

Interim Report

Q3 2020

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SANOMA CORPORATION, INTERIM REPORT JANUARY-SEPTEMBER 2020

Strong performance: Net sales grew and operational EBIT improved

Q3 2020

- The Group's net sales grew to EUR 401 million (2019: 285). Net sales of Learning grew mainly driven by acquisitions, in particular Iddink, and strong comparable net sales development during the high season especially in Poland. Net sales of Media Finland declined slightly. The Group's comparable net sales development was -2% (2019: -1%).
- Operational EBIT excl. PPA improved to EUR 111 million (2019: 78) driven by acquisitions, in particular Iddink, as well as good comparable earnings development in Learning.
- EBIT was EUR 267 million (2019: 69). Items affecting comparability (IACs) totalled EUR 161 million (2019: -7) and included a capital gain of EUR 165 million related to the divestment of Oikotie. PPA amortisations were EUR 6 million (2019: 2).
- Operational EPS was EUR 0.50 (2019: 0.32) and EUR 0.50 (2019: 0.39) including discontinued operations.
- EPS was EUR 1.49 (2019: 0.29) and EUR 1.50 (2019: 0.35) including discontinued operations.
- On 28 October, the Board of Directors decided the record date and payment date of the second dividend instalment of EUR 0.25 per share. The dividend record date is 30 October and the payment date 6 November.
- On 19 October, Sanoma announced the acquisition of Santillana Spain with an enterprise value of EUR 465 million.
- On 8 October, Sanoma published an updated Outlook for 2020.
- On 16 July, Sanoma announced and completed the divestment of Oikotie to Schibsted with an enterprise value of EUR 185 million.

Q1-Q3 2020

- The Group's net sales grew to EUR 835 million (2019: 708) mainly as a result of the Iddink acquisition, while net sales development of Media Finland was adversely impacted by the coronavirus pandemic. The Group's comparable net sales development was -6% (2019: -1%).
- Operational EBIT excl. PPA grew to EUR 156 million (2019: 133). Earnings improved in Learning mainly as a result of the Iddink acquisition, while declining in Media Finland.
- EBIT was EUR 291 million (2019: 112). IACs totalled EUR 151 million (2019: -15) and included a capital gain of EUR 165 million related to the divestment of Oikotie. PPA amortisations were EUR 17 million (2019: 6).
- Operational EPS was EUR 0.64 (2019: 0.51) and EUR 0.73 (2019: 0.73) including discontinued operations.
- EPS was EUR 1.59 (2019: 0.44) and EUR 1.67 (2019: 0.71) including discontinued operations.
- On 30 April, Sanoma completed the acquisition of Alma Media's regional news media business in Finland with an enterprise value of EUR 115 million. The acquisition was announced on 11 February 2020.
- On 20 April, Sanoma completed the divestment of Sanoma Media Netherlands to DPG Media with an enterprise value of EUR 460 million.

Outlook for 2020 (published on 8 October)

In 2020, Sanoma expects that the Group's reported net sales will be around EUR 1,050 million (2019: 913). The Group's operational EBIT margin excluding PPA is expected to be around 14% (2019: 14.8%), which in this case means the margin is not expected to be below 13% or above 15%.

The outlook is based on the assumption that the advertising market decline in Finland in 2020 will be between 15-20% compared to 2019.

Key impacts of the coronavirus pandemic

The coronavirus pandemic has impacted, and is expected to continue to impact, certain parts of Sanoma's business in 2020. For its own part, the Group's well-balanced business portfolio mitigates the impacts to a certain extent; after the acquisitions completed in Learning in 2019, and the divestments of Media Netherlands and the online classifieds business Oikotie in Finland, a majority of the Group's operational earnings will come from Learning in 2020.

In Learning, no major impacts on net sales and profitability are currently expected due to the pandemic. In Q1-Q3 2020, the coronavirus pandemic had only a minimal impact on the net sales and operational EBIT of Learning.

In Media Finland, subscription and other B2C sales represent more than half of the total net sales, which, apart from the events business, are not expected to be significantly affected by the pandemic unless the exceptional situation intensifies. In Q1-Q3 2020, subscription sales of Media Finland grew slightly on a comparable basis, and by 14% including the acquired regional news media business with total subscription sales amounting to EUR 166 million (2019: 146).

On 22 April, the Finnish government decided to prohibit all large events until the end of July 2020. As a consequence, all Media Finland's festivals and events for the summer season 2020 were cancelled. In Q1-Q3 2020, net sales of the events business amounted to EUR 0.3 million (2019: 34). In 2019, net sales of the events business were approx. EUR 35 million and its operational EBIT margin was above the margin of the Media Finland SBU (12.0%).

Sanoma estimates that the coronavirus pandemic will have a material impact on the full year net sales and profitability of Media Finland's B2B advertising business and expects that the advertising market decline in Finland will be between 15-20% in 2020 compared to 2019. The development may greatly vary between customer categories and media channels. In Q1-Q3 2020, Media Finland's advertising sales declined by 13% on a comparable basis (excl. the impact of acquisitions and divestments), and by 11% on a reported basis, with total advertising sales amounting to EUR 161 million (2019: 181). The monthly advertising sales development of Media Finland, excluding the impact of the acquired regional news media business and the divested online classifieds business, is summarised in the table below.

Comparable advertising sales development (excl. acquisitions and divestments)

	July	August	September	Q3 2020	Q1-Q3 2020
Sanoma Media Finland	-18%	-9%	2%	-5%	-13%
Overall advertising market in Finland ¹⁾	-20%	-15%	-9%	-14%	-21%

1) Source: Kantar TNS Finland

During the pandemic, Sanoma's first priority has been ensuring the health and safety of its employees and providing solid support to its customers and business partners. Practically all teams shifted to remote operations at the start of the pandemic and have largely continued in the same mode throughout the third quarter. Remote work is largely supported by the improved, cloud-based IT infrastructure, in which Sanoma has made investments in recent years. Throughout its operations, Sanoma has followed the guidance and measures recommended by authorities in its operating countries.

Sanoma has actively and perseveringly taken actions to mitigate the risks related to the pandemic and continuously updated the risk situation and mitigation plans for employee safety and impact on the financial results. Cost mitigation actions have included careful cost containment of all non-mandatory cost categories and cost savings have been achieved e.g. in overall administration and travelling, marketing and content creation. Some IT expenses have increased slightly due to increased use of Sanoma's digital services during the pandemic. During the pandemic, Sanoma has supported users of its digital learning platforms by opening up certain services free of charge and media consumers by e.g. offering all corona-related news free of charge at HS.fi. In Finland, Sanoma also initiated a specific "Anna sen soida" campaign to support the artists impacted by the cancellation of events this year, and donated EUR 350,000 reserved by the AGM for the Board of Directors to be used for charitable donations to the campaign.

At the end of September 2020, the Group has a solid financial position supported by the divestments of Media Netherlands and the online classifieds business Oikotie in Finland, completed during the year.

Discontinued operations

On 10 December 2019, Sanoma announced it had signed an agreement to divest its strategic business unit Sanoma Media Netherlands. The divestment was completed on 20 April 2020. Media Netherlands is reported as discontinued operations for 2019 and 2020. Unless otherwise stated, all income-statement-related quarterly and FY figures presented in this report cover continuing operations only. For Q3 2020 and earlier periods, figures related to balance sheet and cash flow cover both continuing and discontinued operations. Continuing operations include Learning and Media Finland, which are also Sanoma's reporting segments. More information is available on p. 9 and p. 35.

Alternative performance measures

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

More information is available at Sanoma.com. Definitions of key IFRS indicators and APMs are available on p. 38. Reconciliations are available on p. 18-19.

