing.

The net sales of the acquired business included in the Group's consolidated income statement since acquisition from 31 August were approx. EUR 37 million and result for the period was approx. EUR 2 million.

Sanoma estimated that the acquisition will create synergies of EUR 2–3 million (annual run-rate). The synergies are expected to be realised in full in 18–24 months after closing and mainly relate to support functions and procurement.

The agreed cash and debt free enterprise value of the acquired business including purchase price adjustments of EUR 22.5 million amounted to EUR 212.1 million and was paid in cash at closing. The enterprise value represents an EV / adjusted EBITDA 2021 multiple of 6.4x. By adding the estimated costs for separation and integration as well as the additional investments in digital development, the multiple increases to approx. 7.2x. Sanoma financed the acquisition with a EUR 250 million 4-year term loan facility with Nordea Bank Abp, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ). The remaining part of the term loan was used for an early repayment of an EUR 50 million term loan due in February 2023.

Sanoma estimated that the acquisition will create separation, integration and rebranding costs, to be booked as items affecting comparability (IACs), of approx. EUR 14 million during 18–24 months after closing. Sanoma booked EUR 7 million of transaction costs as IACs in Sanoma Learning's 2022 result.

Acquisition accounting for the acquired business was disclosed in 2022 financial statements as provisional, which means that the value of the purchase price and identifiable net assets may still change. The initial purchase price of EUR 212.1 million was allocated to identified net assets which include trademarks, customer relationships, ELT (English language teaching) distribution agreement and inventory with the remaining residual accounted for as goodwill. The goodwill is attributable mainly to assembled workforce and profit expectations of future product development, customer relationships and expansion of digital product offering.

On 18 March 2022, Sanoma Media Finland acquired Videolle Production Oy. Videolle is a digital video marketing office, established in 2014. The acquisition strengthens the range of services offered by Sanoma to its B2B customers. Videolle Production Oy's 24 employees joined Sanoma.

On 16 March 2022, Sanoma Learning acquired Gelukskoffer Scholen B.V. in the Netherlands. The company is engaged in developing and publishing learning materials aimed at social emotional well-being of children.

On 28 January 2022, Sanoma Media Finland acquired radio frequencies from Huittisten Sanomalehti Oy and began broadcasting Hitmix channel in Satakunta.

Net sales of Sanoma Group would have totalled approx. EUR 1,378 million and result before taxes for the period approx. EUR 126 million, if acquisitions had taken place at the beginning of the year 2022.

Divestments 2023

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

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

IMPACT OF DIVESTMENTS ON GROUP'S ASSETS AND LIABILITIES

EUR million	2023	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	1.6	11.5
Transaction fees paid		-1.1
Net result from sale of operations	**1.6**	0.9

CASH FLOW FROM SALE OF OPERATIONS

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

Divestments 2022

On 4 October 2022, Sanoma sold Eduarte, Dutch student administration system provider for vocational education to Topicus, a pan-European provider of vertical market software and platforms. Net sales of the divested business were EUR 9 million in 2021 and the company employed 45 people who transferred to the buyer with the divestment.

On 3 January 2022, Sanoma Media Finland sold its newspaper printing facility Savon Paino to media company Keskisuomalainen. 36 employees of Savon Paino were transferred to Keskisuomalainen with the divestment.

3.2 Intangible assets

INTANGIBLE ASSETS 2023

EUR million	Goodwill	Immaterial rights	Prepublication rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	869.7	542.0	508.5	655.0	33.4	2,608.6
Increases		65.2	55.3	24.5	11.0	156.1
Acquisitions of operations	3.5	1.2		0.7		5.4
Decreases		-71.7	-29.2	-5.9	-0.1	-106.9
Reclassifications	-12.2	-8.1	4.4	7.4	0.9	-7.6
Exchange rate differences	-1.1	0.8	2.2	1.0	0.1	3.0
Acquisition cost at 31 Dec	860.0	529.4	541.2	682.7	45.4	2,658.6
Accumulated amortisation and impairment losses at 1 Jan	-57.7	-353.1	-380.6	-266.1		-1,057.5
Decreases, disposals and acquisitions		71.7	29.2	5.9		106.8
Amortisation for the period		-74.3	-42.5	-52.8		-169.6
Impairment losses for the period	-2.3	-4.1	-3.1	-1.2		-10.7
Reclassifications	12.2	0.1	-4.4	-0.4	0.0	7.4
Exchange rate differences		-0.3	-1.4	-0.7	0.0	-2.3
Accumulated amortisation and impairment losses at 31 Dec	-47.8	-360.0	-402.8	-315.3		-1,125.8
Carrying amount at 31 Dec	**812.2**	**169.4**	**138.4**	**367.4**	**45.4**	**1,532.7**

INTANGIBLE ASSETS 2022

EUR million	Goodwill	Immaterial rights	Prepublication rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	810.9	486.9	464.2	643.1	25.2	2,430.3
Increases		56.4	49.4	28.1	12.9	146.8
Acquisitions of operations	58.2	38.2	19.9	31.3	0.2	147.8
Decreases		-39.8	-20.4	-37.4	0.0	-97.6
Disposal of operations		0.0		-16.6		-16.6
Reclassifications		0.7	-1.5	7.5	-4.6	2.1
Exchange rate differences	0.6	-0.4	-3.2	-1.0	-0.2	-4.1
Acquisition cost at 31 Dec	869.7	542.0	508.5	655.0	33.4	2,608.6
Accumulated amortisation and impairment losses at 1 Jan	-57.7	-324.1	-369.2	-253.3		-1,004.2
Decreases, disposals and acquisitions		39.8	20.4	42.9		103.0
Amortisation for the period		-68.1	-31.6	-51.7		-151.4
Impairment losses for the period		-1.0	-0.2	-7.1		-8.2
Reclassifications			-2.6	2.5		0.0
Exchange rate differences		0.3	2.4	0.5		3.3
Accumulated amortisation and impairment losses at 31 Dec	-57.7	-353.1	-380.6	-266.1		-1,057.5
Carrying amount at 31 Dec	**812.1**	**188.9**	**127.9**	**388.9**	**33.4**	**1,551.1**

Immaterial rights include purchase price allocations total 155.4 million (2022: 166.7) e.g. allocations to trade marks. The prepublication rights of learning materials and solutions are internally generated intangible assets. Other intangible assets include mainly assets identified in acquisition accounting total 290.8 million (2022: 313.5), e.g. purchase price allocated to customer relationships.

Excluding goodwill the Group has no intangible assets with indefinite useful lives at the end of the financial year.

Impairment losses recognised from immaterial rights and other intangibles assets

Intangible assets with definite useful lives are amortised using the straight-line method, except for the immaterial rights where the diminishing method is used for broadcasting rights and the straight-line method for other immaterial rights. At each reporting date it is assessed whether there is any indication that these intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated by determining the present value of future cash flows of the asset.

Impairment losses totalling EUR 8.4 million (2022: 8.2) were recognised from intangible assets with definite useful lives, of which EUR 3.6 million related to Sanoma Learning strategic business unit (SBU) (2022: 7.2) and EUR 4.8 million related to the Sanoma Media Finland SBU (2022: 1.0). There were no impairments in corporate intangible assets (2022: 0.0).

In Sanoma Media Finland SBU, the impairment related mainly to TV programme rights. The impairments in the Sanoma Learning SBU mainly related to learning solutions and ICT systems.

Allocation of goodwill and intangible assets with indefinite useful life

For the purpose of impairment testing, goodwill has been allocated to two CGUs which are operating segments/SBUs. The allocation of goodwill is as presented in the following table.

CARRYING AMOUNTS OF GOODWILL IN THE CGUS

EUR million	2023	2022
Sanoma Learning	700.5	702.1
Sanoma Media Finland	111.7	110.0
CGUs, total	**812.2**	812.1

Impairment losses recognised from goodwill

Impairment losses recognised from goodwill in the financial year amounted to EUR 2.3 million (2022: 0.0).

Methodology and assumptions used in impairment testing

Impairment testing of assets is principally carried out on a cash flow basis whereby the Value in Use is used as the recoverable amount. The recoverable amount is determined based on the present value of future cash flows of the Group's CGUs, using a post-tax WACC. Deferred and current income tax assets and liabilities (including deferred tax liabilities related to previous purchase price allocations) have been included in the carrying amount.

Calculations of the recoverable amount are based on a five-year forecast period. Cash flow estimates are based on management approved strategic plans at the time of testing, including assumptions on the development of the business environment. Actual cash flows may differ from estimated cash flows if the key assumptions do not realise as estimated.

The key assumptions in the calculations include profitability level, discount rate, long-term growth rate, as well as market positions. Assumptions are based on medium-term strategic plans and forecasts made annually in each business unit and approved by the Sanoma Executive Management Team and the Board in a separate process. Market position and profitability level assumptions are based on past experience, the assessment of the SBU and Group management of the development of the competitive environment and competitive position of each CGU, as well as the impact of Sanoma's transformation strategy and cost savings initiatives.

The terminal growth rate used in the calculations is based on management's assessment of long-term growth. The growth rate is estimated by taking into account growth projections by market that are available from external sources of information, as well as the characteristics of each CGU. The terminal growth rates used for the CGUs in the reporting and comparable period were as follows:

THE AVERAGE TERMINAL GROWTH RATE USED IN CALCULATION OF THE RECOVERABLE AMOUNT

%	2023	2022
Sanoma Learning	3.0	3.0
Sanoma Media Finland	-1.1	-1.1

Following the Finnish market changes in combination with the changes in the Sanoma Media Finland CGU portfolio (the transformation of traditional media to digital), the terminal growth rate is expected to be at the same level as last year. The terminal growth rate for the Sanoma Learning CGU is higher than last year based on review and projections of the various curriculum cycles across its Footprint markets and due to inflation development. Management has also estimated the expected effects of new reforms and potential industry developments.

THE AVERAGE DISCOUNT RATE USED IN CALCULATION OF THE RECOVERABLE AMOUNT

%	2023 Post-tax	2022 Post-tax
Sanoma Learning	8.6	9.6
Sanoma Media Finland	10.3	8.8

The CGU-specific discount rates represent the blended average cost of capital of each CGU. On an annual basis Sanoma re-assesses the WACC calculation based on updated market parameters and updates the WACC accordingly. In impairment test calculations, capital expenditure is assumed to comprise normal replacement investments, and foreign exchange rates are based on euro rates at the time of testing.

The recoverable amounts of Sanoma Learning and Sanoma Media Finland clearly exceed their carrying amounts. Any reasonably expected changes in key assumptions would not result in impairment.

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3.3 Property, plant and equipment and right-of-use assets

PROPERTY, PLANT AND EQUIPMENT 2023

EUR million	Land and water	Buildings and structures	Machinery and equipment	Rental books	Other tangible assets	Advance payments	Total
Acquisition cost at 1 Jan	0.4	8.2	147.5	65.2	27.1	0.2	248.5
Increases			4.0	8.7	2.1	0.4	15.2
Acquisition of operations			0.0		0.0	0.0	0.0
Decreases		-1.4	-9.7	-19.4	-0.8		-31.2
Reclassifications		-0.3	-0.6		0.3	-0.3	-0.8
Exchange rate differences	0.0	0.1	0.2		0.0	0.0	0.3
Acquisition cost at 31 Dec	0.4	6.6	141.4	54.5	28.8	0.3	232.0
Accumulated depreciation and impairment losses at 1 Jan	-0.1	-2.6	-135.7	-46.3	-14.6		-199.3
Decreases, disposals and acquisitions		1.4	9.3	17.3	0.8		28.8
Depreciation for the period		0.0	-5.2	-7.4	-2.7		-15.3
Impairment losses for the period		-0.4	-0.1	-6.1	0.0		-6.6
Reclassifications		0.3	0.7		0.1		1.1
Exchange rate differences	0.0	-0.1	-0.2		0.0		-0.3
Accumulated depreciation and impairment losses at 31 Dec	-0.1	-1.3	-131.1	-42.6	-16.5		-191.7
Carrying amount at 31 Dec 2023	**0.3**	**5.2**	**10.2**	**11.9**	**12.3**	**0.3**	**40.3**

PROPERTY, PLANT AND EQUIPMENT 2022

EUR million	Land and water	Buildings and structures	Machinery and equipment	Rental books	Other tangible assets	Advance payments	Total
Acquisition cost at 1 Jan	0.6	19.0	191.8	62.2	22.9	0.5	296.8
Increases			5.0	7.5	5.3	0.4	18.3
Acquisition of operations			0.2		1.9		2.0
Decreases		-0.2	-5.8	-4.6	-3.7		-14.2
Disposal of operations	-0.2	-10.6	-43.3		0.0	0.0	-54.1
Reclassifications		0.0	-0.3		0.8	-0.6	-0.1
Exchange rate differences	0.0	0.0	-0.2		0.0	0.0	-0.2
Acquisition cost at 31 Dec	0.4	8.2	147.5	65.2	27.1	0.2	248.5
Accumulated depreciation and impairment losses at 1 Jan	-0.1	-12.7	-178.0	-33.2	-15.6		-239.7
Decreases, disposals and acquisitions		10.1	48.4	2.6	3.4		64.5
Depreciation for the period		0.0	-6.9	-11.5	-1.7		-20.2
Impairment losses for the period			0.0	-4.2			-4.2
Reclassifications			0.7		-0.6		0.1
Exchange rate differences	0.0	0.0	0.1		0.0		0.2
Accumulated depreciation and impairment losses at 31 Dec	-0.1	-2.6	-135.7	-46.3	-14.6		-199.3
Carrying amount at 31 Dec 2022	**0.2**	**5.6**	**11.8**	**18.8**	**12.5**	**0.2**	**49.2**

Right-of-use assets

DEPRECIATION OF RIGHT-OF-USE ASSETS

EUR million	2023	2022
Depreciation for the period		
Buildings	-27.9	-26.6
Machinery	-2.4	-2.9
Vehicles	-3.0	-3.1
Total	**-33.3**	**-32.6**

CARRYING AMOUNT OF RIGHT-OF-USE ASSETS

EUR million	31 Dec 2023	31 Dec 2022
Carrying amount		
Buildings	118.0	130.8
Machinery	19.3	18.9
Vehicles	6.8	6.8
Total	**144.2**	**156.5**

Additions to the right-of-use assets during the 2023 financial year were EUR 23.9 million (2022: 30.6).

