

s a n o m a

Interim Report Q1–Q3 2024

Solid quarter delivering improved operational EBIT for the first nine months

Rob Kolkman, President & CEO

Alex Green, CFO



Q1–Q3 2024

Solid quarter delivering improved operational EBIT for the first nine months

Net sales	Organic net sales development	Operational EBIT excl. PPA	Free cash flow	Net debt / Adj. EBITDA
1,103m€ (2023: 1,139)	-2% (2023: 3%)	207m€ (2023: 202)	77m€ (2023: 35)	2.4 (2023: 2.8)

- Net sales in both businesses were in-line with earlier indications
 - In Learning, expected lower sales in Spain and the planned discontinuation of low-value distribution contracts in the Netherlands and Belgium were partly offset by continued good growth in other learning content markets
 - Media Finland decreased mainly due to divestments
- Improvement in operational EBIT driven by Media Finland, Learning stable
- Free cash flow improved significantly partly driven by Solar, which is on track to reach the long-term profitability target of 23% in 2026
- Deleveraging the balance sheet progressing well, leverage improved to 2.4
- **The Group's Outlook range for 2024 is narrowed:**
 - Reported net sales will be 1.32–1.34bn€ (2023: 1.4)
 - Operational EBIT excluding PPA is expected to be 170–180m€ (2023: 175).



Lower net sales in line with earlier indications

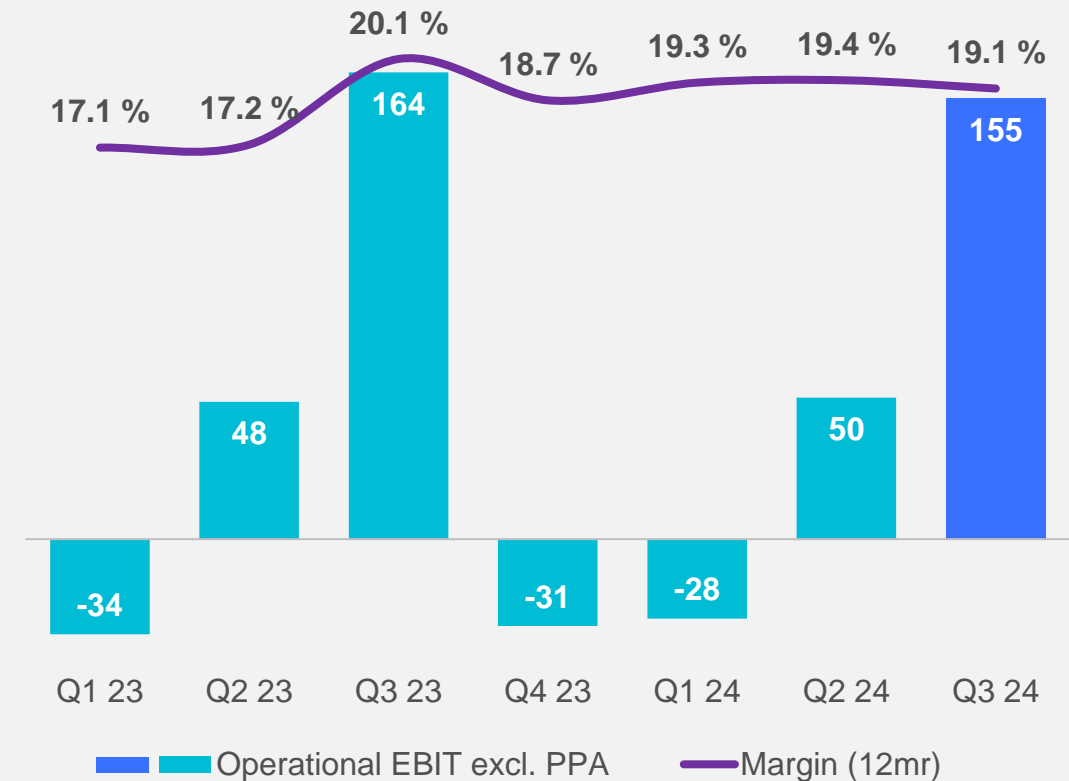
- Net sales amounted to 668m€ (2023: 695)
 - In Q3, net sales declined by 21m€ in Spain (-18m€ in Q1–Q3) driven by the ending of the LOMLOE curriculum renewal
 - This was offset by growth in other learning content markets, in particular Poland and the Netherlands, supported by continued above-average price increases
 - The planned discontinuation of low value distribution contracts in the Netherlands and Belgium had an impact of -28m€
 - Further decline in distribution sales expected in the coming years
 - Impairment of 27m€ booked in Q3
- Divestment of Stark had -9m€ impact (FY -14m€)



Stable operational EBIT

- Operational EBIT excl. PPA amounted to 178m€ (2023: 179)
 - Net sales decrease in Spain
 - Lower paper costs and price increases in other learning content markets supported earnings
- As indicated earlier, FY 2024 margin expected to be relatively stable vs. 2023 due to the impact of lower curriculum cycle in Spain

Operational EBIT excl. PPA
m€



Efficiency program Solar in Learning on track

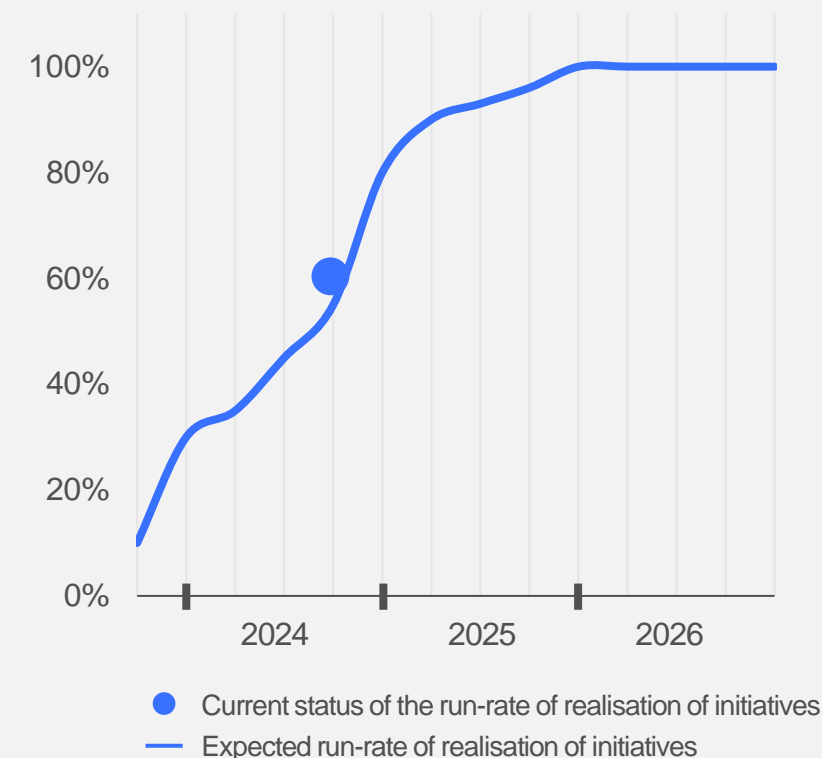
- Program Solar, launched in October 2023, aims to operational efficiencies amounting to approx. 55m€ annual operational EBIT from 2026 onwards