Key indicators for continuing operations

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	FY 2019
Net sales	401.1	284.9	41%	835.1	707.7	18%	913.3
Operational EBIT excl. PPA ¹⁾	111.3	77.5	44%	156.4	133.1	18%	135.2
Margin ¹⁾	27.7%	27.2%		18.7%	18.8%		14.8%
EBIT	266.5	69.1	286%	291.2	112.3	159%	102.1
Result for the period	243.9	48.5	402%	260.2	73.2	255%	63.1
Operational EPS, EUR ²⁾	0.50	0.32	57%	0.64	0.51	24%	0.49
EPS, EUR	1.49	0.29	417%	1.59	0.44	261%	0.38
Average number of employees (FTE)				4,225	3,485	21%	3,567
Number of employees at the end of the period (FTE)				4,217	3,740	13%	3,953

Key indicators incl. continuing and discontinued operations ³⁾

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	FY 2019
Result for the period	244.3	59.2	313%	274.0	116.6	135%	13.3
Free cash flow	129.6	97.5	33%	64.5	56.3	14%	131.3
Equity ratio				48.5%	33.8%		30.5%
Net debt				234.2	797.8	-71%	794.7
Net debt / Adj. EBITDA				1.0	2.8	-64%	2.7
Operational EPS, EUR ²⁾	0.50	0.39	30%	0.73	0.73	1%	0.80
EPS, EUR	1.50	0.35	323%	1.67	0.71	137%	0.07
Free cash flow per share, EUR	0.79	0.60	33%	0.40	0.35	14%	0.81

1) Excluding IACs and purchase price allocation amortisations (PPAs)

2) Excluding IACs

3) In 2020 and 2019, discontinued operations include Sanoma Media Netherlands and certain minor subsidiaries acquired in 2019 and planned to be divested in the future. In Q1-Q3 2020, result of discontinued operations includes a capital loss of EUR 2 million (2019: 105) related to the divestment costs of Media Netherlands. More information on discontinued operations' financial performance is available on p. 35.

President and CEO Susan Duinhoven:

"Our business and financial performance was strong during the important third quarter, which is typically the high season of the learning business. Based on the improving performance we have experienced in the last months of the coronavirus pandemic, and the prospects that we see for the final quarter of the year, we were able to give an updated outlook for 2020 on 8 October. We expect reported net sales to be around EUR 1,050 million (2019: 913) and operational EBIT margin excl. PPA around 14% (2019: 14.8%), which is a relatively small adjustment compared to the around 15% margin outlook that we had given in the beginning of this year. I am very proud of and grateful for the agile, supportive and inventive way in which our teams across Sanoma have approached the exceptional challenge that the pandemic put to our customers and our business. Thanks to their hard work, our performance has been much stronger than we would have dared to hope for when the pandemic started, and we now have a good outlook for the full year.

We have also progressed well on our strategic objectives. In July–September, we again saw an increase in subscription sales for both news and entertainment. The number of subscriptions for the largest daily newspaper, Helsingin Sanomat, is now above 400,000, of which about one third are digital-only. Also, our VOD service Ruutu+ has reached more than 300,000 subscriptions. During the past months, our teams have been working hard with the integration of the regional news media business acquired at the end of April, and are proceeding as planned. After summer, the recovery in advertising sales, which were significantly impacted by the coronavirus pandemic in March–July, has accelerated and exceeded our earlier expectations. That being said, we believe that there continues to be significant uncertainty related to advertising demand in the coming months, which will most likely be seen next year as well.

The third quarter is always an important one in the learning business, and this year we saw solid growth driven by curriculum renewals especially in Poland and to some extent also in the Netherlands. Teams across Sanoma Learning performed very well during this busy time of the year and under the continuing exceptional circumstances caused by the coronavirus pandemic especially in our distribution operations. Iddink was, for the first time, part of Sanoma Learning during the high season, and its business performance and integration have proceeded well and according to our plans.

Last week, we announced the next major step on our learning growth path: the acquisition of Santillana Spain, a leading provider of learning content in Spain. This acquisition is a strong next step in Sanoma's strategic transformation into a growing European learning company and a leading cross-media company in Finland. It will grow Learning's share of our earnings (operational EBIT excl. PPA) from 55% to over 65% and further strengthen our cash flow generation capabilities. We see great potential in the Spanish market, related not only to the upcoming curriculum renewal expected to be implemented in 2022–23, but also to increasing digitalisation, which has been further stimulated by growing need for remote learning tools during the coronavirus pandemic. We are planning to use our experience in highly digitalised countries and our digital platforms developed over the past 10 years to accelerate the growth of Santillana Spain over time.

The acquisition of Santillana Spain will not have an impact on our long-term strategy, financial targets or dividend policy. We want to continue our current growth strategy: aiming to grow our European learning business further through M&A in current operating countries or new markets, and to strengthen our media business in Finland in its chosen core businesses: news & feature, entertainment and B2B marketing solutions."

Financial review Q3 2020

Net sales by SBU

EUR million	Q3 2020	Q3 2019	Change
Learning	260.2	138.4	88%
Media Finland	141.0	146.5	-4%
Other operations	-0.1	0.0	-212%
Group total	401.1	284.9	41%

The Group's net sales grew to EUR 401 million (2019: 285). Net sales of Learning grew mainly as a result of acquisitions, in particular Iddink, and were further supported by strong comparable net sales growth during the third quarter high season especially in Poland. Net sales of Media Finland declined as the positive net sales impact of the regional news media business and the growing subscription sales was more than offset by the cancellation of the events season and decline in advertising sales due to the coronavirus pandemic, as well as the divestment of the online classifieds business Oikotie. The Group's comparable net sales development was -2% (2019: -1%).

Operational EBIT excl. PPA by SBU

EUR million	Q3 2020	Q3 2019	Change
Learning	89.1	57.2	56%
Media Finland	23.7	21.7	9%
Other operations	-1.5	-1.4	-10%
Group total	111.3	77.5	44%

Operational EBIT excl. PPA improved to EUR 111 million (2019: 78). In Learning, a majority of the earnings improvement was attributable to the acquisition of Iddink, while in Media Finland earnings improved as a result of active cost mitigation actions across cost categories.

IACs, PPAs and reconciliation of operational EBIT

EUR million	Q3 2020	Q3 2019
EBIT	266.5	69.1
Items affecting comparability		
Restructuring expenses	-4.0	-6.5
Capital gains/losses	165.0	
IACs total	161.0	-6.5
Purchase price allocation amortisations (PPAs)	-5.8	-2.0
Operational EBIT excl. PPA	111.3	77.5

A detailed reconciliation on SBU level is presented on p. 18.

EBIT was EUR 267 million (2019: 69). Net IACs totalled EUR 161 million (2019: -7) and included a capital gain of EUR 165 million related to the divestment of Oikotie. In addition, the IACs consisted of costs related to the recent acquisitions and their integration. PPA amortisations amounted to EUR 6 million (2019: 2) and increased due to recent acquisitions especially in Learning.

Net financial items declined to EUR -2 million (2019: -7). The improvement was due to the lower average interest rate of external loans following the repayment of the EUR 200 million bond, which had a high interest rate, in November 2019 as well as lower interest-bearing debt after the divestments of Media Netherlands and Oikotie in 2020.

Result before taxes amounted to EUR 264 million (2019: 62). Income taxes increased to EUR 20 million (2019: 13) as a result of higher taxable profit. Result for the period was EUR 244 million (2019: 49) and EUR 244 million (2019: 59) including discontinued operations.

Operational earnings per share were EUR 0.50 (2019: 0.32) and EUR 0.50 (2019: 0.39) including discontinued operations. Earnings per share were EUR 1.49 (2019: 0.29) and EUR 1.50 (2019: 0.35) including discontinued operations.

Financial review Q1-Q3 2020

Net sales by SBU

EUR million	Q1-Q3 2020	Q1-Q3 2019	Change
Learning	433.8	275.3	58%
Media Finland	401.7	432.6	-7%
Other operations	-0.4	-0.2	-96%
Group total	835.1	707.7	18%

The Group's net sales grew to EUR 835 million (2019: 708). Learning's net sales grew driven by the acquisitions, in particular Iddink. Net sales of Media Finland declined due to the impact of the coronavirus pandemic on event and advertising sales. The Group's comparable net sales development was -6% (2019: -1%).

Operational EBIT excl. PPA by SBU

EUR million	Q1-Q3 2020	Q1-Q3 2019	Change
Learning	112.1	83.5	34%
Media Finland	49.3	54.6	-10%
Other operations	-4.9	-5.0	1%
Group total	156.4	133.1	18%

Operational EBIT excl. PPA improved to EUR 156 million (2019: 133). In Learning, a majority of earnings improvement was attributable to the acquisition of Iddink. Earnings declined in Media Finland due to the impact of the coronavirus pandemic.