Carrying amount of right-of-use assets has increased by EUR 0.1 million (2022: 7.0) due to acquisitions.

The Group's leasing activities

The Group leases buildings for its office space. Rental contracts are typically made for fixed periods of 5 to 15 years. Some leases include an option to extend the lease for an additional period after the end of the contract term or terminate the contract during the lease term. The Group assesses at the lease commencement whether it is reasonably certain to exercise the extension option or termination option. During the lease term the Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control. The most significant lease contracts are related to properties of Sanomala and Sanoma House.

The Group also leases cars which have lease terms of three to five years. Machinery includes printing a press and some IT equipment. Most leased IT equipment and machinery are leases of low-value items and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases. Also, short-term leases are reported as expense in income statement.

Lease liabilities are presented in Note 5.1.

4. Working capital and other balance sheet items

4.1 Inventories

EUR million	2023	2022
Materials and supplies	8.4	18.0
Work in progress	0.1	0.7
Finished products/goods	43.5	50.8
Other	1.5	1.7
Total	**53.5**	71.2

EUR 3.5 million (2022: 1.4) was recognised as impairment in the financial year. The carrying amount of inventories was written down to reflect their net realisable value.

4.2 Other receivables, non-current

EUR million	2023	2022
Financial assets at amortised cost		
Loan receivables		1.5
Other receivables	1.2	1.2
Advance payments	1.8	2.4
Net defined benefit pension assets [1]	28.4	15.7
Total	**31.4**	20.8

[1] Net defined benefit pension assets, see Note 4.9

The fair values of receivables do not significantly differ from the carrying amounts of receivables.

The interests on loan receivables are based on the market interest rates and on predetermined repayment plans.

4.3 Trade and other receivables, current

EUR million	2023	2022
Financial assets at amortised cost		
Trade receivables [1]	98.5	101.7
Other receivables	2.7	8.3
Financial assets at fair value		
Derivatives [2]	0.0	0.0
Accrued income	17.3	20.2
Advance payments	10.3	4.7
Other receivables	10.5	44.2
Total	**139.4**	179.1

[1] Trade receivables, see Note 5.2
[2] Derivatives, see Note 5.2

The Group has recognised a total of EUR 3.7 million (2022: 2.1) in credit losses and change in impairment allowances on trade receivables. Information on how impairment allowance for trade receivables has been defined and impact of the Ukraine war on the expected credit losses are included in Note 5.2.

The fair values of receivables do not significantly differ from the carrying amounts of receivables.

Accrued income

The most significant items under accrued income relate to normal business activities and include e.g. accruals for delivered newspapers and magazines.

4.4 Provisions

CHANGES IN PROVISIONS

EUR million	Restructuring provisions	Other provisions	Total
At 1 Jan 2023	0.9	0.9	1.9
Exchange rate differences	0.0	0.0	0.0
Acquisition of operations		0.1	0.1
Increases	13.8	0.8	14.5
Amounts used	-1.6	-0.4	-2.0
Unused amounts reversed	-0.1	0.0	-0.2
At 31 Dec 2023	**12.9**	**1.4**	**14.3**

CARRYING AMOUNTS OF PROVISIONS

EUR million	2023	2022
Non-current	2.0	0.1
Current	12.3	1.7
Total	**14.3**	1.9

Provisions are based on best estimates on the balance sheet date. Restructuring provisions relate to Solar program. Other provisions include provisions related to contracts with customers and other smaller provisions.

4.5 Trade and other payables

EUR million	2023	2022
Non-current		
Accrued expenses	0.8	1.1
Advances received	0.6	
Other financial liabilities at amortised cost	1.2	1.7
Total	**2.5**	2.8
Current		
Trade payables	50.9	77.2
Other liabilities	44.0	32.1
Derivatives [1]	0.0	0.1
Accrued expenses	146.6	142.7
Advances received	0.5	0.1
Total	**242.1**	252.2
Total	**244.6**	255.0

[1] Derivatives, see Note 5.2

Accrued expenses

Accrued expenses mainly consisted of accrued personnel expenses, royalty liabilities and accruals related to common business activities.

4.6 Investment property

INVESTMENT PROPERTY 2023

EUR million	Land and water	Buildings and structures	Total
Acquisition cost at 1 Jan	5.0	0.2	5.2
Decreases	-2.3		-2.3
Acquisition cost at 31 Dec	2.8	0.2	3.0
Accumulated depreciation and impairment losses at 1 Jan		0.0	0.0
Accumulated depreciation and impairment losses at 31 Dec		0.0	0.0
Carrying amount at 31 Dec 2023	**2.8**	**0.2**	**2.9**
Fair values at 31 Dec 2023	**8.5**	**0.2**	**8.8**

INVESTMENT PROPERTY 2022

EUR million	Land and water	Buildings and structures	Total
Acquisition cost at 1 Jan	5.0	0.2	5.2
Acquisition cost at 31 Dec	5.0	0.2	5.2
Accumulated depreciation and impairment losses at 1 Jan		0.0	0.0
Accumulated depreciation and impairment losses at 31 Dec		0.0	0.0
Carrying amount at 31 Dec 2022	**5.0**	**0.2**	**5.2**
Fair values at 31 Dec 2022	**13.3**	**0.2**	**13.5**

The fair values of investment property have been determined by using either the yield value method or using the information on equal real estate business transactions in the market. Also, outside surveyor has been used when determining the fair value. In yield method calculations, investor's return requirement range is 5-30%. Investment properties are classified at fair value hierarchy level 3.

The investment property includes land areas in the City of Vantaa, village of Keimola (Finland). In 2023, Sanoma sold parcels of land from the area.

The investment property also includes land areas in the City of Vantaa, village of Vantaankoski, which are partly unplanned raw land and partly lots and parcels of land.

OPERATING EXPENSES OF INVESTMENT PROPERTY

EUR million	2023	2022
Investment property, no rental income	0.0	0.0

RENTAL INCOME OF INVESTMENT PROPERTY

EUR million	2023	2022
Rental income of investment property	0.1	0.1

4.7 Equity-accounted investees

INTERESTS IN JOINT VENTURES AND ASSOCIATED COMPANIES

EUR million	2023	2022
Interests in joint ventures	1.8	1.5
Interests in associated companies	1.8	2.6
Total	**3.6**	4.1

Joint ventures

The Group had no material joint ventures in the financial year or previous year. The information on the Group's joint ventures has been presented as aggregated in the table below.

INTERESTS IN JOINT VENTURES

EUR million	2023	2022
Carrying amount at 1 Jan	1.5	1.4
Share of total comprehensive income	0.7	0.5
Dividends received	-0.5	-0.4
Other changes	0.1	
Carrying amount at 31 Dec	**1.8**	1.5

Associated companies

The Group had no material associated companies in the financial year or previous year. The information on the Group's associated companies has been presented as aggregated in the table below.

INTERESTS IN ASSOCIATED COMPANIES

EUR million	2023	2022
Carrying amount at 1 Jan	2.6	2.0
Share of total comprehensive income	-0.6	-0.4
Increases	0.0	1.0
Other changes	-0.2	
Carrying amount at 31 Dec	**1.8**	2.6

List of associated companies and joint ventures, see Note 6.4.

4.8 Other investments

EUR million	2023	2022
Other investments, non-current	2.8	3.7

Other investments mainly include investments in shares, and the Group does not intend to sell these assets. Other investments are measured at fair value and are classified at fair value hierarchy level 3.

4.9 Post-employment benefits

Sanoma Group has various schemes for personnel's pension cover that comprise both defined contribution and defined benefit pension plans. Pension schemes are arranged in accordance with local requirements and legislation. The majority of the pension plans are of defined contribution structure, where the employer contribution and resulting income charge is fixed at a set level or is set at a percentage of employee's pay. Contributions made to defined contribution pension plans and charged to the income statement totalled EUR 37.6 million (2022: 36.6).

Defined benefit pension plans in Sanoma are mainly related to Finland.

In Finland, the Group has a pension fund responsible for the statutory pension cover for certain Group company, as well as for supplementary pension schemes. The pension schemes arranged by a pension fund are classified as defined benefit plans. In addition to the pension fund in Finland, the Group also has other supplementary defined benefit pension schemes which are managed by insurance companies.

The supplementary pension schemes are final average pay plans, and the benefits comprise old-age, disability and surviving dependent pensions. The supplementary pension schemes entitle a retired employee to receive a monthly pension payment based on the employee's final average salary.

The Finnish defined benefit plans are administered by a pension fund that is legally separated from the Group. The pension fund is governed by a board, which is composed of employee and employer representatives. The board appoints the managing director for the pension fund, who is also a member of the board.

The board of the Finnish pension fund sets out on an annual basis the strategic investment policy and plan. The Investment Committee of Sanoma Group assists the board and managing director of the pension fund. The pension fund is entitled to use an external asset manager who is authorised to do investments in accordance with the investment policy. The investments are allocated mainly to instruments, which have quoted prices in active markets, like listed shares, bonds and investment funds.

Finnish voluntary defined benefit pension plans are fully and statutory pension plans partially funded.

The risks in Finnish pension plans are mainly related to the adequacy of the pension liability and investment operations. The pension liability may prove insufficient if the related insurance portfolio essentially differs from that of other pension institutions and the average lifetime exceeds the calculated assumption. A pension expense development forecast has been prepared for the pension fund in aid of risk management. The actuary of the pension fund is responsible for the solvency of the pension liability. The pension fund's key risks in investment operations include the interest rate risk, stock market risk, credit risk, currency risk and liquidity risk. Risks related to various asset classes are managed through the effective distribution of investments between asset classes. Liquidity risks are managed by making investments that can be converted into cash very rapidly.

The actuarial calculations for the Group's defined benefit pension plans have been prepared by external actuaries. In addition to pension plans, Sanoma Group has no other defined benefit plans.

Sanoma Group recognised total defined benefit costs related to all pension plans as follows:

PENSION COSTS RECOGNISED IN THE INCOME STATEMENT

EUR million	2023	2022
Current service costs	-1.7	-2.0
Net interest	0.4	0.2
Past service cost		-0.1
Effect of settlements	-0.2	0.0
Administration costs	-0.2	-0.2
Total	**-1.8**	-2.2

Per year-end the net pension liability can be specified as follows:

NET DEFINED BENEFIT PENSION LIABILITIES (ASSETS) IN THE BALANCE SHEET

EUR million	2023	2022
Net defined benefit pension liabilities	3.4	4.1
Net defined benefit pension assets	28.4	15.7
Net defined benefit pension liability (asset) total	**-25.1**	-11.6

The reconciliation from the opening balances to the closing balances for the net defined benefit pension liability (asset) and its components is presented in the following table.