Program streams touching our key operations across countries

Organisational optimisation	<ul style="list-style-type: none">Post-curriculum renewal optimisation in Spain and PolandOptimising selected other operations
Publishing process improvement	<ul style="list-style-type: none">Increasingly leveraging benefits of scale in content creation (sharing) and production (centres of excellence)Reviewing publishing portfolios and plans
Harmonisation of digital platforms	<ul style="list-style-type: none">Optimising product development and maintenance through outsourcing and nearshoring mainly to Poland and Spain
Other optimisations	<ul style="list-style-type: none">Rightsizing support functions by optimising the overall organisational structure

Realisation of Solar initiatives

Run-rate of savings in 2026



Lower net sales attributable to events timing and divestments

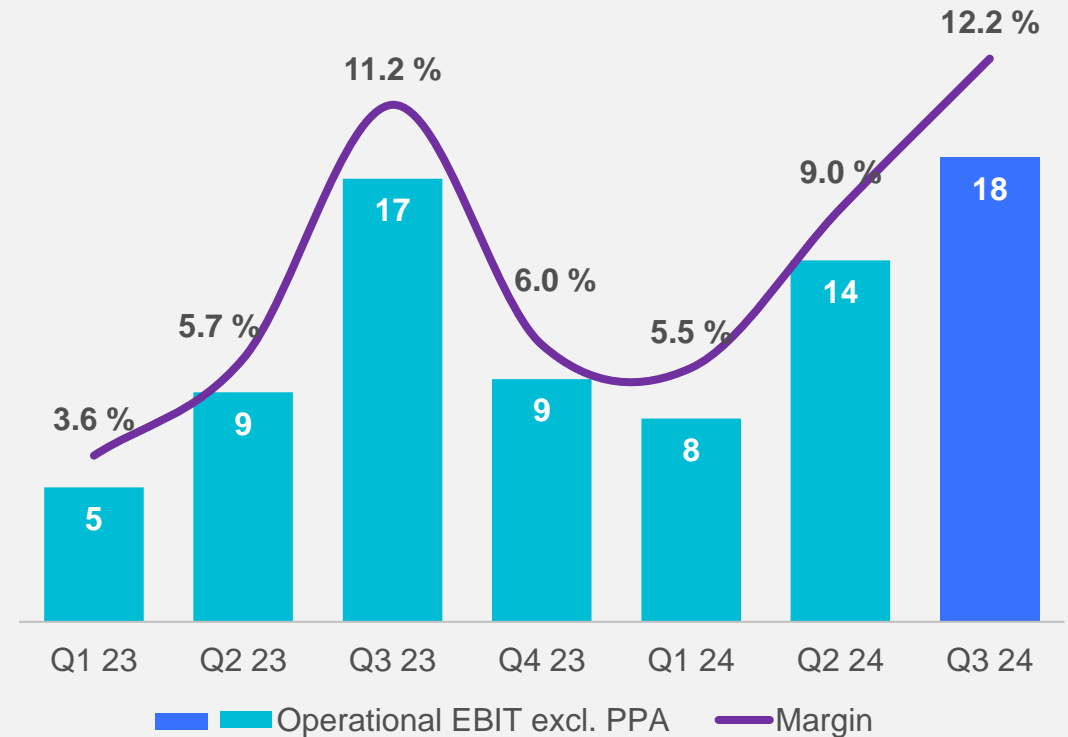
- Net sales were 144m€ (2023: 150)
- Subscription sales grew by 4%
 - Good development in Ruutu+
 - Continued solid performance in the digital news & feature subscriptions
- Advertising sales stable with growth in digital being offset by newsprint and TV
- Events sales lower with less events held in Q3 due to phasing to Q2 (7 in Q3 2024 vs. 10 in Q3 2023)
- Impact of portfolio changes* -3m€ (Q1–Q3 2024 -8m€ and FY 2024 -10m€)



Solid quarterly earnings

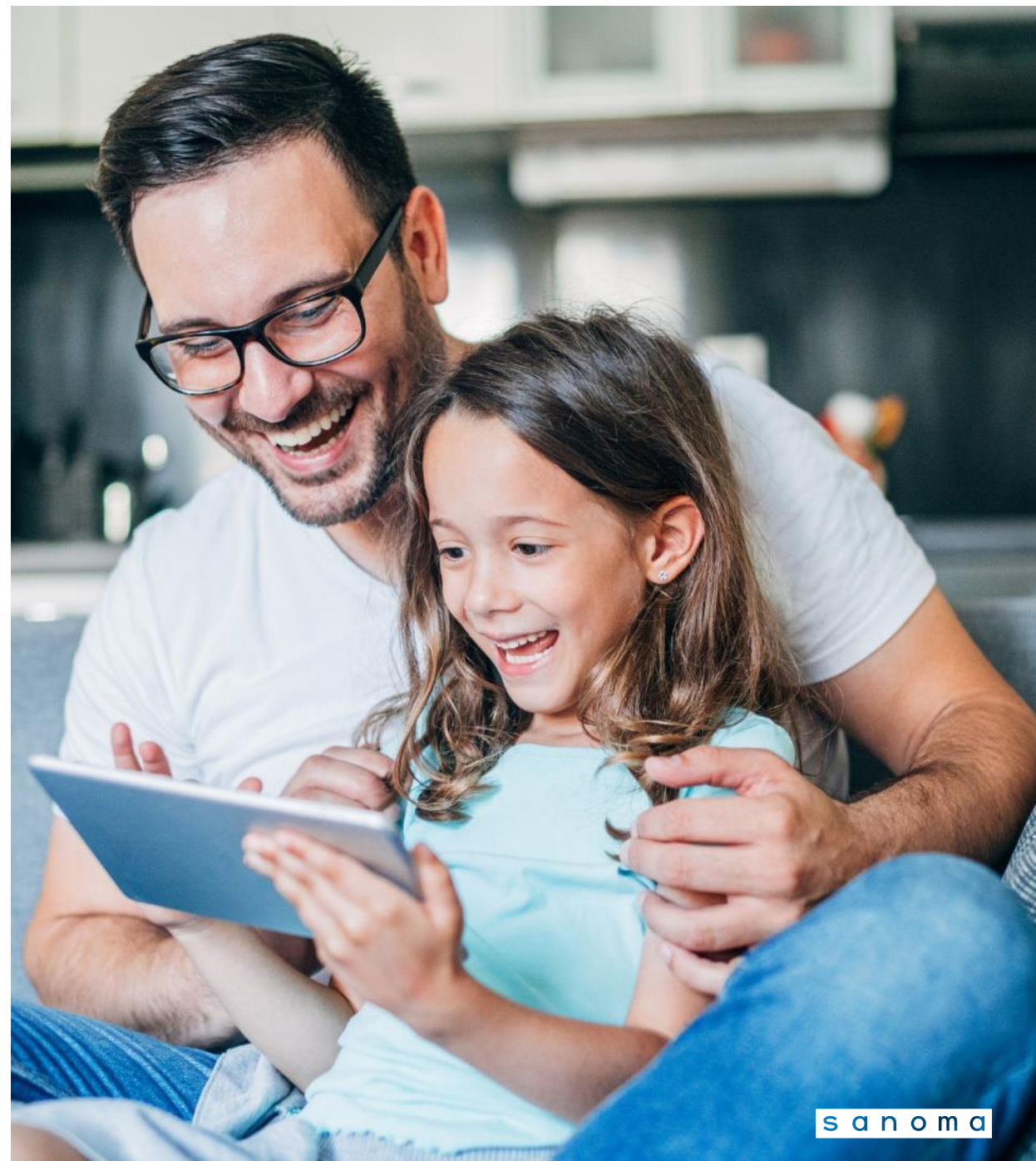
- Operational EBIT excl. PPA improved to 18m€ (2023: 17)
 - Continued growth in digital subscription sales more than offsetting the decline in print
 - Growth in digital advertising sales offsetting the decline in print
 - Lower paper costs with declining prices and volumes
- Q4 2024 earnings expected to be similar to Q4 2023