IACs, PPAs and reconciliation of operational EBIT

EUR million	Q1-Q3 2020	Q1-Q3 2019
EBIT	291.2	112.3
Items affecting comparability		
Restructuring expenses	-13.6	-15.6
Capital gains/losses	165.0	0.5
IACs total	151.4	-15.0
Purchase price allocation amortisations (PPAs)	-16.6	-5.8
Operational EBIT excl. PPA	156.4	133.1

A detailed reconciliation on SBU level is presented on p. 18.

EBIT was EUR 291 million (2019: 112). Net IACs totalled EUR 151 million (2019: -15) and included a capital gain of EUR 165 million related to the divestment of Oikotie. In addition, the IACs consisted of costs related to the recent acquisitions and their integration as well as changes in IT infrastructure and services. PPA amortisations amounted to EUR 17 million (2019: 6) and increased due to recent acquisitions especially in Learning.

Net financial items declined to EUR -7 million (2019: -17). The improvement was due to the lower average interest rate of external loans following the repayment of the EUR 200 million bond, which had a high interest rate, in November 2019 as well as lower interest-bearing debt after the divestments of Media Netherlands and Oikotie in 2020. In addition, one-time interest income related to a settled tax receivable had a positive impact on net financial items during the first quarter.

Result before taxes amounted to EUR 284 million (2019: 95). Income taxes were EUR 24 million (2019: 22). Result for the period was EUR 260 million (2019: 73) and EUR 274 million (2019: 117) including discontinued operations.

Operational earnings per share were EUR 0.64 (2019: 0.51) and EUR 0.73 (2019: 0.73) including discontinued operations. Earnings per share were EUR 1.59 (2019: 0.44) and EUR 1.67 (2019: 0.71) including discontinued operations.

Financial position

At the end of September 2020, interest-bearing net debt improved to EUR 234 million (2019: 798) and net debt to adjusted EBITDA ratio to 1.0 (2019: 2.8). Equity ratio was 48.5% (2019: 33.8%). The Group's financial position was supported by the divestment of Oikotie completed in July and the divestment of Media Netherlands completed in April.

At the end of September 2020, the Group's equity totalled EUR 736 million (2019: 652) and the consolidated balance sheet totalled EUR 1,691 million (2019: 2,138).

Cash flow

In January-September 2020, the Group's free cash flow grew to EUR 65 million (2019: 56) or EUR 0.40 per share (2019: 0.35). Learning's cash flow improved significantly mainly as a result of the Iddink acquisition, net sales and earnings growth in Poland as well as timing of working capital changes between quarters. In Media Finland, the negative cash flow impact of lower profitability was partially offset by lower TV programming spend. Discontinued operations had a negative cash flow impact year-on-year, as only the negative cash flow of the first four months was consolidated in 2020. Capital expenditure included in the Group's free cash flow grew to EUR 31 million (2019: 21) driven by higher investments in digital platforms and ICT development as a result of recent acquisitions in Learning.

For dividend calculation purposes, the Group's free cash flow for 2020 will be adjusted for the divested Media Netherlands. Free cash flow of Media Netherlands was approx. EUR -22 million for 1 January–20 April following its typical seasonal pattern of strongly negative cash flow during the first months of the year.

Acquisitions and divestments

On 16 July 2020, Sanoma announced it had divested its online classifieds' business Oikotie to Schibsted. Enterprise value (EV) of Oikotie is EUR 185 million, corresponding to an EV/EBITDA multiple of 19.6 (based on 2019 pro forma EBITDA). Pro forma 2019, net sales of Oikotie were EUR 27.6 million (pro forma 2018: 26.3) and operational EBITDA was EUR 9.4 million (pro forma 2018: 8.4). Oikotie had 93 employees (88 FTE) at the end of June 2020, who transferred to the buyer. The divestment concluded the evaluation of strategic options for Oikotie, which was announced on 11 February 2020.

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

On 11 February 2020, Sanoma announced it had signed an agreement to acquire Alma Media's regional news media business in Finland. In 2019, net sales of the acquired business were EUR 99 million (2018: 103), of which 60% were subscription and 40% advertising sales. Pro forma adjusted EBITDA was EUR 15 million (2018: 13) or approx. EUR 20 million (2018: 18) including the impact of the delivery outsourcing agreement that came into effect on 1 January 2020. The acquisition is estimated to create annual net synergies of approx. EUR 13 million, which are expected to be realised in full as of 2022. Enterprise value of the acquired business is EUR 115 million, corresponding to a multiple of 5.8 (EV / Pro forma adjusted EBITDA including the impact of the delivery outsourcing agreement), and 3.5 including also synergies. In the beginning of 2020, the acquired business had approx. 365 employees (FTE). The employees became employees of Sanoma Group after the closing of the acquisition. The transaction was subject to customary closing conditions, including approval by the Finnish Competition and Consumer Authority, which was received unconditionally on 19 March 2020. The transaction was completed on 30 April 2020.

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

Events after the reporting period

On 19 October 2020, Sanoma announced the acquisition of Santillana Spain, a leading Spanish provider of K-12 learning materials, from Promotora de Informaciones S.A. (Grupo Prisa). Net sales of the acquired business were EUR 128 million and pro forma adjusted EBITDA was EUR 50 million in 2019, which was the peak year of the current curriculum. During the current curriculum in 2016–2019, Santillana Spain's annual net sales were EUR 122 million, and operational EBITDA EUR 48 million on average. The acquisition is estimated to create annual net synergies of approx. EUR 4 million, which are

expected to be realised in full by 2023. The agreed enterprise value of the acquired business is EUR 465 million, corresponding to a multiple of 9.3 (EV / Pro forma adjusted EBITDA 2019). As of the end of June 2020, the acquired business had 570 employees (31 Dec 2019: 568 FTE). The transaction is subject to approval by the General Meeting of Shareholders of Grupo Prisa and obtaining the necessary consents from the creditors of Grupo Prisa, with the majority of whom an agreement has been reached. The Board of Directors of Grupo Prisa has unanimously approved the transaction. The transaction will be discussed with the Spanish competition authorities, and is expected to be finalised during H1 2021.

Learning

Learning is a growing European-based education company serving about 15 million students in eleven countries. Through a portfolio of modern, blended learning materials and methods, material distribution and digital platforms, we support learning and teaching in primary, secondary and vocational education. Our mission is to make a positive impact on learning by enabling teachers and schools to help all students to reach their full potential. Through our local companies, we contribute to some of the world's best-performing education systems.

Key indicators ¹⁾

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	FY 2019
Net sales	260.2	138.4	88%	433.8	275.3	58%	336.7
Operational EBIT excl. PPA ²⁾	89.1	57.2	56%	112.1	83.5	34%	73.2
Margin ²⁾	34.2%	41.3%		25.8%	30.3%		21.7%
EBIT	83.3	52.0	60%	97.0	74.4	30%	55.0
Capital expenditure	8.5	4.7	81%	23.9	13.6	75%	21.9
Average number of employees (FTE)				1,949	1,398	39%	1,488

¹⁾ Including continuing operations only. Minor subsidiary acquired in 2019, and planned to be divested in the future, is reported as discontinued operations. More information on discontinued operations' financial performance is available on p. 35.

²⁾ Excluding IACs of EUR -1.8 million in Q3 2020 (2019: -4.4), EUR -2.9 million in Q1-Q3 2020 (2019: -6.6) and EUR -12.1 million in FY 2019 and PPA amortisations of EUR 4.1 million in Q3 2020 (2019: 0.8), EUR 12.2 million in Q1-Q3 2020 (2019: 2.5) and EUR 6.1 million in FY 2019. Full reconciliation of operational EBIT excl. PPA is presented in a separate table on p. 18.

Net sales by country

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	FY 2019
The Netherlands	99.0	23.6	319%	174.1	79.0	120%	106.9
Poland	89.1	72.6	23%	100.4	83.9	20%	95.6
Finland	8.1	9.0	-10%	44.6	44.9	-1%	52.5
Belgium	45.6	24.5	86%	71.2	50.1	42%	57.1
Other countries and eliminations ¹⁾	18.5	8.7	112%	43.5	17.4	150%	24.5
Net sales total	260.2	138.4	88%	433.8	275.3	58%	336.7

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

The learning business has, by its nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically small in net sales and loss-making. 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 than quarterly figures. Review of Q1-Q3 2020 is available on the next page.