EUR million	Defined benefit obligation	Fair value of plan assets	Total
1 Jan 2022	**168.4**	**-190.1**	**-21.7**
Current year service cost	2.0		2.0
Interest cost/income	1.3	-1.4	-0.1
Past service cost	0.1		0.1
Effect of settlements	-0.1	0.1	0.0
Administration cost		0.2	0.2
Total recognised in the result for the period	3.4	-1.1	2.3
Remeasurement of the net defined benefit liability:			
Gains/losses arising from demographic assumptions	0.0		0.0
Gains/losses arising from financial assumptions	-26.9		-26.9
Experience adjustments	9.3		9.3
Return on plan assets excluding interest income		24.6	24.6
Total recognised in other comprehensive income	-17.7	24.6	6.9
Contributions by the employer		1.0	1.0
Contributions by plan participants	1.7	-1.7	0.0
Benefits paid from funds	-8.6	8.6	
Other changes	-2.9	2.8	-0.1
31 Dec 2022	**144.4**	**-155.9**	**-11.6**

EUR million	Defined benefit obligation	Fair value of plan assets	Total
1 Jan 2023	**144.4**	**-155.9**	**-11.6**
Current year service cost	1.7		1.7
Interest cost/income	5.0	-5.3	-0.4
Effect of settlements	0.1	0.1	0.2
Administration cost		0.2	0.2
Total recognised in the result for the period	6.8	-5.0	1.8
Remeasurement of the net defined benefit liability:			
Gains/losses arising from financial assumptions	-5.5		-5.5
Experience adjustments	-1.9		-1.9
Return on plan assets excluding interest income		-8.4	-8.4
Total recognised in other comprehensive income	-7.3	-8.4	-15.7
Contributions by the employer		0.4	0.4
Contributions by plan participants	0.3	-0.3	
Benefits paid from funds	-9.7	9.7	
Other changes	2.3	-2.3	
31 Dec 2023	**136.7**	**-161.7**	**-25.1**

A breakdown of net defined benefit liability and the split between countries is shown below.

NET DEFINED BENEFIT PENSION LIABILITIES (ASSETS) IN THE BALANCE SHEET 2023

EUR million	Finland	Belgium	Total
Present value of funded obligations	126.3	10.4	136.7
Fair value of plan assets	-154.3	-7.4	-161.7
Total	**-28.0**	**3.0**	**-25.1**

NET DEFINED BENEFIT PENSION LIABILITIES (ASSETS) IN THE BALANCE SHEET 2022

EUR million	Finland	Belgium	Total
Present value of funded obligations	135.6	8.8	144.4
Fair value of plan assets	-150.8	-5.2	-155.9
Total	**-15.2**	**3.6**	**-11.6**

The Sanoma Group's estimated contributions to the defined benefit plans for 2024 are about EUR 1.4 million.

PLAN ASSETS BY MAJOR CATEGORIES

%	2023	2022
Equity instruments	48.5	52.4
Bonds and debentures	39.0	35.6
Other items	11.7	11.1
Cash	0.7	0.9
Total	**100.0**	100.0

The fair value of plan assets included investments in Sanoma shares totalling EUR 2.0 million (2022: 2.8). None of the properties included in the plan assets are occupied by the Group.

Equity instruments consist mainly of investment funds and have quoted prices in active markets.

PRINCIPAL ACTUARIAL ASSUMPTIONS AT 31 DEC[1]

%	2023	2022
Discount rate	3.4	3.5
Expected future salary increase	3.0	3.1
Expected future pension increases	2.2	2.7

[1] Expressed as weighted averages

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligations at the reporting date were as follows:

LONGEVITIES AT 31 DEC

Years	2023	2022
Longevity at age 65 for current pensioners		
Males	21.4	21.4
Females	25.4	25.4
Longevity at age 65 for current members aged 45		
Males	23.7	23.7
Females	28.1	28.1

The weighted average duration of the defined benefit obligation at 31 December 2023 was 12.0 years (2022: 12.6).

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the percentages shown below.

SENSITIVITY ANALYSIS AT 31 DEC

	2023		2022	
%	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	-5.3	5.8	-5.6	6.2
Expected future salary increase (0.5% movement)	0.7	-0.5	0.7	-0.7
Expected future pension increases (0.5% movement)	5.5	-5.3	6.0	-5.6
Future mortality (1 year movement)	3.7	-3.5	3.8	-3.6

5. Capital structure and financial items

5.1 Financial liabilities and lease liabilities

EUR million	2023	2022
Non-current financial liabilities at amortised cost		
Loans from financial institutions	248.7	398.0
Bonds		199.3
Lease liabilities	124.8	119.6
Non-Current financial liabilities at fair value through profit or loss		
Other liabilities	0.7	2.1
Total	**374.2**	719.0
Current financial liabilities at amortised cost		
Loans from financial institutions	100.8	25.0
Commercial papers		69.7
Lease liabilities	30.0	45.3
Bonds	199.9	
Current financial liabilities at fair value through profit or loss		
Other liabilities	0.8	5.5
Total	**331.4**	145.4
Total	**705.6**	864.4

Fair values of loans from financial institutions and other liabilities are close to their carrying values. The fair value of the bond was EUR 198.67 million on 31 December, 2023 (2022: 191.75).

RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOW ARISING FROM FINANCIAL ACTIVITIES

EUR million	Non-current financial liabilities	Current financial liabilities	Lease liabilities	Total	Non-current other liabilities	Total
1 Jan 2022	432.2	75.0	161.5	668.8	6.6	675.4
Cash flows	175.2	19.8	-30.5	164.5	0.2	164.7
Acquisition of operations		0.3	7.0	7.3		7.3
Exchange rate differences			-0.1	-0.1		-0.1
Other non-cash movements	-8.1	5.1	27.0	24.0	-1.6	22.4
At 31 Dec 2022	**599.4**	**100.1**	**164.9**	**864.4**	**5.3**	**869.7**
1 Jan 2023	599.4	100.1	164.9	864.4	5.3	869.7
Cash flows	-75.8	-69.6	-31.1	-176.5	0.1	-176.4
Acquisition of operations			0.1	0.1		0.1
Exchange rate differences			0.8	0.8	0.0	0.8
Other non-cash movements [1]	-274.3	270.9	20.1	16.8	-2.1	14.7
At 31 Dec 2023	**249.4**	**301.4**	**154.9**	**705.6**	**3.3**	**709.0**

[1] Other non-cash movements mainly include classifications between non-current and current financial liabilities.

Total cash flow for leases was EUR -43.1 million in 2023 (2022: -38.8). For more information on Group's lease activities, please see Note 3.3.

Loans from financial institutions

In 2023, the Group's loans from financial institutions consisted of two term loans: EUR 100 million Term Loan, which is booked in current liabilities, and EUR 250 million Term Loan, which is booked in non-current liabilities. Loans are valued at amortised cost. For more information, please see Note 5.2.

The average interest rate for loans (excluding leases) during the financial year was 3.6% (2022: 1.5%, excluding leases). The interest rates of all loans are tied to Euribor.

Bonds

In March 2021, the Group issued a EUR 200 million three-year Senior Unsecured bond for institutional investors. The bond pays a fixed coupon of 0.625% and had an issue price of 99.625%. The arrangement fees and expenses relating to the issue were capitalised and will be amortised over the life of the bond, thus raising the effective interest rate to 0.929%. The maturity date of the bond is 18 March 2024. The bond is booked in current liabilities.

Commercial papers

Sanoma Corporation has domestic and foreign commercial paper programmes which are used for short-term liquidity needs. Commercial papers are valued at amortised cost, and transaction costs are recognised directly as expenses due to their immaterial value. In accordance with Group Treasury Policy, outstanding commercial papers are fully backed up with a committed syndicated credit facility of EUR 300 million with banks in case of possible market disruptions. There were no commercial papers outstanding at the end of 2023 (2022: 70).

5.2 Financial risk management

Sanoma's treasury operations are managed centrally by the Group Treasury. Operating as a counterparty to the Group's operational units, Group Treasury is responsible for managing external financing, liquidity and external hedging operations. Centralised treasury operations focus on ensuring financing on flexible and competitive terms, optimised liquidity management, cost-efficiency of operations and efficient management of financial risks. Sanoma is exposed to interest rate, currency, liquidity and credit risks. Its risk management aims to hedge the Group against material risks. The Sanoma Board of Directors has approved the guidelines in the Group Treasury Policy.

In the long term, to ensure financial flexibility and access to various forms of funding, Sanoma's goal is to have a capital structure where net debt/adjusted EBITDA ratio is below 3.0, and equity ratio is between 35% and 45%.

Financial risks can be mitigated with various financial instruments and derivatives whose use, effects and fair values are clearly verifiable. The Group used currency forward contracts to hedge against FX risks during the year. The Group does not apply hedge accounting.

Interest rate risks

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. In 2023, all loans were denominated in euros. The Group manages its exposure to interest rate risk by ensuring that the interest duration of the gross debt of the Group is within a certain time range approved by the Sanoma Board of Directors as part of the Treasury Policy. According to the Treasury Policy, interest rate derivatives may also be utilised.

LOAN PORTFOLIO BY INTEREST RATE AS AT YEAR END

EUR million	2023	2022
Floating-rate loans	349.5	492.7
Fixed-rate loans	199.9	199.3
Total	**549.4**	692.0
Average duration, years	0.2	0.4
Average interest rate, %	4.1	2.6
Interest sensitivity, EUR million [1]	3.1	4.4

[1] Interest rate sensitivity is calculated by assuming a one percentage point increase in interest rates. The sensitivity represents the effect on profit before taxes.

Currency risks

The majority of the Group cash flow from operations is denominated in euros. However, the Group is exposed to some transaction risk resulting from cash flows related to revenue and expenditure in different currencies. Group companies are responsible for monitoring and hedging material transaction risks related to their business operations in accordance with the Group Treasury Policy. The majority of the transaction risk in 2023 was related to the procurement of IT services for the Group and programming rights for Nelonen Media, both denominated in US dollars. The Group has adopted forward contracts as means of hedging against most significant currency exposures. Internal funding transactions within the Group are mainly carried out in the functional currency of the subsidiary. Group Treasury is responsible for monitoring and hedging the currency risks related to intra-Group loans.

The hedged currencies were USD, NOK and SEK. All other transactions in foreign currencies were not material. If the hedged currencies weakened by 10% against the euro at the year end date, the change in the value of forward contracts would decrease financial expenses by EUR 1.0 million (2022: 0.01 decrease). If the currencies strengthened by 10% against the euro, financial expense would increase by EUR 1.0 million (2022: 0.01 increase). Derivative instruments are used to hedge future cash flows, hence changes in their value will offset changes in the value of cash flows.

The Group is also exposed to translation risk resulting from converting the income statement and balance sheet items of foreign subsidiaries into euros. Business operations outside the euro area (countries in which the currency is not pegged to the euro) account for about 11.7% (2022: 11.6%) of consolidated net sales and mainly consist of revenues in Polish zloty, Norwegian krone and Swedish krona. If all reporting currencies had been 10% weaker against the euro during the year, the Group net sales would have decreased by EUR 14.8 million (2022: 13.7). If all reporting currencies had been 10% stronger against the euro, the Group net sales would have increased by EUR 18.1 million (2022: 16.7). A significant change in exchange rates may also have an effect on the value of the businesses in Poland, Norway and Sweden. The Group did not hedge against translation risk in 2023, in accordance with the Treasury Policy approved by the Board.

Derivative instruments

Nominal values of derivative instruments

The nominal value of derivative instruments is EUR 9.7 million (2022: 15.0). The nominal value includes gross nominal values of all active agreements. The outstanding nominal value is not necessarily a measure or indicator of market risks.

Fair values of derivative instruments

EUR million	2023	2022
Forward currency exchange contracts		
Positive fair values	0.0	0.0
Negative fair values	0.0	-0.1
Total	**0.0**	-0.1

Derivative instruments have been classified in level 2 of the IFRS fair value hierarchy. This means that fair values are based on valuation models for which all inputs are observable, either directly or indirectly.

Sanoma has entered into netting agreements with all of its derivative instrument counterparties. Including netting agreements, financial liability to banks amount to EUR 0.04 million (2022: 0.1 liability).

Liquidity risks

Liquidity risk relates to servicing debt, financing investments and retaining adequate working capital. Sanoma aims to minimise its liquidity risk by ensuring sufficient revenues, maintaining adequate committed credit limits, using several financing institutions and forms of financing, and spreading loan repayments over a number of calendar years. The Group's committed funding must be sufficient to cover all of the obligations and funding needed for the normal business operations during the following 12 months, and any outstanding commercial paper commitments. The undrawn committed credit facility is EUR 300 million at year end. Liquidity risk is monitored daily, based on a two-week forecast, and longer-term based on calendar year. In addition, the Sanoma Group Treasury Policy sets minimum requirements for liquidity reserves. The geopolitical situation like the war in Ukraine and high inflation did not have any material impact on the funding sources or general availability of liquid funds for Sanoma in 2023.

THE GROUP'S FINANCING FACILITIES IN 2023

EUR million	Amount of limits	Unused credit lines
Syndicated RCF	300.0	300.0
Syndicated and bilateral term loans	450.0	100.0
Bond	200.0	
Commercial paper programmes	1,100.0	1,100.0
Current account limits	46.0	45.2

Sanoma signed EUR 200 million Term Loan with ten banks in December 2020 for the acquisition of Santillana Spain. The loan has had two EUR 25 million amortisations in 2022 and 2023 respectively and one voluntary prepayment of EUR 50 million was made in June 2023, so the loan amount is EUR 100 million at the end of 2023. The loan has one instalment of EUR 25 million in October 2024 and the rest matures in December 2024. In March 2021, Sanoma issued EUR 200 million bond. The bond expires in March 2024.