Operational EBIT excl. PPA m€



Outlook for 2024 (narrowed)

- In 2024, Sanoma expects that the Group's reported net sales will be 1.32–1.34bn€ (2023: 1.4)
- The Group's operational EBIT excluding PPA is expected to be 170–180m€ (2023: 175)
- Regarding the operating environment Sanoma expects that:
 - The advertising market in Finland will decline slightly
 - The development in the economies of the Group's operating countries is expected to be relatively stable



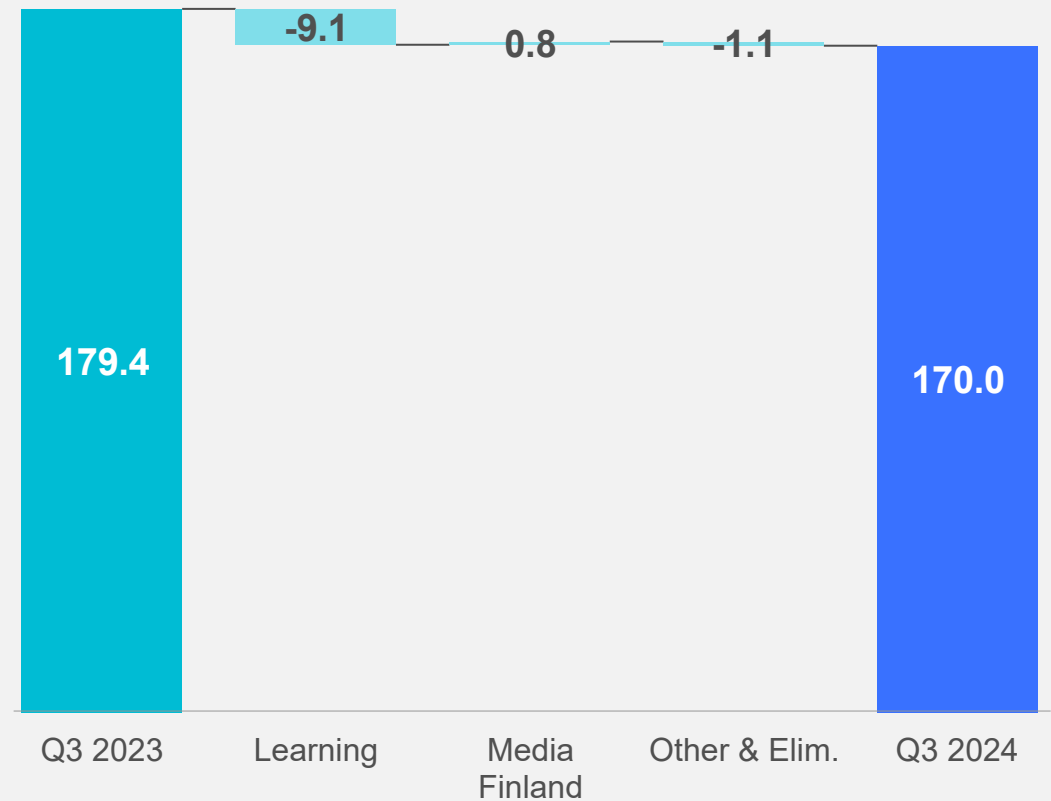
Financials

Q3 2024

Operational earnings impacted by Learning net sales

Learning	<ul style="list-style-type: none">+ Growth in learning content sales esp. in the Netherlands and Poland+ Lower paper costs- Lower sales in Spain
Media Finland	<ul style="list-style-type: none">+ Growth in digital subscription and advertising sales+ Lower paper costs- Decrease in print subscription and advertising sales
Other & elim.	<ul style="list-style-type: none">+ Phasing of tech costs between quarters➤ FY 2024 costs expected to be similar to 2023

Operational EBIT excl. PPA Q3 2024 vs. Q3 2023
m€



Improved operational EPS in Q1–Q3, impairment and Solar costs booked in Q3

- Q3 IACs increased to -44m€ (2023: -22) and consisted of
 - 27m€ impairment linked to the future revenue streams of the distribution business in the Netherlands and Belgium following the discontinuation of low value distribution contracts
 - 12m€ restructuring costs related to Program Solar (2023: 15)

- Net financial items stable in Q3
 - Average interest rate of external loans increased to 4.9% in Q1-Q3 (2023: 3.6%)

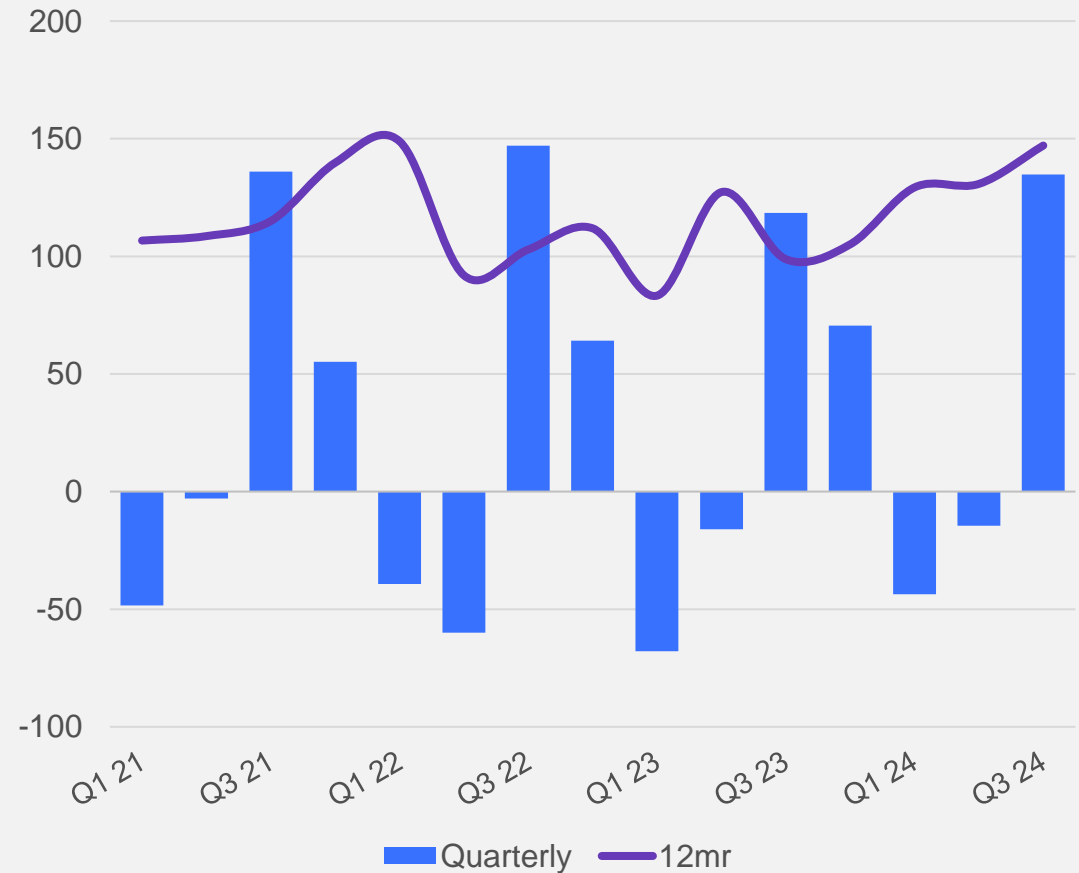
Key income statement related items

m€	Q3 2024	Q3 2023	Q1–Q3 2024	Q1–Q3 2023
Operational EBIT excl. PPA	170.0	179.4	207.3	202.4
IACs	-43.9	-22.3	-50.8	-68.0
PPAs	-9.3	-10.4	-27.7	-31.3
EBIT	116.9	146.7	128.7	103.2
Net financial items	-8.7	-8.8	-26.2	-23.5
RESULT BEFORE TAXES	108.3	138.0	102.5	78.7
Income taxes	-24.3	-38.3	-21.6	-30.0
RESULT FOR THE PERIOD	84.0	99.7	80.8	48.7
Operational EPS, €	0.70	0.70	0.68	0.61
EPS, €	0.50	0.59	0.45	0.26