Q3 2020

Net sales of Learning grew significantly and amounted to EUR 260 million (2019: 138). A majority, EUR 110 million, of the net sales growth was attributable to acquisitions, in particular Iddink. On a comparable basis, net sales grew significantly during the third quarter high season in Poland, driven by the ongoing curriculum renewal both in upper primary and upper secondary education. Net sales grew also in the Netherlands as a result of the curriculum renewal in secondary education, while being relatively stable in other main markets. The coronavirus pandemic had only a minimal impact on the net sales and operational EBIT of Learning.

Operational EBIT excl. PPA improved significantly and amounted to EUR 89 million (2019: 57). A majority of the earnings improvement was attributable to the acquisition of Iddink. In addition, net sales growth, especially in Poland, supported earnings.

EBIT was EUR 83 million (2019: 52). IACs totalled EUR -2 million (2019: -4). PPA amortisations increased to EUR 4 million (2019: 1) as a result of recent acquisitions.

Capital expenditure increased to EUR 9 million (2019: 5) as a result of acquisitions, and consisted of growth investments in digital platforms and ICT.

Q1-Q3 2020

Net sales of Learning grew significantly and amounted to EUR 434 million (2019: 275). A majority, EUR 141 million, of the net sales growth was attributable to acquisitions, in particular Iddink. On a comparable basis, net sales growth was strong in Poland, driven by the ongoing curriculum renewal both in upper primary and upper secondary education. Net sales grew also in the Netherlands as a result of the ongoing curriculum renewals. Comparable net sales growth was 6%. The coronavirus pandemic had only a minimal impact on the net sales and operational EBIT of Learning.

Operational EBIT excl. PPA improved to EUR 112 million (2019: 84). A majority of the earnings improvement was attributable to the acquisition of Iddink. In addition, net sales growth mainly in Poland supported earnings.

EBIT was EUR 97 million (2019: 75). IACs totalled EUR -3 million (2019: -7) and mainly consisted of costs related to recent acquisitions. PPA amortisations increased to EUR 12 million (2019: 3) as a result of recent acquisitions.

Capital expenditure increased to EUR 24 million (2019: 14) as a result of acquisitions, and consisted of growth investments in digital platforms and ICT.

Media Finland

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

Key indicators

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	FY 2019
Net sales	141.0	146.5	-4%	401.7	432.6	-7%	576.8
Operational EBIT excl. PPA ¹⁾	23.7	21.7	9%	49.3	54.6	-10%	69.4
Margin ¹⁾	16.8%	14.8%		12.3%	12.6%		12.0%
EBIT	184.5	19.0	870%	199.2	43.1	362%	54.9
Capital expenditure	0.8	0.9	-10%	4.2	2.8	52%	3.8
Average number of employees (FTE)				2,056	1,811	14%	1,804

¹⁾ Excluding IACs of EUR 162.6 million in Q3 2020 (2019: -1.5), EUR 154.3 million in Q1-Q3 2020 (2019: -8.2) and EUR -10.0 million in FY 2019, and PPA amortisations of EUR 1.8 million in Q3 2020 (2019: 1.1), EUR 4.4 million in Q1-Q3 2020 (2019: 3.3) and EUR 4.4 million in FY 2019. Full reconciliation of operational EBIT excl. PPA is presented in a separate table on p. 18.

Net sales by category

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	FY 2019
Print	78.1	65.2	20%	209.6	202.5	4%	271.5
Non-print	63.0	81.2	-22%	192.1	230.1	-17%	305.3
Net sales total	141.0	146.5	-4%	401.7	432.6	-7%	576.8

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	FY 2019
Advertising sales	53.4	54.4	-2%	160.8	181.2	-11%	247.3
Subscription sales	62.2	48.9	27%	166.0	146.1	14%	195.8
Single copy sales	11.2	12.0	-7%	32.2	33.0	-2%	45.1
Other	14.2	31.2	-54%	42.7	72.3	-41%	88.6
Net sales total	141.0	146.5	-4%	401.7	432.6	-7%	576.8

Other sales mainly include festivals and events, marketing services, event marketing, custom publishing, books and printing. In Q1-Q3, net sales of the events business amounted to EUR 0.3 million and in FY 2019, to EUR 35 million.

Q3 2020

Net sales of Media Finland declined to EUR 141 million (2019: 147). The positive net sales impact of the regional news media business acquired on 30 April and the growing subscription sales were more than offset by the cancellation of the events season, the decline in advertising sales due to coronavirus pandemic as well as the divestment of the online classifieds business Oikotie in July. Net sales of the regional news media business acquired on 30 April 2020 amounted to EUR 20 million, being somewhat impacted by the coronavirus pandemic. On a comparable basis (excl. the acquired regional news media business), subscription sales grew as a result of strong growth in digital subscription sales of the daily newspaper Helsingin Sanomat and VOD service Ruutu+, as well as the newly launched audiobook service, Supla+. Due to the coronavirus pandemic, all Media Finland's festivals and events for the season 2020 were cancelled. The impact of the cancellation, approx. EUR 19 million, is visible in other sales. Comparable advertising sales declined by 5%. Media Finland

overperformed the market during the quarter gaining market share especially in online, radio and magazine advertising. Divestment of the online classifieds business Oikotie had an adverse EUR 5 million net sales impact.

According to the Finnish Advertising Trends survey for September 2020 by Kantar TNS, the advertising market in Finland declined by 14% on a net basis in Q3 2020. The decline was driven by the coronavirus pandemic. During the quarter, advertising declined by 21% in newspapers, by 24% in magazines, by 6% in TV, by 12% in radio and by 4% in online excluding search and social media. In January-September 2020, the advertising market in Finland declined by 21%. During January-September, advertising declined by 28% in newspapers, by 22% in magazines, by 16% in TV, by 24% in radio and by 9% in online excluding search and social media.

Operational EBIT excl. PPA improved to EUR 24 million (2019: 22) as a result of active cost mitigation actions across cost categories, including personnel, overall administration, content and paper. The cancelled events season, lower advertising sales and the divestment of Oikotie had an adverse impact on earnings. Part of the TV programming costs saved earlier this year were spent during the quarter.

EBIT was EUR 185 million (2019: 19). IACs totalled EUR 163 million (2019: -2) and included a capital gain of EUR 165 million related to the divestment of Oikotie as well as costs related to the integration of the regional news media business. PPA amortisations were EUR 2 million (2019: 1) and increased due to the acquisition of the regional news media business.

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

Personnel

In January–September 2020, the average number of employees in full-time equivalents (FTE) in continuing operations was 4,225 (2019: 3,485). The average number of employees (FTE) per SBU was as follows: Learning 1,949 (2019: 1,398), Media Finland 2,056 (2019: 1,811) and Other operations 220 (2019: 276). At the end of September, the number of employees (FTE) of the Group was 4,217 (2019: 3,740) and 10 (2019: 901) in discontinued operations. The number of employees increased as a consequence of acquisitions.

Wages, salaries and fees paid to Sanoma's employees, including the expense recognition of share-based payments, amounted to EUR 213 million (2019: 174).

Share capital and shareholders

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

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

Sanoma had 22,736 (2019: 20,534) registered shareholders at the end of September 2020.

Acquisition of own shares

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

Share trading and performance

At the end of September 2020, Sanoma's market capitalisation was EUR 1,780 million (2019: 1,669) with Sanoma's share closing at EUR 10.92 (2019: 10.24). During January–September, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 9.48 (2019: 8.77), with a low of EUR 6.84 (2019: 7.96) and a high of EUR 12.49 (2019: 10.32).

In January–September 2020, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 218 million (2019: 113). The trading volume of 23 million shares (2019: 13) equalled an average daily turnover of 121k shares (2019: 68k). The traded shares accounted for some 14% (2019: 8%) of the average number of shares. Sanoma's share turnover, including alternative trading venues BATS and Chi-X, was 26 million shares (2019: 16). Nasdaq Helsinki represented 88% (2019: 78%) of the share turnover. (Source: Euroland)

Decisions of the Annual General Meeting

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

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

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

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

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

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

The AGM authorised the Board of Directors to decide on the repurchase of a maximum of 16,000,000 of the Company's own shares (approx. 9.8% of all shares of the Company) in one or several instalments. Own shares shall be repurchased with funds from the Company's unrestricted shareholders' equity, and the repurchases shall reduce funds available for distribution of profits. The authorisation will be valid until 30 June 2021, and it terminated the corresponding authorisation granted by the AGM 2019.