In 2022, Sanoma fully repaid the remaining EUR 100 million Term Loan, which was initially raised for the acquisition of Iddink in 2019. The repayment was refinanced by signing a new EUR 250 million Term Loan in June 2022 with three arranging banks. The Term Loan was used mainly for the acquisition of Pearson Italy and Germany. The closing of the acquisition was in August 2022. After that the Term Loan was syndicated to ten relationship banks in November 2022. Simultaneously with the new Term Loan, Sanoma refinanced the EUR 300 million Revolving Credit Facility by inviting the banks to participate in a new EUR 300 million Revolving Credit Facility. The RCF was signed in November 2022 and has a maturity of 3 years with two one-year extension options. Sanoma has requested the first extension option in 2023, which extended the maturity of the RCF until 2026. The RCF was fully unused at the end of 2023. In February 2023, Sanoma signed a Sustainability Side Letter to add sustainability-linked KPIs to the EUR 300 million Revolving Credit Facility. With the addition, a minor part of the pricing of the loan will be linked to Sanoma's sustainability performance in reducing greenhouse gas (GHG) 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 annual Sustainability Report and also directly to the lenders.

In 2023, Sanoma also signed new bilateral loan of EUR 100 million with OP. The loan was fully undrawn at the end of 2023. The loan has a maturity of 12 months from the drawdown.

It has one extension option of 10 months at the discretion of Sanoma. The purpose of the loan is to repay the bond in March 2024. The rest of the bond will be refinanced with the cash flow and existing facilities. Sanoma also has a EUR 100 million Term Loan (for Santillana acquisition), which will expire in Q4 2024. Sanoma's existing financing facilities and forecasted operating cash flows are sufficient to cover funding needs in the coming year, while other long-term funding sources will also be considered for the repayment of the Term Loan.

The Group's loans from financial institutions include customary covenants related to factors such as the use of pledges and mortgages, disposals of assets and key financial ratios. In all long-term loans from financial institutions Sanoma has financial covenants relating to the following ratios: consolidated equity to consolidated total assets and consolidated total net debt to consolidated EBITDA. Ratios are measured quarterly. The Group has complied with the financial covenants throughout the reporting period. There are no indications that the Group may have difficulties complying with the financial covenants during the next 12 months at interim reporting dates. If Sanoma's performance and profitability would develop unfavourably, it might increase the risk of breaching the financial covenants. This could lead to an early expiry of the loans and make the refinancing difficult in a situation where an agreement with the banks would not have been achieved. The covenants could also be impacted by material changes in capital structure due to possible acquisitions or disposals. In that case, covenant levels would be re-negotiated before the closing of any such transaction. Sanoma's senior and hybrid bonds do not include any financial covenants.

FINANCIAL LIABILITIES

	2023				2022			
EUR million	**Carrying amount**	**Cash flow [1]**	**Undrawn from limits**	**Total**	**Carrying amount**	**Cash flow [1]**	**Undrawn from limits**	**Total**
Loans from financial institutions	349.5	392.8	400.0	792.8	423.0	469.1	300.0	769.1
Bonds	199.9	201.3		201.3	199.3	202.5		202.5
Commercial paper programmes	0.0	0.0			69.7	70.0		70.0
Lease liabilities	154.9	154.9		154.9	164.9	164.9		164.9
Other interest-bearing liabilities	1.4	1.4		1.4	7.6	7.6		7.6
Trade payables and other liabilities [2]	96.1	96.1		96.1	111.1	111.1		111.1
Derivatives								
Inflow	0.0	-9.7		-9.7	0.0	-15.0		-15.0
Outflow	0.0	9.7		9.7	0.1	15.1		15.1
Total	**801.8**	**846.5**	**400.0**	**1,246.5**	**975.6**	**1,025.2**	**300.0**	**1,325.2**

[1] The estimate of the interest liability is based on the interest level at the balance sheet date.
[2] Trade payables and other liabilities do not include accrued expenses and advances received.

MATURITY OF FINANCIAL LIABILITIES 2023

EUR million	2024	2025	2026	2027	2028	2029–	Total
Loans from financial institutions	120.6	63.6	208.7				392.8
Bonds	201.3						201.3
Commercial paper programmes	0.0						0.0
Lease liabilities	26.3	26.6	24.8	25.1	36.0	16.2	154.9
Other interest-bearing liabilities	1.4						1.4
Trade payables and other liabilities[1]	96.1						96.1
Derivatives							
Inflow (-)	-9.7						-9.7
Outflow (+)	9.7						9.7
Total	**445.6**	**90.2**	**233.4**	**25.1**	**36.0**	**16.2**	**846.5**

[1] Trade payables and other liabilities do not include accrued expenses and advances received.

MATURITY OF FINANCIAL LIABILITIES 2022

EUR million	2023	2024	2025	2026	2027	2028–	Total
Loans from financial institutions	40.9	164.6	58.6	204.9			469.0
Bonds	1.3	201.3					202.6
Commercial paper programmes	70.0						70.0
Lease liabilities	45.9	27.0	23.6	21.7	21.6	25.1	164.9
Other interest-bearing liabilities	5.6	1.2	0.2	0.3	0.3		7.5
Trade payables and other liabilities [1]	111.1	0.0					111.1
Derivatives							
Inflow (-)	-15.0						-15.0
Outflow (+)	15.1						15.1
Total	**274.8**	**394.1**	**82.4**	**226.8**	**21.9**	**25.1**	**1,025.2**

[1] Trade payables and other liabilities do not include accrued expenses and advances received.

Credit risks

Sanoma's credit risks are related to its business operations. Sanoma Group's diversified operations significantly mitigate credit risk concentration, and no individual customer or group of customers is material to the Group. The Group's operational units are responsible for managing credit risks related to their businesses.

Sanoma applies the simplified approach permitted by IFRS 9 Financial Instruments for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables. 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. These rates are adjusted by current information and future expectations on economic conditions where deemed necessary.

As Sanoma has no business in Ukraine or Russia, the war launched by Russia against Ukraine in February 2022 has a very limited direct impact on Sanoma's business.

Sanoma's other receivables include small items and risk involved to individual items is not considered material. Thus, no impairment allowance has been recognised for these receivables.

The carrying amounts of trade receivables and other receivables best indicate the amount that will be collected. The aging of trade receivables is presented in the following table.

THE AGING OF TRADE RECEIVABLES

	2023				2022			
EUR million	**Gross**	**Weighted average loss rate (%)**	**Impairment**	**Net**	**Gross**	**Weighted average loss rate (%)**	**Impairment**	**Net**
Not due	77.9	0.7	-0.5	77.4	79.2	0.3	-0.2	78.9
Past due 1–30 days	11.4	0.6	-0.1	11.3	14.8	0.7	-0.1	14.7
Past due 31–120 days	9.6	1.8	-0.2	9.4	7.7	3.1	-0.2	7.5
Past due 121–180 days	0.9	45.5	-0.4	0.5	0.4	75.1	-0.3	0.1
Past due 181–360 days	0.5	68.8	-0.3	0.1	0.7	52.1	-0.3	0.3
Past due more than 1 year	3.8	105.8	-4.0	-0.2	3.9	96.4	-3.8	0.1
Total	**104.0**		**-5.5**	**98.5**	**106.7**		**-5.0**	**101.7**

Trade receivables and other receivables are presented in Notes 4.2 and 4.3.

The credit risk relating to financing transactions is low. The Group's Treasury Policy specifies that financing and derivative transactions are carried out with counterparties of good credit standing, and divided between a sufficient number of counterparties in order to protect financial assets. The Group has spread its credit risks efficiently by dealing with several financing institutions.

Capital risk management

The Group has set the long-term financial targets that consist of an equity ratio between 35% and 45% and a net debt/adjusted EBITDA ratio below 3.0 in order to maintain solid credit standing. The target ratios have been communicated publicly and are monitored and reported quarterly.

When calculating the net debt/adjusted EBITDA ratio, the following adjustments are made to the reported EBITDA: items affecting comparability are removed, the effects of acquisitions are added and the effects of divestments are deducted, and the effects of the investments in programming and prepublication rights are deducted for the reporting period.

To strenghten the capital structure, the Group issued a hybrid bond of EUR 150 million in March 2023. The hybrid bond is subordinated to the Group's other debt obligations, but has priority over other equity items. The hybrid bonds bears a fixed coupon interest of 8.000 per cent per annum until 16 March 2026, which is payable annually if decided so by the management, and, thereafter a floating interest rate as defined in the terms and conditions of the hybrid bond. The hybrid bond does not have a specified maturity date, but Sanoma is entitled to redeem the hybrid bond at their nominal amount on 16 March 2026, and subsequently, on each interest payment date thereafter. The interest from the hybrid bond must be paid to the investors if the Group pays dividends. If dividends are not paid, the Group will make a separate decision regarding interest payment on the hybrid bond. Unpaid interest is accrued and paid if dividend is decided to be distributed or management makes a decision on interest payment. The holders of the hybrid bond do not have the right to exercise control or vote at Annual General Meetings.

In 2023, the Group's equity ratio was 42.5% (2022: 35.8%) and net debt/adjusted EBITDA ratio was 2.8 (2022: 3.2).

NET DEBT

EUR million	**2023**	**2022**
Interest-bearing liabilities	705.6	864.4
Cash and cash equivalents	65.9	41.0
Total	**639.7**	823.4

Items that are regarded as interest-bearing liabilities are such short- or long-term liabilities which have separately determined interest cost.

Sanoma Group does not have an official credit rating.

5.3 Cash and cash equivalents

CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET

EUR million	2023	2022
Cash in hand and at bank	30.9	41.0
Deposits	35.0	
Total	**65.9**	41.0

Deposits may include overnight deposits and money market deposits with maturities less than three months. These are cash equivalents which are held to meet short-term payment obligations. Average maturity is very short and the fair values do not differ significantly from the carrying amounts.

CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

EUR million	2023	2022
Cash and cash equivalents in the balance sheet	65.9	41.0
Bank overdrafts	-0.8	
Total	**65.1**	41.0

Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts.

5.4 Equity

	Number of shares			Share capital and funds, EUR million				
	All shares	Treasury shares	Total	Share capital	Treasury shares	Fund for invested unrestricted equity	Hybrid bond	Total
At 1 Jan 2022	163,565,663	-679,614	162,886,049	71.3	-7.5	209.8		273.5
Shares delivered		291,719	291,719		2.3			2.3
At 31 Dec 2022	**163,565,663**	**-387,895**	**163,177,768**	**71.3**	**-5.2**	**209.8**		**275.9**
Issuing of hybrid bond							149.1	149.1
Shares delivered		89,850	89,850		1.1			1.1
At 31 Dec 2023	**163,565,663**	**-298,045**	**163,267,618**	**71.3**	**-4.1**	**209.8**	**149.1**	**426.1**

The maximum amount of share capital cannot exceed EUR 300.0 million (2022: 300.0). The share has no nominal value and no accountable par is in use. The shares have been fully paid.

Treasury shares

In 2023 and 2022, the Group did not purchase shares.

In 2023, Sanoma delivered a total of 89,850 own shares (without consideration and after taxes) to 154 employees of the Group based on the Performance Share Plan 2020–2022 and Restricted Share Plan 2020–2022. In 2022, Sanoma delivered a total of 291,719 Sanoma shares held by the company to 116 employees of the Group based on Performance Share Plan 2019–2021 and Restricted Share Plan 2019–2021 (without consideration and after taxes). At the end of the financial year, the company held a total of 298,045 (2022: 387,895) own shares.

Fund for invested unrestricted equity

The fund for invested unrestricted equity includes other equity-related investments and that part of the share subscription price which is not recognised in share capital according to a specific decision.

Hybrid loan

To strenghten the capital structure, the Group issued a hybrid bond of EUR 150 million in March 2023. The hybrid bond is subordinated to the Group's other debt obligations, but has priority over other equity items. The hybrid bonds bears a fixed coupon interest of 8.000 per cent per annum until 16 March 2026, which is payable annually if decided so by the management, and, thereafter a floating interest rate as defined in the terms and conditions of the hybrid bond. The hybrid bond does not have a specified maturity date, but Sanoma is entitled to redeem the hybrid bond at their nominal amount on 16 March 2026, and subsequently, on each interest payment date thereafter. The interest from the hybrid bond must be paid to the investors if the Group pays dividends. If dividends are not paid, the Group will make a separate decision regarding interest payment on the hybrid bond. Unpaid interest is accrued and paid if dividend is distributed or management makes a decision on interest payment. The holders of the hybrid bond do not have the right to exercise control or vote at Annual General Meetings. The transaction costs have been deducted from the capital.