Strong improvement in free cash flow

- Free cash flow improved to 77m€ (2023: 35) in Q1–Q3
 - + Higher operational results mainly in Media Finland
 - + Active working capital management across the business
 - + Lower investments in prepublication costs partly driven by Solar
 - + Lower investments in TV programme rights
 - Higher financing costs offset by lower taxes paid
- FY 2024 free cash flow expected to be higher than in 2023
- Second instalment of the dividend for 2023, 0.13€/share or 21m€ in total, was paid in September
 - Third instalment of 0.11€/share to be paid on 12 November

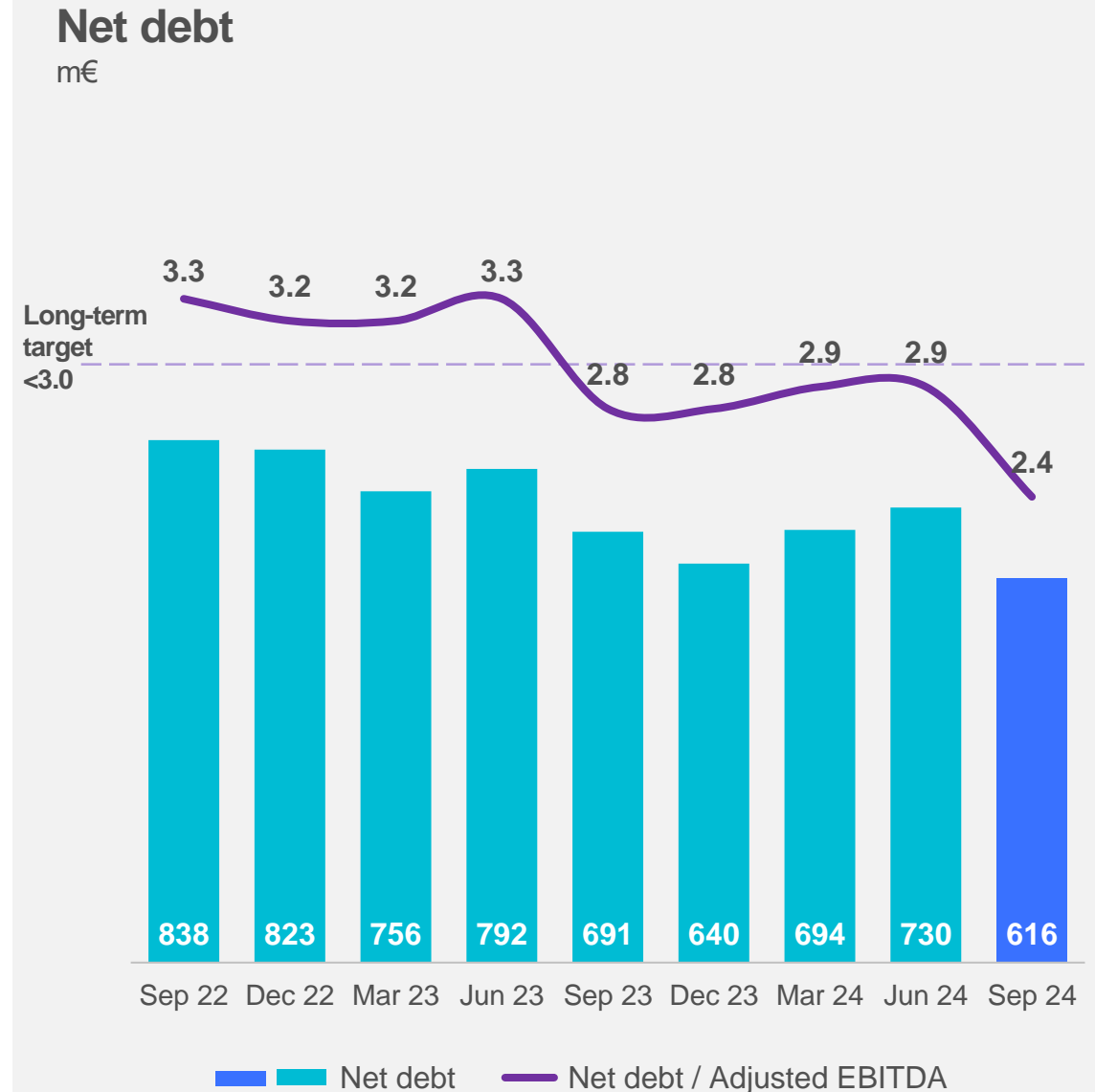
Free cash flow
m€



Free cash flow = Cash flow from operations less capital expenditure

Good progress in deleveraging the balance sheet

- Net debt significantly lower vs. previous year and end of June
- Net debt / Adj. EBITDA improved to 2.4 (2023: 2.8), below the long-term target of < 3.0
- Equity ratio at 40.8% (2023: 39.5%) within the long-term target range of 35–45%



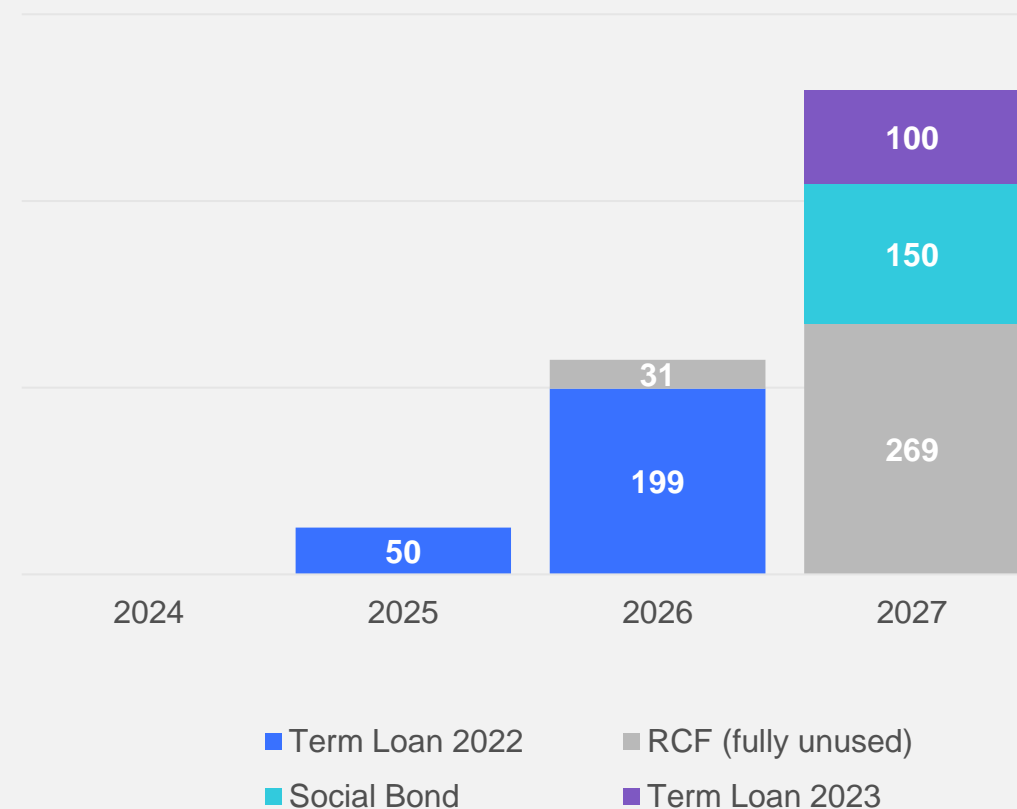
150m€ hybrid bond, issued in March 2023, is booked as equity, and excluded from net debt and net financial items.