The AGM authorised the Board of Directors to decide on issuance of new shares and the conveyance of the Company's own shares held by the Company (treasury shares) and the issuance of option rights and other special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act. Option rights and other special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act may not be granted as part of the Company's incentive programme. The Board will be entitled to decide on the issuance of a maximum of 18,000,000 new shares as well as conveyance of a maximum of 5,000,000 treasury shares held by the Company in one or several instalments. The issuance of shares, the conveyance of treasury shares and the granting of option rights and other special rights entitling to shares may be done in deviation from the shareholders' pre-emptive right (directed issue). The authorisation will be valid until 30 June 2021, and it replaced the authorisation to decide on issuance of shares, option rights and other special rights entitling to shares, which was granted to the Board of Directors by the Annual General Meeting on 27 March 2019.

Seasonal fluctuation

The learning business has, by its nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically loss-making. Shifts of single orders between quarters may have a material impact when comparing quarterly net sales and earnings on a year-on-year basis, and thus year-to-date figures typically provide a more comprehensive picture of Learning's business performance and development. In the media business, net sales and results are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published each quarter, which varies annually. TV advertising in Finland is usually strongest in the second and fourth quarters. The events business in Finland is focused on the second and third quarters. Seasonal business fluctuations influence the Group's net sales and EBIT, with the first and fourth quarter traditionally being the smallest ones for both.

Significant near-term risks and uncertainties

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

Sanoma's strategic aim is to grow through acquisitions. In M&A, the key risks may relate to the transaction process, integration of the acquired business, retention of key personnel, achievement of the targets set or the availability and suitability of timing of potential M&A targets. There is no significant impact on the M&A-related risks due to the coronavirus pandemic.

Many of Sanoma's identified strategic risks relate to changes in customer preferences, which apply not only to the changes in consumer behaviour, but also to the direct and indirect impacts on changes in B2B and public demand. Ongoing digitalisation and mobilisation are the main drivers behind many of these changes. In education, digital learning materials, methods and platforms are gradually penetrating the market. The pace of penetration has accelerated during the coronavirus pandemic, but it is currently too early to estimate how it will develop during the rest of this year and beyond. The increasing use of mobile devices is changing the way people consume media, while viewing time of free-to-air TV and subscriptions for print media are decreasing. New entrants might be able to better utilise these changes and therefore gain market share from Sanoma's established businesses.

Sanoma faces political risks, in particular in Poland, where legislative changes can have significant impacts on the learning business. Changes in taxation applied to Sanoma's products and services or in the interpretation of tax legislation or practices in its operating countries may have an impact on the demand for the products or on financial performance. There is no significant impact on the political or tax-related risks due to the coronavirus pandemic.

The general economic conditions in Sanoma's operating countries and overall industry trends could influence Sanoma's business activities and operational performance. General business risks associated with the performance of the learning business relate to development of public and private education spending especially during the curriculum renewals. In the media business, risks associated with business and financial performance typically relate to advertising demand and consumer spending. The volume of media advertising is especially sensitive to overall economic development and consumer confidence and is significantly impacted due to the corona virus pandemic.

Data is an increasingly essential part of Sanoma's business, putting privacy and consumer trust at the core of the Group's daily operations. Sanoma has invested in data-security-related technologies and runs a Group-wide privacy programme to ensure that employees know how to apply data security and privacy practices in their daily work. Regulatory changes regarding the use of customer and consumer data could have a negative impact on Sanoma's ability to utilise data in its business. There is no significant impact on the data-related risks due to the coronavirus pandemic.

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

Sanoma's consolidated balance sheet included EUR 994 million (2019: 1,461) of goodwill, immaterial rights and other intangible assets at the end of September 2020. After the Iddink acquisition, most of this is related to the learning business. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity-related ratios. According to management assessment at the end of September 2020, the coronavirus pandemic is not considered a triggering event for impairment testing.

More information on Sanoma's most significant risks and uncertainty factors and the main principles of risk management is available in the Report of the Board of Directors, Financial Statements and Corporate Governance Statement for 2019 at www.sanoma.com/investors.

Financial reporting in 2021

Sanoma will publish the following financial reports during 2021:

Full-Year Result 2020	Wednesday, 10 February 2021, approx. at 8:30
Interim Report 1 January–31 March 2021	Friday, 30 April 2021, approx. at 8:30
Half-Year Report 1 January–30 June 2021	Wednesday, 28 July 2021, approx. at 8:30
Interim Report 1 January–30 September 2021	Wednesday, 27 October 2021, approx. at 8:30

Sanoma's Financial Statements and Board of Directors' Report for 2020 will be published during week 9 (starting on 1 March 2021). The Annual General Meeting 2021 is planned to be held on Thursday, 25 March 2021.

Helsinki, 28 October 2020

Board of Directors
Sanoma Corporation

Reconciliation of operational EBIT excl. PPA

EUR million	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
EBIT	266.5	69.1	291.2	112.3	102.1
Items affecting comparability (IACs) and PPA amortisations					
Learning					
Restructuring expenses	-1.8	-4.4	-2.9	-6.6	-12.1
PPA amortisations	-4.1	-0.8	-12.2	-2.5	-6.1
Media Finland					
Capital gains/losses	165.0		165.0		
Restructuring expenses	-2.4	-1.5	-10.7	-8.2	-10.0
PPA amortisations	-1.8	-1.1	-4.4	-3.3	-4.4
Other companies					
Capital gains/losses				0.5	0.5
Restructuring expenses	0.2	-0.6	0.0	-0.7	-1.0
Items affecting comparability (IACs) and PPA amortisations total	155.2	-8.4	134.8	-20.8	-33.1
Operational EBIT excl. PPA amortisations total	111.3	77.5	156.4	133.1	135.2
Items affecting comparability (IACs) in financial income and expenses					
Capital gains/losses				1.0	1.0
Financial items			0.6		
Impairments				-1.1	-1.1
Total			0.6	-0.2	-0.2
Items affecting comparability (IACs) and PPA amortisations in discontinued operations					
Capital gains/losses	-0.1		-0.1	10.8	10.8
Impairments ¹⁾	0.0		-1.4		-105.1
Restructuring expenses	-0.1	-0.7	-0.6	-3.6	-9.1
PPA amortisations		-1.0	-1.4	-2.9	-3.9
Total	-0.2	-1.8	-3.5	-4.4	-107.3

¹ In 2020, the impairment of EUR 1.4 million mainly relates to costs to sell for the divestment of Media Netherlands. In 2019, the impairment of EUR 105.1 million relates to the impairment loss on classification as assets held for sale under IFRS 5 following the announcement to divest Media Netherlands.

Reconciliation of operational EPS

EUR million	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Result for the period attributable to the equity holders of the Parent Company	243.7	57.7	272.5	115.0	11.5
Items affecting comparability ¹⁾	-161.9	5.3	-152.9	3.6	118.9
Operational result for the period attributable to the equity holders of the Parent Company	81.8	63.0	119.6	118.6	130.4
Adjusted average number of shares	163,036,686	163,016,523	163,043,245	162,905,838	162,933,737
Operational EPS	0.50	0.39	0.73	0.73	0.80

¹⁾ When calculating operational earnings per share, the tax effect and the non-controlling interests' share of the items affecting comparability have been deducted.

Reconciliation of interest-bearing net debt

EUR million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Non-current financial liabilities	120.9	219.5	227.9
Current financial liabilities	91.2	420.0	400.7
Non-current lease liabilities	165.6	165.6	162.0
Current lease liabilities	27.4	25.5	27.3
Cash and cash equivalents	-170.9	-32.8	-23.2
Interest-bearing net debt	234.2	797.8	794.7

Interest-bearing net debt includes financial assets and liabilities of certain minor subsidiaries that are presented as part of assets and liabilities held for sale in the balance sheet 30 September 2020. In addition, interest-bearing net debt 31 December 2019 includes financial assets and liabilities of Sanoma Media Netherlands. More details are presented on p. 36.