The current interest period of EUR 12 million has been booked as a liability as of 31 December 2023, as the obligation to pay the interest for the full interest cycle (12 months) arose when the AGM on 19 April 2023 decided to distribute dividends.

Translation differences

Translation differences include those items that have arisen in converting the financial statements of foreign group companies from their operational currencies into euros.

Information on the capital risk management is presented in Note 5.2 Financial risk management.

5.5 Contingent liabilities

EUR million	2023	2022
Contingencies for own commitments		
Pledges	0.9	0.9
Other items	24.3	24.3
Total	**25.2**	25.2
Other commitments		
Royalties	0.5	0.2
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	40.7	41.0
Other items	90.6	91.3
Total	**131.8**	132.5
Total	**157.0**	157.7

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

NON-CANCELLABLE MINIMUM LEASE PAYMENTS TO BE RECEIVED BY MATURITY

EUR million	2023	2022
Not later than 1 year	4.5	4.8
1–5 years	5.2	6.1
Later than 5 years		0.3
Total	**9.6**	11.2

Most of the non-cancellable minimum lease payments to be received are related to subleases. The Group sub-leases parts of its office buildings. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the head lease.

Disputes and litigations

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

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

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

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

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

The Group is periodically involved in incidental litigation or administrative proceedings primarily arising in the normal course of business. Sanoma feels that its gross liability, if any, under any pending or existing incidental litigation or administrative proceedings would not materially affect the Group's financial position or results of operations.

6. Other notes

6.1 Related party transactions

Sanoma Group's related parties include subsidiaries, associated companies, joint ventures, members of the Board, President and CEO and persons closely associated with them as well as entities controlled by management personnel. Remuneration for key management is presented in Note 6.3. Transactions with joint ventures, associated companies and entities controlled by management personnel are presented below. Transactions within the Sanoma Group are not presented as related party transactions because they are eliminated in the consolidated figures. The transactions of the other shareholders of joint ventures are not presented as related party transactions because those shareholders are not considered to be related parties on the basis of the joint control agreement. Subsidiaries are presented in Note 6.4. In addition, the Sanoma Group's related parties include pension fund and employees' profit-sharing funds. Besides pension fund, transactions with those parties are not material.

Pension funds are described in more detail in accounting policies and pension calculations in Note 4.9.

The Sanoma Group had no other significant related parties, which indicate related party definitions or with which significant related party transactions exist during the financial year.

Transactions and outstanding balances with associated companies, joint ventures and entities controlled by management personnel are presented in the following table.

TRANSACTIONS WITH RELATED PARTIES

	Transaction values for the year		Balance as at 31 December	
EUR million	**2023**	**2022**	**2023**	**2022**
Sale of goods and services				
Entities controlled by management personnel	0.0	0.1		
Joint ventures	0.1	0.1	0.0	
Associates	2.1	1.6	0.3	
Total	**2.2**	1.7	**0.3**	
Purchase of goods and services				
Entities controlled by management personnel		0.0		
Associates	0.3	0.2	0.0	
Total	**0.3**	0.2	**0.0**	

The sale of goods and services to related parties are based on the Group's effective market prices.

6.2 Share-based payments

Performance share plan and restricted share plan

The Performance Share Plan and the Restricted Share Plan form the long-term part of the remuneration and commitment programme for the executives and other selected key employees of Sanoma and its subsidiaries. The purpose of the Performance Share Plan and the Restricted Share Plan is to encourage the executives and the selected key employees to work on a long-term basis to increase shareholder value and to commit to the company.

Performance Share Plan

The Board of Directors of Sanoma Corporation has on 7 February 2013 approved a share-based long-term incentive programme (Performance Share Plan, PSP) to be offered to executives and managers of Sanoma Corporation and its subsidiaries. The conditions and the issuance of the Performance Shares are decided on by the Sanoma Board of Directors in accordance with the Human Resources Committee's proposal. In general, Performance Shares vest over 3-year period and vesting is subject to meeting Group performance targets set by the Board of Directors for annually commencing new plans. The possible reward is paid as a combination of shares and cash. The reward's cash component is dedicated to cover taxes and tax-related costs.

Shares conditionally granted to the President and CEO and EMT members under the Performance Share Plan are subject to a share ownership requirement that is determined by the Board of Directors in accordance with the Human Resources Committee's proposal. Until the required share holding is achieved, the President and the CEO and EMT members are required to hold (and not sell) at least 50% of performance shares received.

- The performance measures for the performance period 2019-2021 are based on adjusted earnings per share and adjusted free cash flow targets in 2019.
- The performance measures for the performance period 2020-2022 are based on adjusted earnings per share and adjusted free cash flow targets in 2020.
- The performance measures for the performance period 2021-2023 are based on adjusted earnings per share and adjusted free cash flow targets in 2021.
- The performance measures for the performance period 2022-2024 are based on adjusted earnings per share and adjusted free cash flow targets in 2022-2023.
- The performance measures for the performance period 2023-2025 are based on adjusted earnings per share and adjusted free cash flow targets in 2023.

The President and CEO and EMT members are part of Sanoma's Performance Share Plan.

In 2023, Sanoma delivered 74,082 Sanoma shares held by the company to 152 employees based on the Performance Share Plan 2020-2022 (without consideration and after taxes).

Restricted Share Plan

The Board of Directors of Sanoma Corporation has on 6 February 2020 approved a share-based long-term incentive programme 2020-2022 (Restricted Share Plan, RSP) to be offered to executives and managers of Sanoma Corporation and its subsidiaries. The conditions and the issuance of the Restricted Shares are decided on by the Sanoma Board of Directors in accordance with the Human Resources Committee's proposal. Restricted Shares vest over 3-year period in 2020-2022 and vesting is subject to meeting service condition.

The Board of Directors of Sanoma Corporation has on 9 February 2021 approved a share-based long-term incentive programme 2021-2023 (Restricted Share Plan, RSP) to be offered to executives and managers of Sanoma Corporation and its subsidiaries. The conditions and the issuance of the Restricted Shares are decided on by the Sanoma Board of Directors in accordance with the Human Resources Committee's proposal. Restricted Shares vest over 3-year period in 2021-2023 and vesting is subject to meeting service condition.

The Board of Directors of Sanoma Corporation has on 10 February 2022 approved a share-based long-term incentive programme 2022-2024 (Restricted Share Plan, RSP) to be offered to executives and managers of Sanoma Corporation and its subsidiaries. The conditions and the issuance of the Restricted Shares are decided on by the Sanoma Board of Directors in accordance with the Human Resources Committee's proposal. Restricted Shares vest over 3-year period in 2022-2024 and vesting is subject to meeting service condition.

The Board of Directors of Sanoma Corporation has on 10 February 2023 approved a share-based long-term incentive programme 2023-2025 (Restricted Share Plan, RSP) to be offered to executives and managers of Sanoma Corporation and its subsidiaries. The conditions and the issuance of the Restricted Shares are decided on by the Sanoma Board of Directors in accordance with the Human Resources Committee's proposal. Restricted Shares vest over 3-year period in 2023-2025 and vesting is subject to meeting service condition.

The possible rewards are paid net in shares.

Shares conditionally granted to the President and CEO and EMT members under the Restricted Share Plan are subject to share ownership requirement that is determined by the Board of Directors in accordance with the Human Resources Committee's proposal. Until the required share holding is achieved, the President and the CEO and EMT members are required to hold (and not sell) at least 50% of performance shares received.

In 2023, Sanoma delivered 15,768 Sanoma shares held by the company to 2 employees based on the Restricted Share Plan 2020-2022 (without consideration and after taxes).

More specific information on the performance and restricted share plan grants are presented in the following tables. Information on the management ownership is presented in Note 6.3.

BASIC INFORMATION

Plan	Performance Share Plan					Restricted Share Plan					
Instrument	Performance Share Plan 2019–2021	Performance Share Plan 2020–2022	Performance Share Plan 2021–2023	Performance Share Plan 2022–2024	Performance Share Plan 2023–2025	Restricted Share Plan 2019–2021	Restricted Share Plan 2020–2022	Restricted Share Plan 2021–2023	Restricted Share Plan 2022–2024	Restricted Share Plan 2023–2025	Total / Average
Initial amount, gross pcs (includes share and cash portions)	667,500	525,000	495,000	540,000	750,000	50,000	30,000	25,000	20,000	41,000	3,143,500
Initial allocation date	6.2.2019	6.2.2020	9.2.2021	13.4.2022	19.4.2023	6.2.2019	1.3.2022	9.2.2021	13.4.2022	19.4.2023	
Vesting date / reward payment at the latest	30.4.2022	30.4.2023	30.4.2024	30.4.2025	30.4.2026	30.4.2022	30.4.2023	30.4.2024	30.4.2025	30.4.2026	
Maximum contractual life, yrs	3.2	3.2	3.2	3.0	3.0	3.3	1.3	3.2	3.0	3.0	3.1
Remaining contractual life, yrs	Expired	Expired	0.3	1.3	2.3	Expired	Expired	0.3	1.3	2.3	1.5
Number of persons at the end of the reporting year			191	201	234			2	3	5	
Payment method	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	

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Changes	Performance Share Plan					Restricted Share Plan					
	Performance Share Plan 2019–2021	**Performance Share Plan 2020–2022**	**Performance Share Plan 2021–2023**	**Performance Share Plan 2022–2024**	**Performance Share Plan 2023–2025**	**Restricted Share Plan 2019–2021**	**Restricted Share Plan 2020–2022**	**Restricted Share Plan 2021–2023**	**Restricted Share Plan 2022–2024**	**Restricted Share Plan 2023–2025**	**Total**
1 Jan 2022											
Outstanding at the beginning of the reporting period	**505,232**	**155,426**	**479,760**			**38,250**		**11,900**			**1,190,568**
Changes during the period											
Granted			18,412	546,432			10,000	10,000	15,000		599,844
Forfeited	1,446	12,408	97,117	6,432					3,000		120,403
Exercised	503,786					38,250					542,036
31 Dec 2022											
Outstanding at the end of the period	**0**	**143,018**	**401,055**	**540,000**		**0**	**10,000**	**21,900**	**12,000**		**1,127,973**
1 Jan 2023											
Outstanding at the beginning of the reporting period		**143,018**	**401,055**	**540,000**			**10,000**	**21,900**	**12,000**		**1,127,973**
Changes during the period											
Granted					704,655		10,000		4,500	41,000	760,155
Forfeited			13,778	25,656	7,791			5,900	5,625		58,750
Exercised		143,018					20,000				163,018
31 Dec 2023											
Outstanding at the end of the period		**0**	**387,277**	**514,344**	**696,864**		**0**	**16,000**	**10,875**	**41,000**	**1,666,360**

Fair value determination

Assumptions made in determining the fair value of share rewards in the performance and restricted share plan:

- Liabilities arising from share-based payments at the end of the period represent the amount booked until the end of the reporting period of the employers social costs relating to the payable rewards. The fair value of the liability is remeasured at each reporting date until the possible reward payment. The fair value of the liability will thus change in accordance with the Sanoma share price.
- The fair value for the equity settled portion has been determined at grant using the fair value of Sanoma share as of the grant date less the expected dividends paid before possible share delivery.
- The fair value is expensed until vesting.

VALUATION PARAMETERS FOR INSTRUMENTS GRANTED DURING PERIOD

EUR	2023	2022
Share price at grant	8.24	12.64
Share price at reporting period end	6.95	9.82
Expected dividends pa.	0.38	0.57
Fair value of the equity-settled portion at grant	6.74	10.45

EFFECT OF SHARE-BASED INCENTIVES ON THE RESULT AND FINANCIAL POSITION DURING THE PERIOD

EUR million	2023	2022
Expenses for the financial year, share-based payments	4.1	2.7
of which equity-settled	4.0	2.6
Liabilities arising from share-based payments at the end of the period	0.1	0.1

At the end of the period the estimated future cash payment to be paid to the tax authorities from share-based payments is EUR 3.4 million (2022: 2.7).

In addition to the Performance Share Plan and the Restricted Share Plan, following the conclusion of acquisition of all the shares of itslearning AS, in 2020, Sanoma established a management investment programme which is accounted for as cash-settled share-based payment transaction. The purpose of the programme was to align the incentives of certain key employees of itslearning AS participating in the management incentive programme with those of Sanoma. In 2023, accrued cost related to this programme was EUR 0.4 million (2022: 0.9). The programme was settled in 2023.