Refinancing improved the maturity of external debt

- 150m€ Social Bond issued on 5 September
 - Maturity 3 years
 - Fixed interest rate 4.000%
 - Issue price 99.872%
 - Funds used to finance or refinance expenditures, incl. improving access to essential education services
 - 100m€ Santillana loan repaid
- Maturity of the 300m€ RCF extended to November 2027 with the 2nd and final extension option
- Improvement to industry leading levels in two key ESG ratings
 - ISS to Prime B- (earlier C+)
 - S&P Global to 51/100 (earlier 44)

Maturity profile of external debt

m€, 30 September 2024





Q&A



Financial reporting in 2025

Full-Year Result 2024	11 February
Interim Report Q1 2025	29 April
Half-Year Report 2025	30 July
Interim Report Q3 2025	30 October

Financial Statements and Directors' Report for 2024	week 14
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AGM 2025	29 April
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Appendix

Sanoma in 2023

NET SALES
 **1,393m€**

NON-PRINT SALES
 **51%**

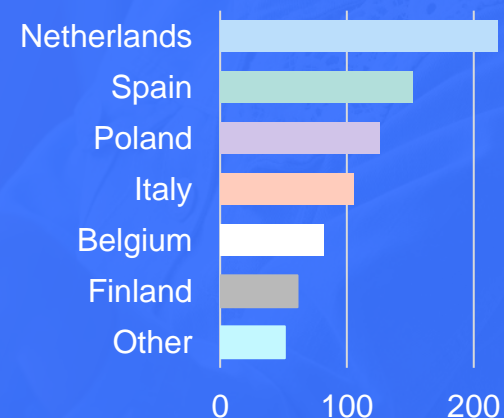
OPERATIONAL EBIT MARGIN
 **12.6%**

PERSONNEL
 **over 5,000**

Learning

Net sales **795m€**
Non-print **48%**
Margin **18.7%**

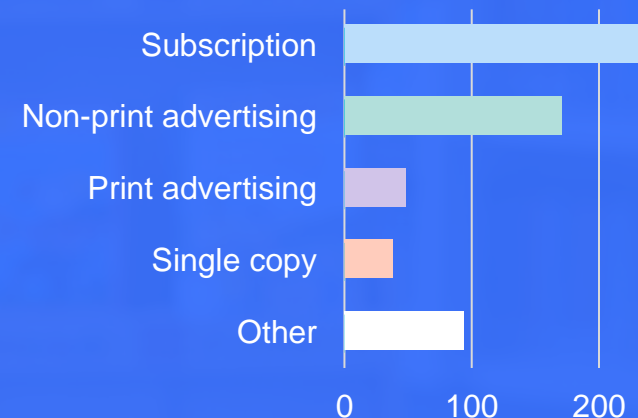
Net sales, m€



Media Finland

Net sales **598m€**
Non-print **54%**
Margin **6.7%**

Net sales, m€



Group key figures Q3 2024

m€	Q3 2024	Q3 2023
Net sales	540.0	580.3
Operational EBITDA	211.8	220.9
margin	39.2%	38.1%
Operational EBIT excl. PPA	170.0	179.4
margin	31.5%	30.9%
EBIT	116.9	146.7
Result for the period	84.0	99.7
Free cash flow	134.8	118.5
Equity ratio	40.8%	39.5%
Net debt	615.5	691.4
Net debt / Adj. EBITDA	2.4	2.8
Operational EPS, €	0.70	0.70
EPS, €	0.50	0.59

	Q3 2024	Q3 2023
Average number of employees (FTE)	4,858	5,141
Number of employees at the end of the period (FTE)	4,751	5,095

Learning: Quarterly key figures

m€	Q3 24	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Q1 23
Net sales	395.9	190.6	81.1	100.4	430.4	188.0	76.3
Operational EBITDA	178.9	72.2	-5.2	-5.5	186.4	69.5	-12.9
Operational EBIT excl. PPA	155.2	49.8	-27.6	-30.6	164.3	48.3	-33.5
margin	39.2%	26.1%	-34.0%	-30.5%	38.2%	25.7%	-43.9%
IACs	-42.3	-5.8	-3.4	-12.2	-23.2	-5.9	-2.0
PPAs	-7.7	-7.7	-7.6	-8.2	-8.7	-9.3	-8.3
EBIT	105.2	36.3	-38.5	-51.1	132.4	33.1	-43.8
Capital expenditure	6.8	8.2	8.1	10.2	6.0	9.5	8.1
Average number of employees (FTE)	2,627	2,630	2,631	2,849	2,863	2,855	2,834

Media Finland: Quarterly key figures

m€	Q3 24	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Q1 23
Net sales	144.1	151.9	139.9	153.1	149.9	153.4	141.5
Operational EBITDA	35.3	34.5	29.9	38.6	35.9	31.3	26.6
Operational EBIT excl. PPA	17.6	13.7	7.7	9.2	16.8	8.7	5.1
margin	12.2%	9.0%	5.5%	6.0%	11.2%	5.7%	3.6%
IACs	-1.5	-2.5	4.4	-2.3	-0.5	-36.5	-1.9
PPAs	-1.6	-1.6	-1.6	-1.8	-1.6	-1.7	-1.7
EBIT	14.5	9.6	10.5	5.1	14.6	-29.5	1.5
Capital expenditure	1.2	1.2	2.0	1.9	1.3	2.7	2.7
Average number of employees (FTE)	2,131	2,121	2,101	2,144	2,148	2,132	2,093