Income statement by quarter

EUR million	Q1 2020	Q2 2020	Q3 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
NET SALES	187.7	246.2	401.1	163.0	259.8	284.9	205.6	913.3
Other operating income	6.5	15.0	173.9	7.5	7.6	7.2	8.7	31.0
Materials and services	-55.3	-65.7	-160.9	-50.0	-77.9	-95.2	-59.6	-282.7
Employee benefit expenses	-72.0	-74.0	-67.1	-58.4	-59.1	-56.5	-70.0	-244.0
Other operating expenses	-40.7	-40.3	-37.8	-38.5	-39.2	-39.7	-48.0	-165.3
Share of results in joint ventures	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.4
Depreciation, amortisation and impairment losses	-43.8	-39.0	-42.9	-34.3	-37.5	-31.8	-46.9	-150.5
EBIT	-17.6	42.3	266.5	-10.7	53.9	69.1	-10.2	102.1
Share of results in associated companies	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0
Financial income	4.1	-0.3	1.5	1.4	0.5	0.6	0.5	3.1
Financial expenses	-4.8	-3.3	-3.8	-5.9	-5.9	-7.7	-5.4	-24.9
RESULT BEFORE TAXES	-18.4	38.6	264.2	-15.3	48.6	61.9	-15.0	80.3
Income taxes	5.5	-9.4	-20.3	3.8	-12.5	-13.4	4.8	-17.2
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-12.9	29.2	243.9	-11.4	36.1	48.5	-10.2	63.1
DISCONTINUED OPERATIONS								
Result for the period from discontinued operations	9.1	4.3	0.4	18.8	13.9	10.6	-93.1	-49.8
RESULT FOR THE PERIOD	-3.8	33.5	244.3	7.3	50.0	59.2	-103.2	13.3
Result from continuing operations attributable to:								
Equity holders of the Parent Company	-12.6	28.0	243.3	-11.4	36.0	47.1	-10.3	61.4
Non-controlling interests	-0.3	1.2	0.6	0.0	0.1	1.5	0.1	1.7
Result from discontinued operations attributable to:								
Equity holders of the Parent Company	9.0	4.3	0.4	18.8	13.9	10.6	-93.2	-49.9
Non-controlling interests	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Result attributable to:								
Equity holders of the Parent Company	-3.6	32.3	243.7	7.4	50.0	57.7	-103.5	11.5
Non-controlling interests	-0.2	1.2	0.6	0.0	0.1	1.5	0.3	1.8
Earnings per share for result attributable to the equity holders of the Parent Company:								
Earnings per share, EUR, continuing operations	-0.08	0.17	1.49	-0.07	0.22	0.29	-0.06	0.38
Diluted earnings per share, EUR, continuing operations	-0.08	0.17	1.49	-0.07	0.22	0.29	-0.06	0.38
Earnings per share, EUR, discontinued operations	0.06	0.03	0.00	0.12	0.09	0.07	-0.57	-0.31
Diluted earnings per share, EUR, discontinued operations	0.06	0.03	0.00	0.12	0.09	0.06	-0.57	-0.31
Earnings per share, EUR	-0.02	0.20	1.50	0.05	0.31	0.35	-0.63	0.07
Diluted earnings per share, EUR	-0.02	0.20	1.49	0.05	0.31	0.35	-0.63	0.07

In 2020 and 2019, discontinued operations include Sanoma Media Netherlands and certain minor subsidiaries acquired in 2019 and planned to be divested in the future. The divestment of Sanoma Media Netherlands was completed on 20 April 2020.

Net sales by SBU

EUR million	Q1 2020	Q2 2020	Q3 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Learning	58.1	115.5	260.2	31.4	105.4	138.4	61.4	336.7
Media Finland	129.9	130.9	141.0	131.6	154.5	146.5	144.2	576.8
Other companies and eliminations	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.3
Total	187.7	246.2	401.1	163.0	259.8	284.9	205.6	913.3

EBIT by SBU

EUR million	Q1 2020	Q2 2020	Q3 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Learning	-20.6	34.3	83.3	-18.6	41.0	52.0	-19.3	55.0
Media Finland	5.3	9.4	184.5	9.3	14.7	19.0	11.9	54.9
Other companies and eliminations	-2.3	-1.4	-1.3	-1.5	-1.8	-1.9	-2.7	-7.9
Total	-17.6	42.3	266.5	-10.7	53.9	69.1	-10.2	102.1

Operational EBIT excl. PPA by SBU

EUR million	Q1 2020	Q2 2020	Q3 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Learning	-15.7	38.7	89.1	-16.7	43.0	57.2	-10.3	73.2
Media Finland	9.5	16.0	23.7	13.5	19.4	21.7	14.7	69.4
Other companies and eliminations	-2.2	-1.2	-1.5	-1.3	-2.3	-1.4	-2.4	-7.4
Total	-8.4	53.5	111.3	-4.5	60.1	77.5	2.1	135.2

Interim report (unaudited)

Accounting policies

Sanoma Group prepares its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards and interpretations applicable within the EU on 30 September 2020. The accounting policies of the Interim Report, the definitions of key indicators as well as the explanations of use and definitions of Alternative Performance Measures (APMs) are available at Sanoma.com. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

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

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

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

In previous impairment calculations, the recoverable amounts for the Cash Generating Units Media Finland and Learning were significantly higher than the carrying amounts. Based on further sensitivity analyses performed for the reporting period ended 30 September 2020, management concludes that the corona virus pandemic will not have eliminated this difference and therefore is not considered a triggering event for impairment testing.

Consolidated income statement

EUR million	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
NET SALES	401.1	284.9	835.1	707.7	913.3
Other operating income	173.9	7.2	195.4	22.3	31.0
Materials and services	-160.9	-95.2	-281.9	-223.1	-282.7
Employee benefit expenses	-67.1	-56.5	-213.2	-174.0	-244.0
Other operating expenses	-37.8	-39.7	-118.8	-117.3	-165.3
Share of results in joint ventures	0.2	0.1	0.4	0.3	0.4
Depreciation, amortisation and impairment losses	-42.9	-31.8	-125.8	-103.6	-150.5
EBIT	266.5	69.1	291.2	112.3	102.1
Share of results in associated companies	0.0	0.0	-0.2	-0.1	0.0
Financial income	1.5	0.6	5.2	2.5	3.1
Financial expenses	-3.8	-7.7	-11.8	-19.5	-24.9
RESULT BEFORE TAXES	264.2	61.9	284.4	95.3	80.3
Income taxes	-20.3	-13.4	-24.2	-22.0	-17.2
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	243.9	48.5	260.2	73.2	63.1
DISCONTINUED OPERATIONS					
Result for the period from discontinued operations	0.4	10.6	13.9	43.3	-49.8
RESULT FOR THE PERIOD	244.3	59.2	274.0	116.6	13.3
Result from continuing operations attributable to:					
Equity holders of the Parent Company	243.3	47.1	258.7	71.7	61.4
Non-controlling interests	0.6	1.5	1.4	1.6	1.7
Result from discontinued operations attributable to:					
Equity holders of the Parent Company	0.4	10.6	13.8	43.3	-49.9
Non-controlling interests		0.0	0.1	0.0	0.1
Result attributable to:					
Equity holders of the Parent Company	243.7	57.7	272.5	115.0	11.5
Non-controlling interests	0.6	1.5	1.5	1.5	1.8
Earnings per share for result attributable to the equity holders of the Parent Company:					
Earnings per share, EUR, continuing operations	1.49	0.29	1.59	0.44	0.38
Diluted earnings per share, EUR, continuing operations	1.49	0.29	1.58	0.44	0.38
Earnings per share, EUR, discontinued operations	0.00	0.07	0.08	0.27	-0.31
Diluted earnings per share, EUR, discontinued operations	0.00	0.06	0.08	0.27	-0.31
Earnings per share, EUR	1.50	0.35	1.67	0.71	0.07
Diluted earnings per share, EUR	1.49	0.35	1.67	0.70	0.07

In 2020 and 2019, discontinued operations include Sanoma Media Netherlands and certain minor subsidiaries acquired in 2019 and planned to be divested in the future. The divestment of Sanoma Media Netherlands was completed on 20 April 2020.

Statement of comprehensive income ¹⁾

EUR million	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Result for the period	244.3	59.2	274.0	116.6	13.3
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Change in translation differences	-1.6	1.6	-3.8	1.7	2.5
Share of other comprehensive income of equity-accounted investees	0.0	0.0		0.0	0.1
Items that will not be reclassified to profit or loss					
Defined benefit plans	0.4	1.8	4.7	5.4	6.1
Income tax related to defined benefit plans	-0.1	-0.4	-1.0	-1.1	-1.1
Other comprehensive income for the period, net of tax	-1.3	3.1	0.0	6.1	7.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	243.0	62.3	274.0	122.6	20.9
Total comprehensive income attributable to:					
Equity holders of the Parent Company	242.4	60.8	272.5	121.1	19.1
Non-controlling interests	0.6	1.5	1.5	1.5	1.8

¹⁾ Statement of comprehensive income includes both continuing and discontinued operations.