6.3 Management compensation, benefits and ownership

MANAGEMENT REMUNERATION AND OWNERSHIP, 2023

				Number of performance shares and restricted shares				
	Remuneration (EUR 1,000)	Number of shares on 31 December 2023	Performance and restricted share plan costs (EUR 1,000)	Performance Share Plan 2021–2023 [1]	Performance Share Plan 2022–2024 [1]	Performance Share Plan 2023–2025 [1]	Restricted Share Plan 2021–2023 [1]	Restricted Share Plan 2023–2025 [1]
Board of Directors								
Pekka Ala-Pietilä, Chair	150	15,000						
Nils Ittonen, Vice Chair	101	59,000						
Julian Drinkall	93							
Rolf Grisebach	87							
Anna Herlin	78	1,000						
Mika Ihamuotila	77	150,000						
Denise Koopmans	92							
Sebastian Langenskiöld	84	645,963						
Eugenie van Wiechen (as of 19 April 2023)	52							
Rafaela Seppälä (until 19 April 2023)	32							
Total	**845**	**870,963**						
President and CEO								
Susan Duinhoven	1,275	601,010	1,791	130,600	100,000	100,000		
Total	**1,275**	**601,010**	**1,791**	**130,600**	**100,000**	**100,000**		
Executive Management Team								
Alexander Green		9,843			46,450	57,700	10,000	10,000
Pia Kalsta		36,650		16,064	12,400	15,400	6,000	
Rob Kolkman		44,675		40,875	32,688	60,000		
Total	**1,880**	**91,168**	**723**	**56,939**	**91,538**	**133,100**	**16,000**	**10,000**

[1] Sanoma Performance Share Plan has been adopted in 2013. Sanoma Restricted Share Plan has been adopted in 2014. Number of Sanoma performance shares granted in the Performance Share Plan 2022–2024 and Performance Share Plan 2023–2025 to the President and CEO and EMT members is presented on target level. Should the maximum level of performance measures be reached the earned share reward is 150% of the shares at target level. Performance period for PSP 2022–2024 is years 2022–2023 and for Performance Share Plan 2023–2025 year 2023. Shares conditionally granted to the President and CEO and EMT members under the Performance Share and Restricted Share Plan are subject to share ownership requirement that is determined by the Board of Directors in accordance with the Human Resources Committee's proposal. Until the required shareholding is achieved, the President and the CEO and EMT members are required to hold (and not sell) at least 50% of performance and restricted shares received.

Figures include the remuneration (meeting fees, base salaries, fringe benefits, short- and long-term incentives) that has been paid for assignments handled by those persons during the period. EMT members do not receive separate remuneration for their Board memberships in the Group companies. Performance and restricted share plan costs include costs during membership. The Group has no outstanding receivables or loans from the management. Remuneration does not include pension costs. The pension cost of the President and CEO and EMT is presented in paragraph Other benefits of the management.

MANAGEMENT REMUNERATION AND OWNERSHIP, 2022

				Number of performance shares and restricted shares				
	Remuneration (EUR 1,000)	**Number of shares on 31 December 2022**	**Performance and restricted share plan costs (EUR 1,000)**	**Performance Share Plan 2020–2022 [1]**	**Performance Share Plan 2021–2023 [1]**	**Performance Share Plan 2022–2024 [1]**	**Restricted Share Plan 2020–2022 [1]**	**Restricted Share Plan 2021–2023 [1]**
Board of Directors								
Pekka Ala-Pietilä, Chair	149	15,000						
Nils Ittonen, Vice Chair	100	59,000						
Julian Drinkall	89							
Rolf Grisebach	87							
Anna Herlin	81	1,000						
Mika Ihamuotila	79	150,000						
Denise Koopmans	91							
Sebastian Langenskiöld	78	645,963						
Rafaela Seppälä	82	10,273,370						
Total	**836**	**11,144,333**						
President and CEO								
Susan Duinhoven	3,648	577,595	910	48,550	130,600	100,000		
Total	**3,648**	**577,595**	**910**	**48,550**	**130,600**	**100,000**		
Executive Management Team								
Markus Holm (until 30 June 2022)		77,270						
Alexander Green (as of 1 March 2022)						46,450	10,000	10,000
Pia Kalsta		32,810		7,962	16,064	12,400		6,000
Rob Kolkman		36,948		11,215	40,875	32,688		
Total	**3,039**	**147,028**	**565**	**19,177**	**56,939**	**91,538**	**10,000**	**16,000**

[1] Sanoma Performance Share Plan has been adopted in 2013. Sanoma Restricted Share Plan has been adopted in 2014. Number of Sanoma performance shares granted in the Performance Share Plan 2022-2024 to the President and CEO and EMT members is presented on target level. Should the maximum level of performance measures be reached the earned share reward is 150% of the shares at target level. Performance period for PSP 2022-2024 is years 2022-2023. Shares conditionally granted to the President and CEO and EMT members under the Performance Share and Restricted Share Plan are subject to share ownership requirement that is determined by the Board of Directors in accordance with the Human Resources Committee's proposal. Until the required shareholding is achieved, the President and the CEO and EMT members are required to hold (and not sell) at least 50% of performance and restricted shares received.

Figures include the remuneration (meeting fees, base salaries, fringe benefits, short- and long-term incentives) that has been paid for assignments handled by those persons during the period. EMT members do not receive separate remuneration for their Board memberships in the Group companies. Performance and restricted share plan costs include costs during membership. The Group has no outstanding receivables or loans from the management. Remuneration does not include pension costs. The pension cost of the President and CEO and EMT is presented in paragraph Other benefits of the management.

All remuneration decisions for the President and CEO were made within the framework of the Remuneration Policy presented to Sanoma Corporation's Annual General Meeting 2023, held on Wednesday, 19 April 2023 in Helsinki. The remuneration and benefits payable to the President and CEO and Executive Management Team (EMT) members are approved by the Board of Directors of Sanoma, in accordance with the Human Resources Committee's proposal. In addition, the President and CEO and EMT members receive bonuses according to the short-term incentive plan approved each year by the Board of Directors. The performance criteria set at the beginning of the year in the 2023 short-term incentive plan of EMT members were based on achieving financial targets of operational EBIT, free cash flow and net sales as well as sustainability targets linked to Employee Engagement Survey results and certain data and privacy targets. For the year 2023, the short-term incentive earning opportunity for the President and CEO was set at 66.7% of her annual salary at target level and 100% at maximum level. For other EMT members, the short-term incentive earning opportunity set at the beginning of the year 2023, varied from 45% to 60% of salary at target level and from 67.5% to 90% at maximum level.

The President and CEO and EMT members are part of Sanoma's long-term incentive schemes. The long-term incentives are part of the Group's incentive and commitment programme and are distributed by the Sanoma Board of Directors, in accordance with the Human Resources Committee's proposal.

Notifications of the President and CEO's transactions are announced on Group's website sanoma.com as of 3 July 2016. More details on remuneration is available in the Remuneration Report and at sanoma.com/en/investors/corporate-governance/remuneration/.

Other benefits of the management

The President and CEO Susan Duinhoven's period of notice is six months either from the President and CEO's or the Company's part. If the executive contract is terminated by the Company, a severance payment equalling to 12 month's salary in addition to the salary for the notice period will be paid to the President and CEO. The severance pay is accompanied by a fixed-term non-competition clause.

The additional pension benefits of the President and CEO and other EMT members are based on defined contribution. The President and CEO is entitled to an additional pension benefit contribution, which amounts to 15% of her salary. The President and CEO's and part of the EMT members' retirement age is the usual retirement age in their home country.

For the President and CEO Susan Duinhoven, the additional pension contribution cost was EUR 87,951 for the year 2023 (2022: 87,048), and the statutory pension cost for the year 2023 was EUR 108,677 (2022: 136,257). The pension costs of EMT members were EUR 248,569 in 2023 (2022: 300,466).

6.4 Subsidiaries, associated companies and joint ventures

SUBSIDIARIES AT 31 DEC 2023

	Parent Company holding, %	Sub-group's Parent Company holding, %	Group holding,%	Book value in Parent Company, EUR million
Subsidiaries of Parent Company				
Sanoma Trade Oy, Finland	100.0		100.0	0.7
Sanoma Media Finland Ltd, Finland [1]	100.0		100.0	131.4
Sanoma Pro Ltd, Finland [1]	100.0		100.0	490.5
Subsidiaries of Sanoma Learning B.V.				
Bureau ICE B.V., The Netherlands			100.0	
L.C.G. Malmberg B.V., The Netherlands			100.0	
Uitgeverij Van In N.V., Belgium			100.0	
Iddink Group B.V., The Netherlands			100.0	
Uitgeverij Essener B.V., The Netherlands			100.0	
Gelukskoffer Scholen B.V., The Netherlands			100.0	
Sanoma Media Russia & CEE B.V., The Netherlands			100.0	
Subsidiary of Sanoma Trade Oy				
Forum Cinemas Ltd, Ukraine			100.0	
Subsidiaries of Sanoma Media Finland Ltd				
Netwheels Oy, Finland		55.8	55.8	
Sanomala Oy, Finland		100.0	100.0	
Sanoma Kids Finland Oy, Finland		100.0	100.0	
Sanoma Tekniikkajulkaisut Oy, Finland		60.0	60.0	
Oy Suomen Tietotoimisto - Finska Notisbyrån Ab, Finland		75.4	75.4	
Kaiku Entertainment Oy, Finland		100.0	100.0	
H.I.P. Music Productions Oy, Finland		100.0	100.0	
Sanoma Manu Oy, Finland		100.0	100.0	
Valopilkku Oy, Finland		100.0	100.0	
Sanoma Media Rauma Oy, Finland		100.0	100.0	
Rauman Suorajakelu Oy, Finland		100.0	100.0	

	Parent Company holding, %	Sub-group's Parent Company holding, %	Group holding,%	Book value in Parent Company, EUR million
Subsidiaries of Sanoma Pro Ltd				
Nowa Era Sp. z.o.o., Poland		100.0	100.0	
Sanoma Learning B.V., The Netherlands		100.0	100.0	
Sanoma Utbildning AB, Sweden		100.0	100.0	
Tutorhouse Oy, Finland		100.0	100.0	
itslearning AS, Norway		100.0	100.0	
Sanoma Educación, S.L., Spain		100.0	100.0	
Ítaca, S.L., Spain		100.0	100.0	
ITSL KeyMgmt AS, Norway		100.0	100.0	
Sanoma Italia S.p.A, Italy		100.0	100.0	
Stark Verlag GmbH, Germany		100.0	100.0	
Subsidiaries of Sanoma Educación S.L.				
Grup Promotor D´Ensenyement i Difusió en Catalá, S.L., Spain			100.0	
Edicions Voramar, S.A., Spain			100.0	
Ediciones Grazalema, S.L., Spain			100.0	
Edicions Obradoiro, S.L., Spain			100.0	
Zubia Editoriala, S.L., Spain			100.0	
Sanoma Infantil y Juvenil, S.L., Spain			100.0	
Clickart, Taller De Comunicacio, S.L., Spain			100.0	
Subsidiaries of itslearning AS				
itslearning UK Ltd, United Kingdom			100.0	
itslearning AB, Sweden			100.0	
itslearning GmbH, Germany			100.0	
itslearning France SA, France			100.0	
itslearning A/S, Denmark			100.0	
itslearning München GmbH, Germany			100.0	

	Parent Company holding, %	Sub-group's Parent Company holding, %	Group holding,%	Book value in Parent Company, EUR million
Subsidiary of Nowa Era Sp. z.o.o.				
Vulcan Sp. z.o.o., Poland			100.0	
Subsidiaries of Iddink Group B.V.				
Iddink Digital B.V., The Netherlands			100.0	
Iddink Learning Materials B.V., The Netherlands			100.0	
Iddink Spain S.L.U, Spain			100.0	
The Implementation Group B.V., The Netherlands			100.0	
				622.6

[1] Parent Company of sub group

In 2023, Sanoma did not have subsidiaries with material non-controlling interests. Total non-controlling interest reported in the balance sheet 31 Dec 2023 is EUR 2.6 million (2022: 7.0).