Finnish advertising market development

Finnish measured media advertising markets

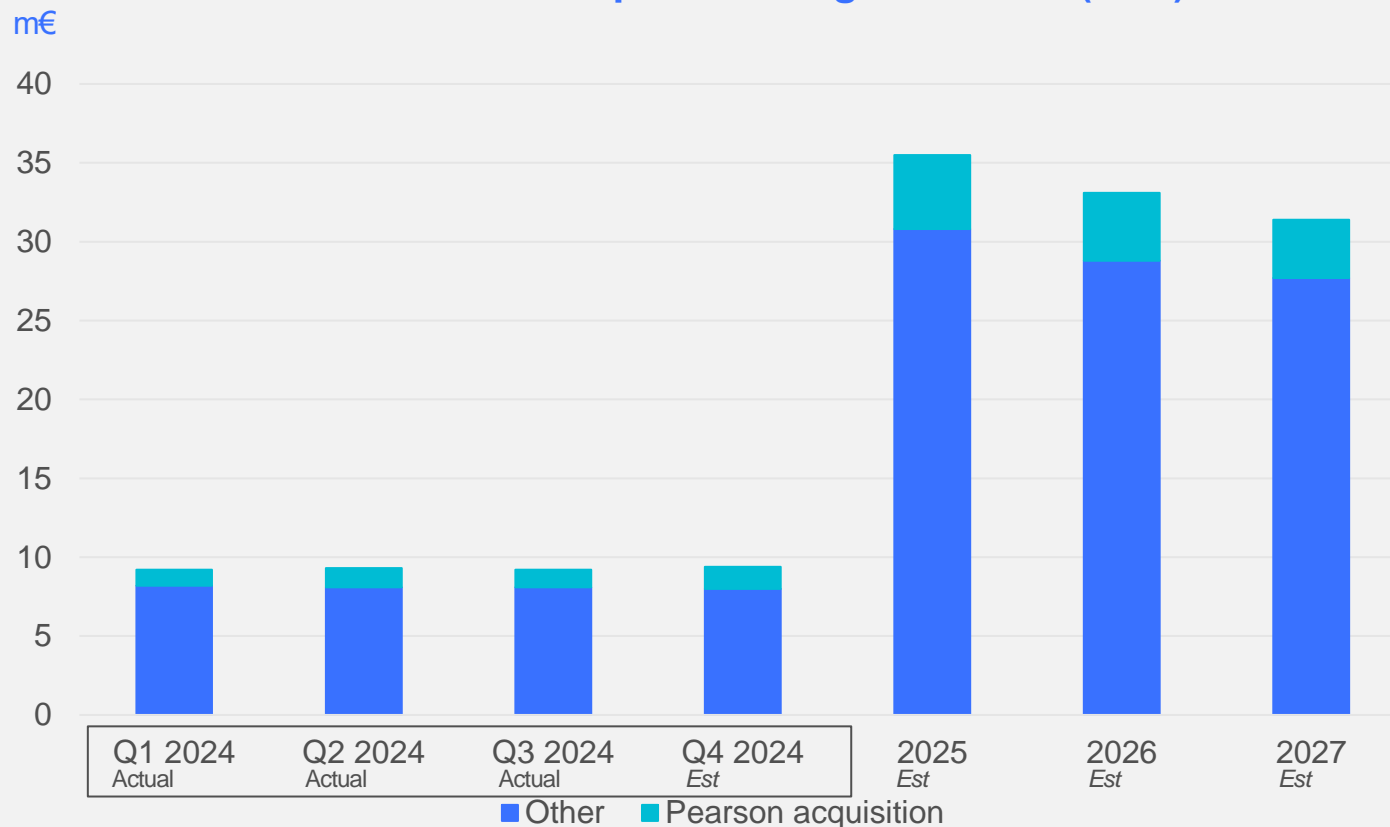
	Q3 24	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Q1 23
Newspapers	-17%	-17%	-20%	-13%	-14%	-11%	-7%
Magazines	-12%	-9%	-12%	-14%	-17%	-22%	-6%
TV	3%	2%	3%	-6%	-5%	-4%	-1%
Radio	-5%	3%	-4%	-4%	0%	-8%	5%
Online (excl. search and social media)	3%	4%	-2%	-1%	-2%	-4%	0%
Total market	-1%	-1%	-6%	-5%	-6%	-6%	1%

Source: Kantar TNS, Media Advertising Trends, September 2024

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

- Acquired subsidiaries are consolidated using the acquisition method, whereby the cost is allocated to the acquired assets and liabilities assumed at their fair value on the date of acquisition
- With regard to the acquisition of new assets, the Group assesses the expected useful life of the intangible right and determines the useful life on the basis of the best knowledge available on the assessment date
- Amortisation is calculated using the straight-line method
- In FY 2024, the PPA is estimated to total to approx. 37m€
- More information about the accounting policies related to intangible assets can be found in the Financial Statements 2023

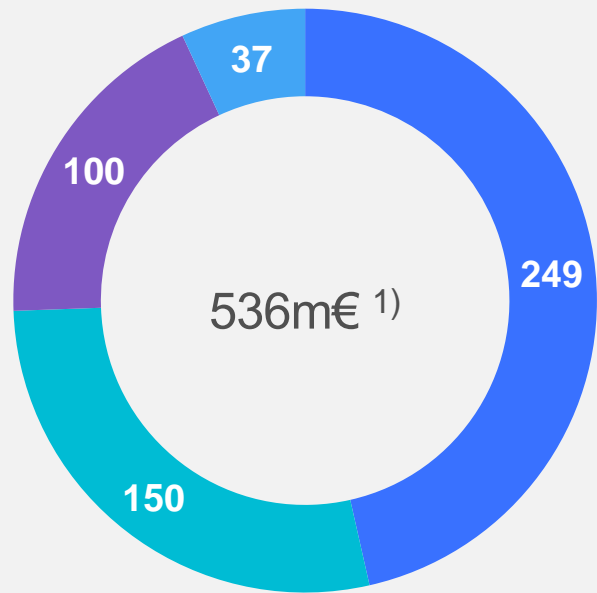
Estimated amortisations of acquired intangible assets (PPA) 2024–2027