Consolidated balance sheet

EUR million	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Property, plant and equipment	73.6	81.5	78.0
Right-of-use assets	187.3	181.3	157.0
Investment property	9.1	9.7	9.1
Goodwill	522.0	1,114.9	505.8
Other intangible assets	472.5	346.5	443.3
Equity-accounted investees	2.1	15.8	1.9
Other investments	4.0	3.8	3.9
Deferred tax receivables	12.7	10.5	12.6
Trade and other receivables	11.9	9.7	13.6
NON-CURRENT ASSETS, TOTAL	1,295.2	1,773.6	1,225.2
Inventories	39.8	45.7	25.4
Income tax receivables	15.4	25.7	7.6
Contract assets	2.4	10.4	0.4
Trade and other receivables	166.1	249.7	103.8
Cash and cash equivalents	170.8	32.8	16.3
CURRENT ASSETS, TOTAL	394.5	364.3	153.5
Assets held for sale and discontinued operations	0.8		619.2
ASSETS, TOTAL	1,690.5	2,137.9	1,997.9
EQUITY AND LIABILITIES			
EQUITY			
Share capital	71.3	71.3	71.3
Treasury shares	-4.3	-4.6	-4.6
Fund for invested unrestricted equity	209.8	209.8	209.8
Other equity	437.5	364.8	253.0
Total equity attributable to the equity holders of the Parent Company	714.3	641.2	529.4
Non-controlling interests	21.4	10.7	21.5
EQUITY, TOTAL	735.7	651.9	550.9
Deferred tax liabilities	75.2	51.7	74.6
Pension obligations	3.0	2.6	7.1
Provisions	0.9	4.5	0.6
Financial liabilities	120.9	219.5	221.3
Lease liabilities	165.6	165.6	138.4
Contract liabilities	3.9	4.5	4.2
Trade and other payables	6.2	6.1	6.5
NON-CURRENT LIABILITIES, TOTAL	375.7	454.6	452.8
Provisions	3.6	9.9	1.3
Financial liabilities	91.2	420.0	398.4
Lease liabilities	27.3	25.5	22.5
Income tax liabilities	38.6	34.3	8.4
Contract liabilities	168.1	196.8	129.7
Trade and other payables	249.3	345.0	210.4
CURRENT LIABILITIES, TOTAL	578.1	1,031.4	770.8
Liabilities related to assets held for sale and discontinued operations	1.0		223.3
LIABILITIES, TOTAL	954.8	1,486.0	1,447.0
EQUITY AND LIABILITIES, TOTAL	1,690.5	2,137.9	1,997.9

Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company						
	Share capital	Treasury shares	Fund for invested unrestricted equity	Other equity	Total	Non-controlling interests	Equity, total
Equity at 1 Jan 2019	71.3	-8.4	209.8	333.8	606.4	5.0	611.4
Comprehensive income for the period				121.1	121.1	1.5	122.6
Share-based compensation				-1.6	-1.6		-1.6
Shares delivered		3.8		-3.8			
Dividends				-73.4	-73.4	-1.0	-74.3
Acquisitions and other changes in non-controlling interests				-11.4	-11.4	5.2	-6.2
Equity at 30 Sep 2019	71.3	-4.6	209.8	364.8	641.2	10.7	651.9
Equity at 1 Jan 2020	71.3	-4.6	209.8	253.0	529.4	21.5	550.9
Comprehensive income for the period				272.5	272.5	1.5	274.0
Purchase of treasury shares		-2.4			-2.4		-2.4
Share-based compensation				-1.2	-1.2		-1.2
Shares delivered		2.8		-2.8			
Dividends				-81.6	-81.6	-0.4	-82.0
Acquisitions and other changes in non-controlling interests				-2.4	-2.4	-1.3	-3.7
Equity at 30 Sep 2020	71.3	-4.3	209.8	437.5	714.3	21.4	735.7

Consolidated cash flow statement

EUR million	Q1-Q3 2020	Q1-Q3 2019	FY 2019
OPERATIONS			
Result for the period	274.0	116.6	13.3
Adjustments			
Income taxes	28.3	33.3	32.5
Financial income and expenses	6.9	17.7	23.5
Share of results in equity-accounted investees	-1.3	-3.2	-4.3
Depreciation, amortisation and impairment losses	126.4	111.5	266.2
Gains/losses on sales of non-current assets	-163.9	-12.0	-12.4
Other adjustments	-4.8	0.3	-4.1
Adjustments, total	-8.4	147.7	301.4
Change in working capital	-80.4	-90.6	-18.4
Acquisitions of broadcasting rights, prepublication costs and rental books	-63.9	-63.5	-83.9
Dividends received	0.5	4.7	4.7
Interest paid and other financial items	-9.3	-8.0	-17.9
Taxes paid	-17.1	-29.8	-36.2
Cash flow from operations	95.4	77.0	163.0
INVESTMENTS			
Capital expenditure	-31.0	-20.7	-31.7
Operations acquired	-57.1	-213.1	-237.0
Proceeds from sale of tangible and intangible assets	0.9	2.3	2.5
Operations sold	606.7	52.9	53.4
Loans granted	0.0	-0.4	-0.4
Repayments of loan receivables	0.2	0.0	0.0
Interest received	1.3	0.2	0.3
Cash flow from investments	521.0	-178.7	-212.8
Cash flow before financing	616.5	-101.7	-49.7
FINANCING			
Contribution by non-controlling interests		0.2	0.2
Purchase of treasury shares	-2.4		
Change in loans with short maturity	-299.8	22.2	193.6
Drawings of other loans	5.0	250.0	250.3
Repayments of other loans	-100.0	-88.9	-289.2
Payment of lease liabilities	-22.2	-17.7	-24.8
Acquisitions of non-controlling interests		-8.4	-8.4
Dividends paid	-41.3	-41.8	-74.5
Cash flow from financing	-460.7	115.7	47.3
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	155.8	14.0	-2.4
Effect of exchange rate differences on cash and cash equivalents	-0.9	-0.4	-0.1
Net change in cash and cash equivalents	154.9	13.6	-2.6
Cash and cash equivalents at the beginning of the period	15.9	18.4	18.4
Cash and cash equivalents at the end of the period	170.8	32.0	15.9
FREE CASH FLOW (Cash flow from operations – Capital expenditure)	64.5	56.3	131.3

Includes continuing and discontinued operations.

Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 0.2 million (2019: 0.7) at the end of the period.

Cash and cash equivalents in the Q1-Q3 2020 cash flow statement include EUR 0.1 million (31 Dec 2019: 6.9) cash and cash equivalents of discontinued operations, which are presented as part of assets held for sale in the balance sheet at the end of the period.

Segment information

Sanoma reports two operating segments which are its two strategic business units Sanoma Learning and Sanoma Media Finland. This is aligned with the way Sanoma manages the businesses. Sanoma Media Netherlands is reported as discontinued operations starting from December 2019. The divestment of Sanoma Media Netherlands was completed on 20 April 2020.

Sanoma Learning is a growing European-based education company serving about 15 million students in eleven countries. Through a portfolio of modern, blended learning materials and methods, material distribution and digital platforms we support learning and teaching in primary, secondary and vocational education. Our mission is to make a positive impact on learning by enabling teachers and schools to help all students to reach their full potential. Through our local companies, we contribute to some of the world's best-performing education systems.