ASSOCIATED COMPANIES AND JOINT VENTURES AT 31 DEC 2023

	Parent Company holding, %	Sub-group's Parent Company holding, %	Group holding,%	Book value in Parent Company, EUR million
Sanoma Corporation				
Valkeakosken Yhteistalo Oy, Finland	21.9		21.9	0.2
Sanoma Media Finland Ltd				
Story House Egmont Oy Ab, Finland		50.0	50.0	
Platco Oy, Finland		33.3	33.3	
Media Metrics Finland Oy, Finland		25.0	25.0	
Beely Oy, Finland		30.6	30.6	
Suomen Nettikirpputorit Oy, Finland		0.0	0.0	
Oy Suomen Tietotoimisto - Finska Notisbyrån Ab				
Retriever Suomi Oy, Finland			49.0	
L.C.G. Malmberg B.V.				
Methodeonderzoek V.O.F., The Netherlands			25.0	
A.S.S.U. Adressenbestand Samenwerkende Schoolboeken Uitgevers V.O.F, The Netherlands			50.0	
				0.2

6.5 Events after the balance sheet date

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

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

Parent Company Financial Statements

Parent Company income statement, FAS

EUR million	Note	2023	2022
Net sales	2	63.4	57.8
Other operating income	3	3.4	4.1
Personnel expenses	4	-19.2	-18.4
Depreciation, amortisation and impairment losses	8–10	-1.2	-0.6
Other operating expenses	5	-57.4	-54.1
OPERATING PROFIT (LOSS)		**-11.0**	-11.2
Financial income and expenses	6	2.2	93.7
RESULT BEFORE APPROPRIATIONS AND TAXES		**-8.8**	82.5
Appropriations	13	9.5	48.1
Income taxes	7	0.2	-7.6
RESULT FOR THE YEAR		**0.9**	123.0

Parent Company balance sheet, FAS

Assets

EUR million	Note	31 Dec 2023	31 Dec 2022
NON-CURRENT ASSETS			
Intangible assets	8	3.4	4.2
Tangible assets	9	4.7	7.1
Investments	10	1,438.9	1,513.4
Long-term receivables	11	1.8	2.4
NON-CURRENT ASSETS, TOTAL		**1,448.8**	1,527.1
CURRENT ASSETS			
Short-term receivables	11	71.9	125.1
Cash and cash equivalents		44.5	19.2
CURRENT ASSETS, TOTAL		**116.4**	144.2
ASSETS, TOTAL		**1,565.2**	1,671.3

Equity and liabilities

EUR million	Note	31 Dec 2023	31 Dec 2022
SHAREHOLDERS' EQUITY	12		
Share capital		71.3	71.3
Treasury shares		-4.1	-5.2
Fund for invested unrestricted equity		209.8	209.8
Retained earnings		401.9	337.8
Profit for the year		0.9	123.0
SHAREHOLDERS' EQUITY, TOTAL		**679.7**	736.7
APPROPRIATIONS	13	**0.9**	0.5
LIABILITIES			
Non-current liabilities	14	399.7	599.2
Current liabilities	15	484.9	334.9
LIABILITIES, TOTAL		**884.6**	934.1
EQUITY AND LIABILITIES, TOTAL		**1,565.2**	1,671.3

Parent Company cash flow statement, FAS

EUR million	2023	2022
OPERATIONS		
Result for the period	0.9	123.0
Adjustments		
Income taxes	-0.2	7.6
Appropriations	-9.5	-48.1
Financial income and expenses	-2.2	-93.7
Depreciation, amortisation and impairment losses	1.2	0.6
Gains / losses on sale of non-current assets	-3.0	-1.9
Other adjustments	3.2	3.3
Change in working capital		
Change in trade and other receivables	24.0	4.7
Change in trade and other payables, and provisions	-4.5	-4.3
Dividends received	1.9	63.0
Interest paid	-28.6	-8.0
Other financial items	2.8	-0.7
Taxes paid	0.2	-8.2
CASH FLOW FROM OPERATIONS	**-13.7**	37.3

EUR million	2023	2022
INVESTMENTS		
Acquisition of tangible and intangible assets	-0.7	-3.6
Sales of tangible and intangible assets	5.4	0.1
Group companies sold		1.8
Repayments of capital		10.9
Loans granted	-9.7	-219.5
Repayments of loan receivables	79.4	12.5
Interest received	35.2	10.6
CASH FLOW FROM INVESTMENTS	**109.6**	-187.2
CASH FLOW BEFORE FINANCING	**95.9**	-149.8
FINANCING		
Change in loans with short maturity	-68.9	69.7
Drawings of other loans	189.3	344.5
Repayments of other loans	-179.1	-235.7
Dividends paid	-60.4	-88.1
Group contributions	48.6	46.0
CASH FLOW FROM FINANCING	**-70.5**	136.4
Change in cash and cash equivalents according to cash flow statement	**25.4**	-13.5
Net increase(+)/decrease(-) in cash and cash equivalents	**25.4**	-13.5
Cash and cash equivalents at 1 Jan	19.2	32.7
Cash and cash equivalents at 31 Dec	**44.5**	19.2

Notes to the Parent Company Financial Statements

1. Parent Company's accounting policies for Financial Statements

Sanoma Corporation is a public limited-liability company, which is domiciled in Helsinki. Sanoma Corporation was founded on 1 May 1999 as the result of a combination merger. Sanoma Corporation's financial statements have been prepared according to Finnish Accounting Standards (FAS). Sanoma Corporation is the Parent Company of Sanoma Group. Sanoma has prepared its consolidated financial statements in accordance with most recent International Financial Reporting Standards (IFRS). The Finnish accounting practices applied by Sanoma Corporation and accounting principles of IFRS standards are mainly consistent thus the main accounting principles are available in accounting policies of consolidated financial statements.

The most significant differences between the accounting policies of Parent company and Sanoma Group are the following:

Pensions

Statutory pension cover of Sanoma Corporation's employees is managed by pension insurance companies. Supplementary pension benefits are managed by Sanoma Pension Fund and by insurance companies. Pension settlements and pension costs are recognised during the period in which they are incurred. The potential deficit of pension fund's pension liability has been recognised as an obligatory provision under the balance sheet of Sanoma Corporation.

Interest in Group companies

Interest in Group companies is measured at cost less any impairment losses. Interest in Group companies is tested for impairment annually. Impairment testing also includes net receivables from subsidiaries.

The fair value of the subsidiary shares has been assessed based on income approach, in which the fair value of investment is calculated based on the discounted cash flow model (DCF) or the dividend discount model. Impairment need is assessed by comparing the fair value of the subsidiary shares to the book value in the parent company's balance sheet and possible write-down is booked through profit or loss.

Real estate investments and housing property investments

In accordance with Finnish Accounting Act investments in real estates and housing property are presented as investments of non-current assets.

2. Net sales

EUR million	2023	2022
Net sales by business		
Management and service fees	63.4	57.8
Total	**63.4**	57.8
Net sales by market areas		
Finland	28.1	28.9
Other EU-countries	32.2	25.6
Other countries	3.1	3.3
Total	**63.4**	57.8

3. Other operating income

EUR million	2023	2022
Rental income	0.1	0.1
Capital gains	3.0	1.9
Other	0.3	2.1
Total	**3.4**	4.1

4. Personnel expenses

EUR million	2023	2022
Wages, salaries and fees	-16.7	-16.2
Pension costs	-1.6	-1.9
Other social expenses	-0.9	-0.3
Total	**-19.2**	-18.4
Average number of employees (full-time equivalents)	**125**	129

The remuneration to the President and CEO and Board of Directors is presented separately, divided by persons, in Note 6.3 to the Financial Statements.

5. Other operating expenses

EUR million	2023	2022
Office and ICT expenses	-45.8	-38.1
Professional fees	-3.0	-9.4
Rents	-1.0	-0.6
Other	-7.6	-6.0
Total	**-57.4**	-54.1

PRINCIPAL AUDIT FEES

EUR million	2023	2022
Statutory audit	-0.3	-0.4
Total	**-0.3**	-0.4

6. Financial income and expenses

EUR million	2023	2022
Dividend income		
From Group companies	1.9	91.0
Total	**1.9**	91.0
Interest income from investments under non-current assets		
From Group companies	37.9	12.8
Total	**37.9**	12.8
Other interest and financial income		
From Group companies	2.5	0.6
From other companies	1.8	2.0
Exchange rate gains	5.1	3.3
Total	**9.4**	5.9
Interest and other financial expenses		
To Group companies	-5.1	-1.3
To other companies	-37.7	-11.2
Exchange rate losses	-4.3	-3.6
Total	**-47.1**	-16.0
Total	**2.2**	93.7

7. Income taxes

EUR million	2023	2022
Income tax on operational income	-0.1	-7.6
Income taxes from previous periods	0.4	0.0
Total	**0.2**	-7.6

8. Intangible assets

INTANGIBLE ASSETS 2023

EUR million	Immaterial rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	0.0	10.2	1.0	11.2
Increases		0.4		0.4
Decreases		-1.7	-0.1	-1.8
Reclassifications		0.9	-0.9	
Acquisition cost at 31 Dec	0.0	9.8	0.0	9.8
Accumulated amortisation and impairment losses at 1 Jan		-7.0		-7.0
Decreases		1.7		1.7
Amortisation for the period		-1.0		-1.0
Accumulated amortisation and impairment losses at 31 Dec		-6.4		-6.4
Book value at 31 Dec 2023	**0.0**	**3.4**	**0.0**	**3.4**

INTANGIBLE ASSETS 2022

EUR million	Immaterial rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	0.0	14.8	2.4	17.2
Increases		1.7	1.3	3.0
Decreases		-7.5	-1.4	-8.9
Reclassifications		1.1	-1.3	-0.2
Acquisition cost at 31 Dec	0.0	10.2	1.0	11.2
Accumulated amortisation and impairment losses at 1 Jan	0.0	-10.5		-10.5
Decreases		3.9		3.9
Amortisation for the period		-0.4		-0.4
Accumulated amortisation and impairment losses at 31 Dec	0.0	-7.0		-7.0
Book value at 31 Dec 2022	**0.0**	**3.1**	**1.0**	**4.2**

9. Tangible assets

TANGIBLE ASSETS 2023

EUR million	Land and water	Machinery and equipment	Other	Advance payments	Total
Acquisition cost at 1 Jan	6.4	0.9	0.3		7.6
Increases		0.1	0.0		0.1
Decreases	-2.3	-0.2			-2.5
Acquisition cost at 31 Dec	4.2	0.7	0.3		5.2
Accumulated depreciation and impairment losses at 1 Jan		-0.5			-0.5
Decreases		0.2			0.2
Depreciation for the period		-0.2			-0.2
Accumulated depreciation and impairment losses at 31 Dec		-0.5			-0.5
Book value at 31 Dec 2023	**4.2**	**0.3**	**0.3**		**4.7**

TANGIBLE ASSETS 2022

EUR million	Land and water	Machinery and equipment	Other	Advance payments	Total
Acquisition cost at 1 Jan	6.4	1.3	0.3	0.2	8.2
Increases		0.2			0.2
Decreases		-0.7			-0.7
Reclassifications				-0.2	-0.2
Acquisition cost at 31 Dec	6.4	0.9	0.3		7.6
Accumulated depreciation and impairment losses at 1 Jan		-0.8			-0.8
Decreases		0.6			0.6
Depreciation for the period		-0.2			-0.2
Accumulated depreciation and impairment losses at 31 Dec		-0.5			-0.5
Book value at 31 Dec 2022	**6.4**	**0.4**	**0.3**		**7.1**

10. Investments

INVESTMENTS 2023

EUR million	Interest in Group companies	Receivables from Group companies	Interest in associated companies	Other shares and holdings	Total
Acquisition cost at 1 Jan	1,352.8	886.2	0.2	5.2	2,244.4
Increases		4.8			4.8
Decreases	-717.3	-79.3			-796.6
Acquisition cost at 31 Dec	635.5	811.7	0.2	5.2	1,452.6
Accumulated impairment losses at 1 Jan	-730.2			-0.8	-731.0
Decreases	717.3				717.3
Accumulated impairment losses at 31 Dec	-12.9			-0.8	-13.7
Book value at 31 Dec 2023	**622.6**	**811.7**	**0.2**	**4.4**	**1,438.9**

INVESTMENTS 2022

EUR million	Interest in Group companies	Receivables from Group companies	Interest in associated companies	Other shares and holdings	Total
Acquisition cost at 1 Jan	1,362.7	687.4	0.2	5.2	2,055.6
Increases	0.1	198.7			198.8
Decreases [1]	-10.0				-10.0
Acquisition cost at 31 Dec	1,352.8	886.2	0.2	5.2	2,244.4
Accumulated impairment losses at 1 Jan	-730.2			-0.8	-731.0
Accumulated impairment losses at 31 Dec	-730.2			-0.8	-731.0
Book value at 31 Dec 2022	**622.6**	**886.2**	**0.2**	**4.4**	**1,513.4**

[1] In 2022, decreases in interests in Group companies include capital refunds of EUR 10.0 million.

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11. Receivables

LONG-TERM RECEIVABLES

EUR million	2023	2022
Accrued income [1]	1.8	2.4

SHORT-TERM RECEIVABLES

EUR million	2023	2022
Trade receivables	2.0	1.2
Loan receivables	39.1	34.3
Accrued income [1]	30.7	89.5
Total	**71.9**	125.1
Receivables from Group companies		
Trade receivables	1.9	1.2
Loan receivables	39.1	34.3
Accrued income	22.9	82.8
Total	**63.9**	118.3

[1] Most significant items under accrued items are the Group contributions and interest income accruals.