Group debt portfolio Q3 2024

External debt structure ¹⁾

m€, 30 September 2024

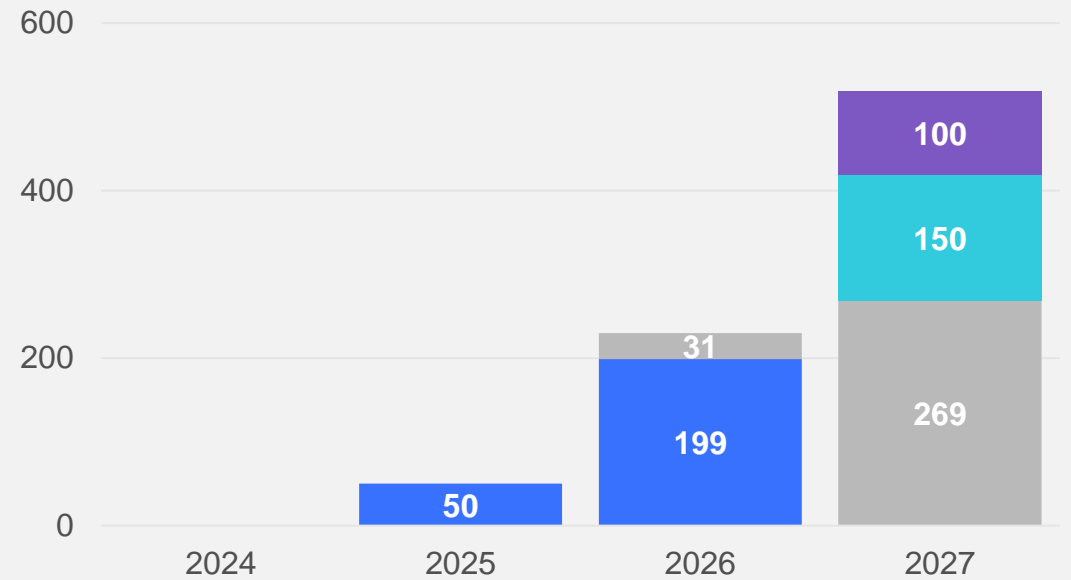


- Term Loan 2022
- Term Loan 2023
- Social Bond
- Commercial papers

¹⁾ Excl. IFRS 16 liabilities

Maturity profile of external debt

m€, 30 September 2024



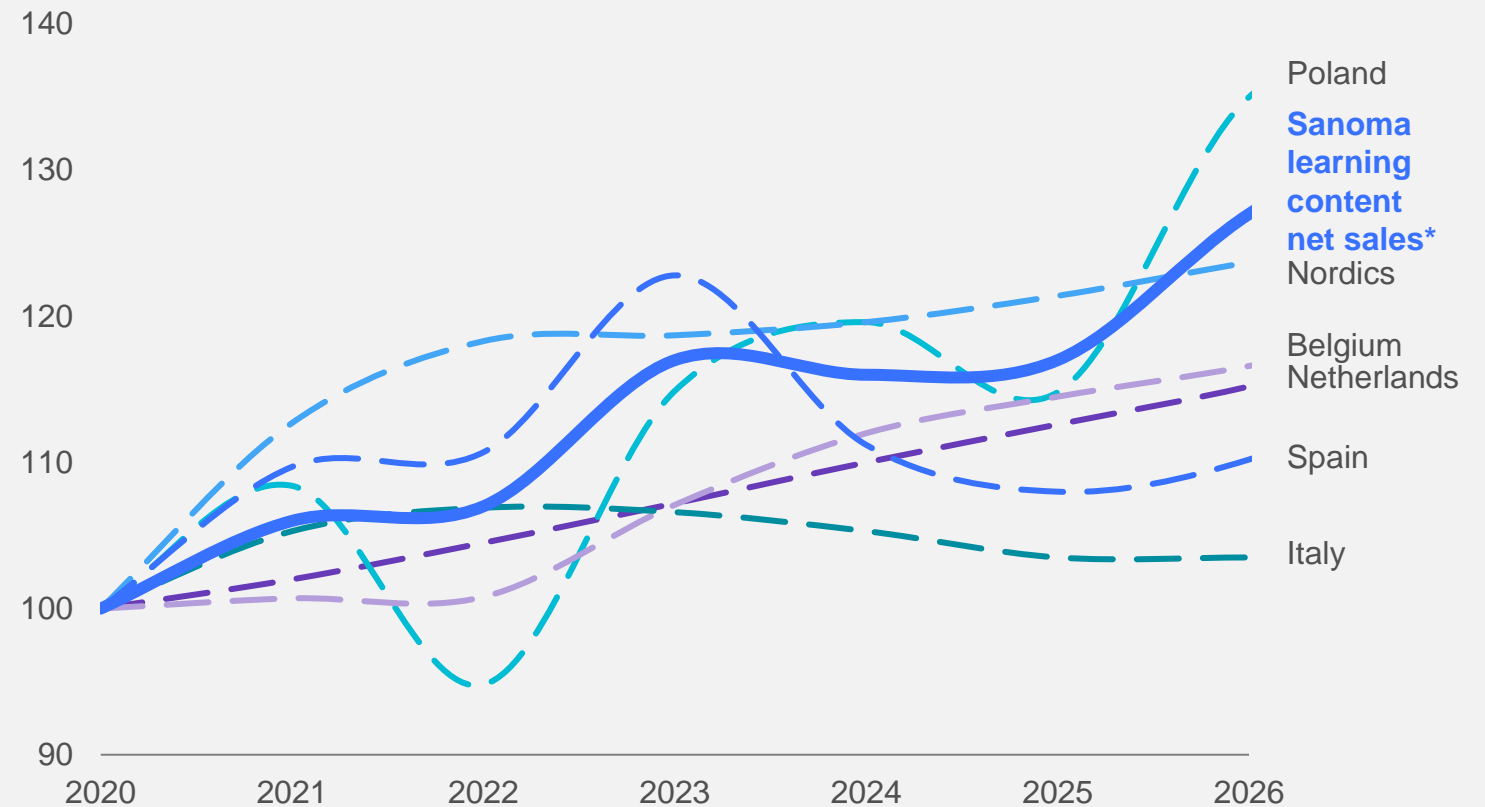
- Term Loan 2022
- Social Bond
- RCF (fully unused)
- Term Loan 2023

Learning content sales vary driven by curriculum renewals in our major operating countries

Learning content
74%
of net sales
in 2023

- Expected development of learning content sales in 2024–2026 is a function of changes in
 - Number of students ↘
 - Expenditure ↗
 - Market share ↗
- Mix within learning content sales is changing

K12 publishing market values in Sanoma's key operating countries indexed to 2020

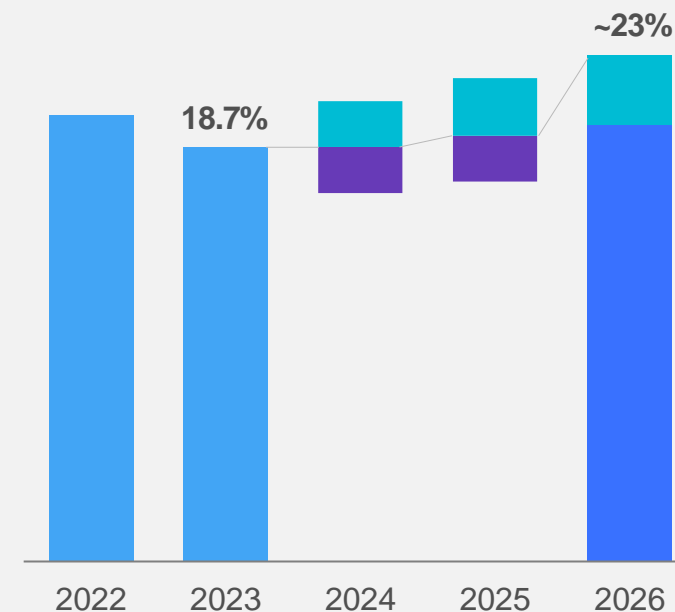


Learning's profitability to reach its long-term target of 23% in 2026 through program Solar

- Program “Solar” aims to streamline Learning operations and processes
 - Brings full benefits from the increased scale of the Learning business
- Operational efficiencies amounting to approx. 55m€ annual operational EBIT, from 2026 onwards, are coming from:
 - Organisational optimisation* post curriculum renewals in Poland and Spain
 - Process improvements in all publishing operations
 - Continuing harmonisation of digital learning platforms
 - Overhead and other optimisations* across the SBU
- Costs related to Solar totalling ~45m€, booked as IACs in Learning
 - 22m€ of IACs booked in 2023
 - Majority of the remaining costs expected in 2024
- The margin improvement from Solar is expected to come with net sales in 2026 back to the 2023 peak levels due to
 - Lower demand for learning content in 2024–2025 after recent curriculum renewals
 - Continuing rationalisation of lower margin contracts and businesses
- In addition to improving margins, our focus in 2024–2026 will be on improving our K12 offering, small in-market acquisitions and deleveraging the balance sheet

Full margin potential will be visible in 2026

Operational EBIT margin excl. PPA, %



Key factors influencing 2024 performance

As published on 11 February 2024

Learning

- Comparable net sales impacted by
 - Lower cycle in Spain mitigated by growth in other learning content businesses
 - Discontinuation of low value distribution contracts
- Successful implementation of price increases and first benefits of Program Solar mitigating the inflation impact
- Divestment of German exam preparation business Stark

Expected 2024 financial impact y-o-y

- Lower reported net sales
- Relatively stable margin

Long-term targets for SBUs unchanged

- Organic growth 2–5%
- Operational EBIT margin excl. PPA >23% from 2026 onwards

Media Finland

- Comparable net sales relatively stable in-line with expected economic environment in Finland
 - Subscription sales to grow modestly driven by digital
 - Slightly lower B2B advertising sales and smaller portfolio in live events
- Continuous efficiency improvement mitigating the inflation impact
- Divestment of Netwheels

- Slightly lower reported net sales
- Modest earnings and margin improvement

- Organic growth +/-2%
- Operational EBIT margin excl. PPA 12–14%

Three strategic focus areas to deliver increasing profitability and prepare for future growth

Mid-term focus areas

1. Increasing profitability of Learning and Media Finland

2. Growing organically and through smaller in-market acquisitions

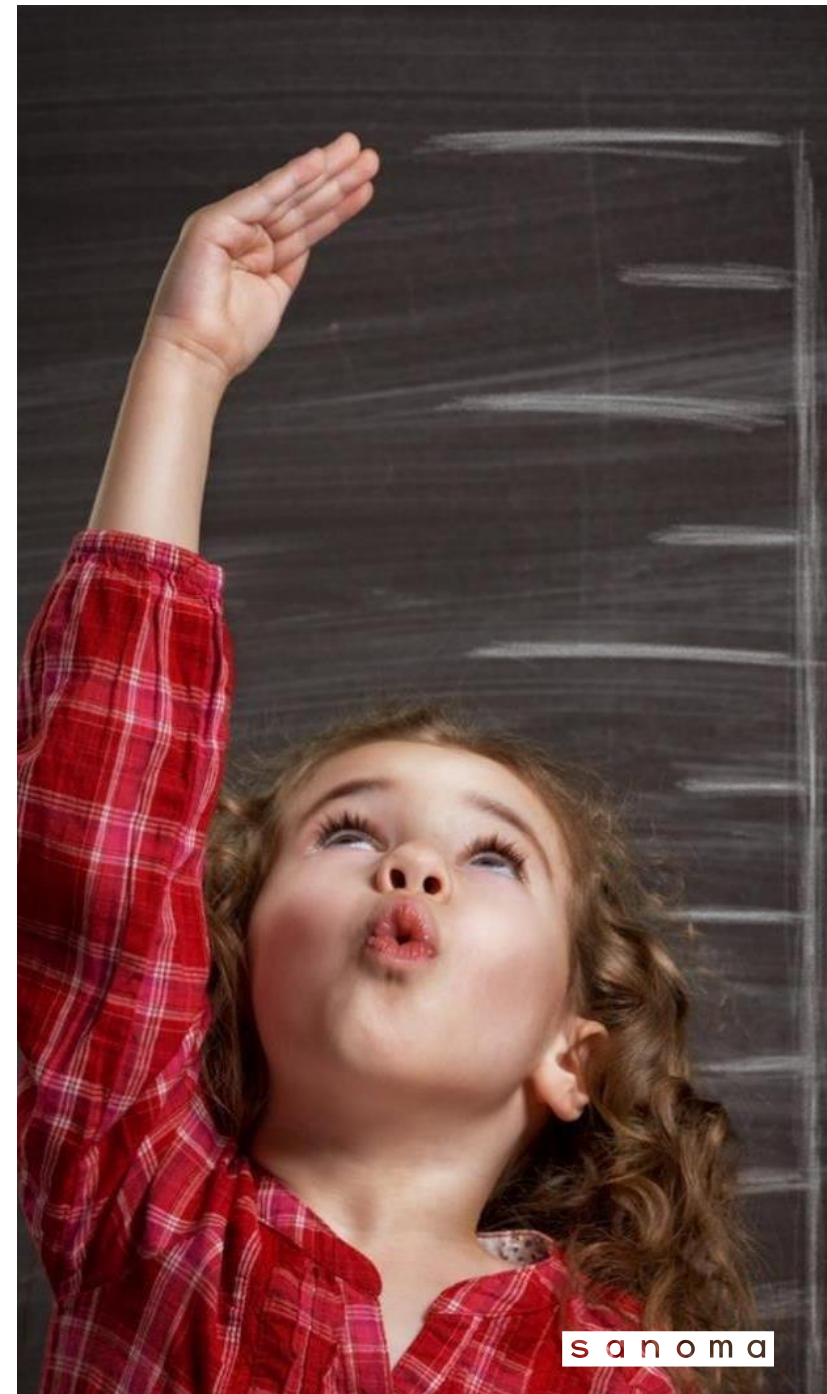
3. Deleveraging the balance sheet

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

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2030 growth ambition and long-term financial targets unchanged

- We are aiming for the Group's net sales to be **over 2bn€ by 2030**, with **at least 75% coming from the learning business**
 - Over the cycle, organic growth in-line with long-term targets in Learning and Media Finland
 - In Learning, focus on in-market acquisitions in the short-term, while we continue to be open to all value creating M&A opportunities if they arise
- Long-term targets for the SBUs unchanged
- Long-term financial targets for the Group unchanged
 - Net debt / Adj. EBITDA <3.0
 - Equity ratio 35–45%



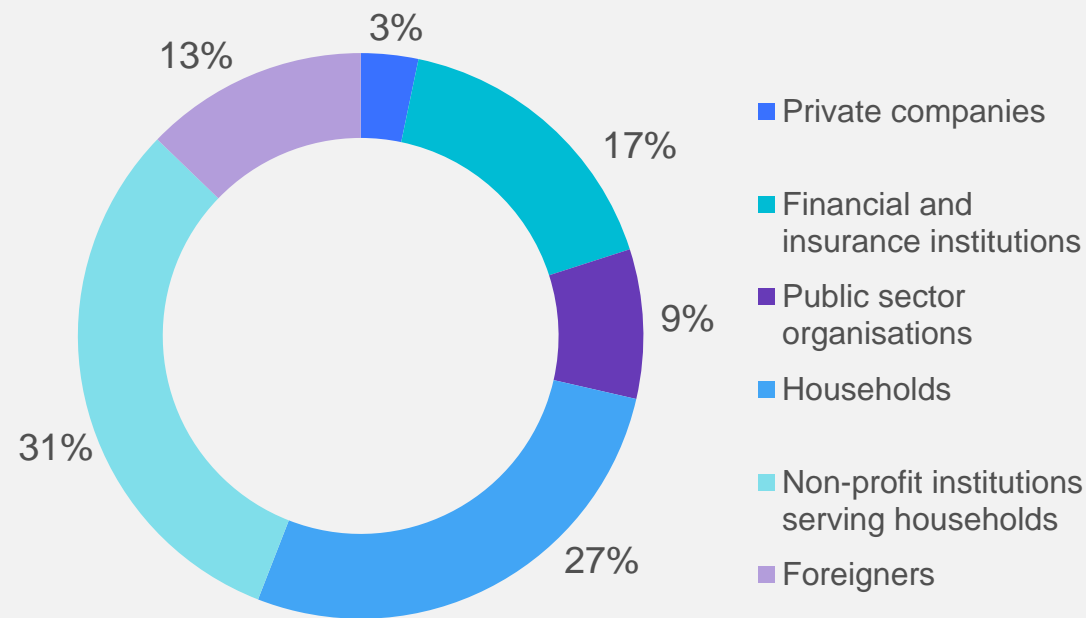
Largest shareholders

30 September 2024

Largest shareholders

Shareholders	Number of shares	% of shares
1. Jane and Aatos Erkkö Foundation	39,820,286	24.35
2. Holding Manutas Oy	21,870,000	13.37
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	2,203,000	1.35
10. Bernardin-Aubouin Lorna	1,852,470	1.13
10 largest shareholders, total	103,124,372	63.04
Nominee registered	15,567,057	9.52
Other shareholders	44,874,234	27.44
Total number of shares	163,565,663	100.00
Total number of shareholders	24,858	

Holding by sector



Analyst coverage

Carnegie Investment Bank

Danske Markets Equities

Inderes

Kepler Cheuvreux

Nordea

OP Corporate Bank

SEB

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