12. Shareholders' equity

EUR million	2023	2022
Restricted equity		
Share capital at 1 Jan	71.3	71.3
Share capital at 31 Dec	71.3	71.3
Restricted equity 31 Dec	**71.3**	71.3
Unrestricted equity		
Treasury shares at 1 Jan	-5.2	-7.5
Shares delivered	1.1	2.3
Treasury shares at 31 Dec	-4.1	-5.2
Fund for invested unrestricted equity at 1 Jan	209.8	209.8
Fund for invested unrestricted equity at 31 Dec	209.8	209.8
Retained earnings at 1 Jan	460.8	424.9
Dividends paid	-60.4	-88.1
Share based payments	2.2	1.6
Shares delivered	-0.7	-0.6
Retained earnings at 31 Dec	401.9	337.8
Result for the year	0.9	123.0
Unrestricted equity 31 Dec	**608.5**	665.4
Total	**679.7**	736.7

Further information on share capital is presented in Note 5.4 to the Financial Statements.

DISTRIBUTABLE EARNINGS

EUR million	2023	2022
Treasury shares	-4.1	-5.2
Fund for invested unrestricted equity	209.8	209.8
Retained earnings	401.9	337.8
Result for the year	0.9	123.0
Total	**608.5**	665.4

13. Appropriations

EUR million	2023	2022
Group contributions	9.8	48.6
Cumulative depreciation differences	-0.3	-0.5
Total	**9.5**	48.1

14. Non-current liabilities

EUR million	2023	2022
Debentures	150.0	199.7
Loans from financial institutions	250.0	400.0
Accrued expenses	-0.3	-0.5
Total	**399.7**	599.2

15. Current liabilities

EUR million	2023	2022
Debentures	199.9	
Loans from financial institutions	100.8	25.0
Commercial papers		69.7
Trade payables	1.8	7.2
Accrued expenses [1]	20.2	10.3
Advances received	0.3	0.0
Other liabilities	161.8	222.7
Total	**484.8**	334.9
Liabilities to Group companies		
Trade payables	0.4	0.6
Accrued expenses	0.0	
Other liabilities [2]	161.4	222.5
Total	**161.8**	223.1

[1] Most significant items under accrued items are related to expense accruals and accrued personnel expenses. In 2023, accrued expenses include EUR 9.5 million accrued interest on hybrid bond.

[2] Other liabilities to the Group companies include balances in IHC account.

16. Contingent liabilities

EUR million	2023	2022
Contingencies for own commitments		
Other contingent liability for own commitments	15.0	15.0
Total	**15.0**	15.0
Contingencies incurred on behalf of Group companies		
Guarantees	118.4	151.5
Total	**118.4**	151.5
Other liabilities [1]	54.6	64.0
Total	**54.6**	64.0
Total	**188.0**	230.5

[1] Other liabilities include commitments of contracts. In 2022, a new significant contract was signed with an external operator.

NOMINAL VALUES OF DERIVATIVES

EUR million	2023	2022
Currency derivatives		
Forward exchange contracts, external	9.7	15.0
Forward exchange contracts, internal	0.0	0.0
Total	**9.8**	15.1

FAIR VALUES OF DERIVATIVES

EUR million	2023	2022
Currency derivatives		
Forward exchange contracts, external	0.0	-0.1

Board's proposal for distribution of profits

The retained earnings of the parent company Sanoma Corporation according to the balance sheet as at 31 December 2023 were EUR 398,712,668.43 of which the profit for the financial year 2023 was EUR 864,830.61. Including the fund for invested unrestricted equity of EUR 209,767,212.33 the distributable funds amounted to EUR 608,479,880.76 at 31 December 2023.

The Board of Directors will propose to the Annual General Meeting that

- a dividend of EUR 0.37 per share shall be paid EUR 60,409,018.66 *
- shareholders' equity shall be set at EUR 548,070,862.10

No essential changes have taken place in the financial status of the Company after the financial year. The Company's liquidity is good and according to the Board of Directors the proposed dividend will not compromise the Company's liquidity.

* The dividend will be paid in three instalments. The first instalment of EUR 0.13 per share shall be paid to a shareholder who is registered in the shareholder register of the Company maintained by Euroclear Finland Ltd on the dividend record date 19 April 2024. The payment date proposed by the Board of Directors for this instalment is 26 April 2024.

The second instalment of EUR 0.13 per share shall be paid in September 2024. 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 12 September 2024.

The third instalment of EUR 0.11 per share shall be paid in November 2024. 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 30 October 2024.

Signatures to the Financial Statements and the Report of the Board of Directors

Helsinki, 6 February 2024

Pekka Ala-Pietilä
Chair

Nils Ittonen
Vice Chair

Julian Drinkall

Rolf Grisebach

Anna Herlin

Mika Ihamuotila

Denise Koopmans

Sebastian Langenskiöld

Eugenie van Wiechen

Rob Kolkman
President and CEO

Auditor's note
A report on the audit performed has been issued today.
Helsinki, 1 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
APA

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Sanoma Corporation

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Sanoma Corporation (business identity code 1524361-1) for the year ended 31 December 2023. The financial statements comprise:

- the consolidated balance sheet, consolidated income statement, statement of comprehensive income, changes in consolidated equity, consolidated cash flow statement and notes to the consolidated financial statements which include material accounting policy information and other explanatory information
- the parent company balance sheet, parent company income statement, parent company cash flow statement and notes to the parent company financial statements.

Basis for Opinion

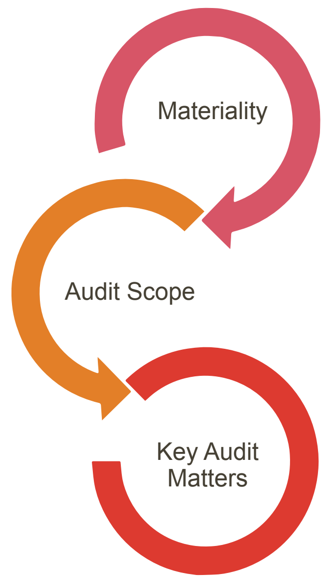
We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 2.5 to the consolidated financial statements.



Our Audit Approach

Overview

- We have applied an overall group materiality of 9,300,000 euros.
- The group audit scope encompassed the most significant group companies and covers the vast majority of group's revenues, assets and liabilities.
- Valuation of goodwill and other intangible assets identified in business combinations
- Valuation of prepublication rights included in intangible assets
- Revenue recognition
- Valuation of interests in group companies and receivables from group companies in the Parent Company's financial statements

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	9,300,000 euros
How we determined it	We used a combination of net sales and result before taxes as benchmarks to determine overall group materiality.
Rationale for the materiality benchmark applied	We determined that net sales and result before taxes as a combination provide a suitable representation of the volume of Sanoma's operations and profitability.

How we tailored our group audit scope

At the end of 2023 Sanoma Group includes two reportable segments: Sanoma Learning and Sanoma Media Finland. Sanoma Learning's main markets are the Netherlands, Spain, Poland, Italy, Belgium, and Finland. We have scoped our audit to obtain sufficient audit coverage of Sanoma Group consolidated financial statements. The group audit scope encompassed the most significant group companies and covers the vast majority of group's revenues, assets and liabilities.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of goodwill and other intangible assets identified in business combinations	
Refer to Accounting policies for consolidated financial statements and Note 3.2. As of December 2023, Goodwill amounted to EUR 812 million. Other intangible assets and immaterial rights amounted to EUR 537 million including other intangible assets identified in business combinations. Goodwill is not amortized but tested at least once a year for possible impairment. Other intangible assets are amortized using the straight-line method over their useful lives. For the purpose of impairment testing, goodwill has been allocated to two cash flow generating units (CGU): • Sanoma Learning, goodwill of EUR 701 million • Sanoma Media Finland, goodwill of EUR 112 million. The goodwill impairment testing is carried out by determining the present value of future cash flows of the CGUs. This assessment involves considerable management judgment with respect to assumptions used in the cash flow projections specifically relating to the long-term growth rate, profitability level and discount rate. The valuation of goodwill and other intangible assets identified in business combinations are considered a key audit matter due to their financial significance as well as due to the management judgement involved in the valuation.	Our audit procedures included, for example, the following: • We obtained an understanding of the methodology used in the goodwill impairment testing • We tested the mathematical accuracy of the calculations • We assessed the reasonableness of the estimated future profitability levels and their consistency with the approved budgets and forecasts • We tested the reasonableness of the discount rates, the long-term growth rates, and other assumptions by e.g., comparing the inputs to observable market data • We tested management's sensitivity analysis to ascertain the extent of change in key assumptions that either individually or collectively could result in an impairment of goodwill • We evaluated the management's estimate of the amortization period used for intangible assets, including those identified in business combinations. • We assessed the adequacy of the disclosures.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation prepublication rights included in intangible assets	
Refer to Accounting policies for consolidated financial statements and Note 3.2. As of December 31, 2023, prepublication rights amount to EUR 138 million. The prepublication rights of learning materials and solutions are mostly internally generated intangible assets that are amortized using the straight-line method over their useful lives. The group reviews the carrying values of these intangible assets to determine that they do not exceed the estimated future economic benefits. Valuation of these intangible assets is considered a key audit matter due to management judgement involved in determining the amortization period and in assessing the recoverability of these assets.	Our audit procedures included, for example, the following: • We obtained an understanding of the accounting and valuation principles of the prepublication rights • We evaluated the management's estimate of the amortization period used for the prepublication rights • We evaluated management's estimate of the future economic benefits of these assets • We tested, on a sample basis, additions to the prepublication rights.
Revenue recognition	
Refer to Note 2.2. in the consolidated financial statements The group's net sales from continued operations amount to EUR 1 393 million. Revenue from the Learning segment is primarily generated through sale of educational books and granting access to online learning platforms as well as physical distribution of learning materials. The Media Finland segment principally generates revenue through magazine and newspaper publishing (circulation sales and advertising sales), TV and Radio operations, online and subscription video on demand services as well as events. Revenue recognition principles vary depending on the nature of the revenue stream. Revenue recognition is considered a key audit matter due to the significance of revenue to the financial statements and due to management judgement involved in selecting the appropriate revenue recognition method for the different revenue streams.	Our audit procedures included, for example, the following: • We obtained an understanding of the company's revenue recognition policies and compared these to the respective standards on revenue recognition • We tested the internal controls that the company uses to assess the completeness, accuracy and timing of revenue recognized • We tested revenue contracts and transactions on a sample basis • We tested, on a sample basis, revenue related balances in the balance sheet, such as provision for returns and advances received.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of interests in group companies and receivables from group companies in the Parent Company's financial statements	
Refer to the Parent Company's accounting policies and Note 10 The investments in group companies' shares amounts to EUR 623 million. The Parent Company's investments also include EUR 812 million of loan receivables from group companies. Interest in group companies is tested for impairment annually using the income approach. In applying this approach, the fair value of an investment is calculated based on the discounted cash flow model or the discounted dividend model. Valuation of interests in group companies and receivables from group companies is considered a key audit matter in the audit of the Parent Company due to the significance of these investments to the financial statements and due to management judgement involved in the income approach used to test the valuation of these investments.	Our audit procedures included, for example, the following: • We assessed the reasonableness of management assumptions relating to the estimated future results by e.g., checking their consistency with the approved budgets and forecasts • We assessed the inputs and methodology in determining the discount rates, and in evaluating the long-term growth rates by e.g., comparing the inputs to observable market data • We reviewed the Parent Company's disclosures in respect of the impairment testing.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the President and CEO for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 21 March 2017.

Other Information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Other statements

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO be discharged from liability for the financial period audited by us.

Helsinki 1 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)

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Information for investors

Annual General Meeting 2024

The Annual General Meeting 2024 will be held on Wednesday, 17 April 2024 at 14:00 EET. The registration and advance voting will begin on 14 March 2024 at 10:00 EET.

More information can be found at sanoma.com/agm.

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.37 per share shall be paid in three instalments.

First instalment of EUR 0.13 per share

- Record date 19 April 2024
- Payment date 26 April 2024

Second instalment of EUR 0.13 per share

- The record date for the second instalment will be decided by the Board of Directors in September, and the payment date will be in September.

Third instalment of EUR 0.11 per share

- The record date for the third instalment will be decided by the Board of Directors in October, and the payment date will be in November.

Financial reporting in 2024

Sanoma will publish the following financial reports during 2024:

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

The reports are published in Finnish and English and can be downloaded at sanoma.com.

Changes in contact information

Euroclear Finland Ltd maintains a list of the Company's shares and shareholders. Shareholders who wish to change their personal or contact information are kindly asked to directly contact their own securities account operator.

Sanoma's Investor Relations

The main task of Sanoma Investor Relations is to ensure that the capital markets have correct and sufficient information in order to determine the value of Sanoma share. Sanoma has a centralised Investor Relations function that serves analysts and investors, and coordinates investor meetings and activities.

Contact information

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Head of Investor Relations and Sustainability
Mobile: +358 40 560 5601
kaisa.uurasmaa@sanoma.com

Meeting requests and inquiries

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sanoma.com/en/investors

Sanoma is a sustainable investment with a positive impact on society. Learn more about reasons to invest in Sanoma

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