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

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

Segment information 1 January–30 September 2020

EUR million	Learning	Media Finland	Unallocated/ eliminations	Continuing operations
External net sales	433.8	401.3		835.1
Internal net sales	0.0	0.4	-0.4	
Net sales, total	433.8	401.7	-0.4	835.1
EBIT	97.0	199.2	-5.0	291.2
Operational EBIT excl. PPA	112.1	49.3	-4.9	156.4
Share of results in associated companies		-0.2		-0.2
Financial income			5.2	5.2
Financial expenses			-11.8	-11.8
Result before taxes				284.4
Income taxes				-24.2
Result for the period from continuing operations				260.2
Result for the period from discontinued operations				13.9
Result for the period				274.0
Segment assets	1,192.0	435.4	-137.0	1,490.4

Segment information 1 January–30 September 2019

EUR million	Learning	Media Finland	Media Netherlands	Unallocated/ eliminations	Continuing operations
External net sales	275.3	432.3			707.7
Internal net sales	0.0	0.3		-0.3	
Net sales, total	275.3	432.6		-0.3	707.7
EBIT	74.4	43.1		-5.2	112.3
Operational EBIT excl. PPA	83.5	54.6		-5.0	133.1
Share of results in associated companies		-0.1			-0.1
Financial income				2.5	2.5
Financial expenses				-19.5	-19.5
Result before taxes					95.3
Income taxes					-22.0
Result for the period from continuing operations					73.2
Result for the period from discontinued operations					43.3
Result for the period					116.6
Segment assets	1,142.6	353.2	707.4	-135.3	2,067.9

Net sales

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products/services lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's two operating segments, which are also its strategic business units.

Disaggregation of revenue 1 January–30 September 2020

EUR million	Learning	Media Finland	Unallocated/ eliminations	Total
Finland	44.6	401.7	-0.4	446.0
The Netherlands	174.1			174.1
Poland	100.4			100.4
Belgium	71.2			71.2
Other companies and eliminations	43.5			43.5
Primary geographical markets	433.8	401.7	-0.4	835.1
Learning solutions	320.1		0.0	320.1
Advertising		160.8	-0.3	160.6
Subscription		166.0		166.0
Single copy		32.2		32.2
Other	113.6	42.7	-0.2	156.1
Major product lines/services	433.8	401.7	-0.4	835.1
Recognition at a point-in-time	333.6	122.3	-0.4	455.5
Recognition over-time	100.1	279.4		379.6
Timing of revenue recognition	433.8	401.7	-0.4	835.1

Disaggregation of revenue 1 January–30 September 2019

EUR million	Learning	Media Finland	Unallocated/eliminations	Total
Finland	44.9	432.6	-0.2	477.3
The Netherlands	79.0			79.0
Poland	83.9			83.9
Belgium	50.1			50.1
Other companies and eliminations	17.4			17.4
Primary geographical markets	275.3	432.6	-0.2	707.7
Learning solutions	275.3		0.0	275.3
Advertising		181.2	-0.1	181.1
Subscription		146.1	0.0	146.1
Single copy		33.0		33.0
Other		72.3	-0.1	72.2
Major product lines/services	275.3	432.6	-0.2	707.7
Recognition at a point-in-time	237.5	167.5	-0.2	404.8
Recognition over-time	37.8	265.1		302.9
Timing of revenue recognition	275.3	432.6	-0.2	707.7

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

EUR million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Carrying amount at 31 Dec	235.1	37.4	37.4
Effect of IFRS 16 on 1 Jan 2019		183.9	183.9
Carrying amount at 1 Jan	235.1	221.3	221.3
Increases	17.5	7.0	12.6
Acquisitions of operations	50.5	65.9	70.1
Decreases	-0.9	-2.6	-2.7
Disposal of operations	-1.0	-3.0	-3.0
Depreciation for the period	-39.0	-25.2	-37.7
Impairment losses for the period	-0.6	0.0	0.0
Transferred to assets held for sale			-25.1
Exchange rate differences and other changes	-0.7	-0.6	-0.3
Carrying amount at the end of the period	261.0	262.8	235.1

Acquisitions and divestments

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

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

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

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

Acquisition accounting for acquired business is disclosed in the Q3 2020 interim report. The final purchase price of EUR 79 million has been allocated to identified net assets which include trademarks and publishing rights and advertising and printing customer relationships with the remaining residual accounted for as goodwill. The goodwill is attributable mainly to the synergies related to the leverage of Sanoma's digital capabilities, regional access and assembled workforce.

Sanoma expects to book approx. EUR 12 million of transaction and integration costs as items affecting comparability (IACs) in Sanoma Media Finland's 2020 result, of which EUR 9 million was booked at the end of Q3 2020.

On 13 September 2019 Sanoma completed the acquisition of Iddink Group, a leading Dutch educational platform and service provider. Acquisition accounting for Iddink was disclosed in the 2019 financial statements as provisional and subject to changes. The final purchase price of EUR 212 million was allocated to identified net assets which include preliminarily customer relationships, brand, software/platforms and deferred income with the remaining residual accounted for as goodwill. Purchase price allocation was adjusted during Q1 2020 resulting in EUR 1.6 million increase in goodwill.

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

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

Impact of business acquisitions on Group's assets and liabilities

EUR million	Alma	Other	Q1-Q3 2020	Iddink	Other	FY 2019
Property, plant and equipment	2.0		2.0	51.1	0.3	51.4
Right-of-use assets	48.5		48.5	16.2	2.5	18.6
Intangible assets	34.0	8.9	42.8	192.1	40.1	232.1
Other non-current assets	0.4		0.4	1.4	5.9	7.2
Inventories	2.5	0.0	2.5	3.9	0.1	4.0
Other current assets	33.5	0.0	33.5	52.3	11.6	63.9
Assets, total	120.8	8.9	129.7	316.9	60.4	377.3
Non-current liabilities	-51.6	-2.3	-53.9	-143.3	-11.1	-154.4
Current liabilities	-28.9	-0.1	-29.0	-83.8	-17.6	-101.3
Liabilities, total	-80.5	-2.4	-82.9	-227.0	-28.7	-255.7
Fair value of acquired net assets	40.3	6.4	46.8	89.9	31.7	121.6
Acquisition cost	79.1	-0.1	79.0	212.1	58.8	270.9
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities		-0.2	-0.2	0.0	0.2	0.2
Fair value of acquired net assets	-40.3	-6.4	-46.8	-89.9	-31.7	-121.6
Goodwill from the acquisitions	38.8	-6.7	32.0	122.2	27.2	149.4

Acquisitions of non-controlling interests

EUR million	Q1-Q3 2020	FY 2019
Acquisition cost		8.4
Book value of the acquired interest		1.0
Impact on consolidated equity		-7.4

Cash paid to obtain control, net of cash acquired

EUR million	Alma	Other	Q1-Q3 2020	Iddink	Other	FY 2019
Acquisition cost	79.1	-0.1	79.0	212.1	58.8	270.9
Cash and cash equivalents of acquired operations	-24.7	0.0	-24.7	-4.5	-7.8	-12.3
Decrease (+) / increase (-) in acquisition liabilities		2.3	2.3	-11.0	-11.2	-22.2
Cash paid to obtain control, net of cash acquired	54.4	2.2	56.6	196.5	39.7	236.3
Cash paid on acquisitions of non-controlling interests						8.4

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

In total, the divestment resulted in a non-cash capital loss of EUR 107 million (incl. divestment-related transaction costs), of which EUR 105 million has been booked in discontinued operations' 2019 result and EUR 2 million in discontinued operations' Q1-Q3 2020 result. See more details in discontinued operations disclosure on p. 35.

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

On 16 July 2020 Sanoma Media Finland divested Oikotie Ltd, a leading online classifieds player in Finland, to Schibsted, the leading player within marketplaces in the Nordics. The agreed enterprise value (EV) of Oikotie was EUR 185 million, corresponding to an EV/EBITDA multiple of 19.6 (based on 2019 pro forma EBITDA). The divestment concluded the evaluation of strategic options for Oikotie, which was announced on 11 February 2020. Oikotie is included in Sanoma's financial reporting until 31 July 2020. Related to the transaction, Sanoma booked a non-cash capital gain of EUR 165 million including divestment-related transaction costs of EUR 2 million in Sanoma Media Finland's Q3 2020 result.

Impact of divestments on Group's assets and liabilities

EUR million	SMN	Oikotie	Other	Q1-Q3 2020	FY 2019
Property, plant and equipment	1.6	0.2	0.0	1.8	0.9
Right-of-use assets	24.2		0.1	24.3	2.1
Goodwill	440.3	17.0		457.3	37.9
Other intangible assets	30.8	2.4		33.2	0.3
Equity-accounted investees	16.8			16.8	
Inventories	10.2	0.0		10.2	0.3
Trade and other receivables	83.5	1.9	2.0	87.4	2.3
Cash and cash equivalents	18.5	7.9	0.6	27.0	3.0
Assets, total	626.0	29.3	2.7	658.0	46.9
Deferred tax liabilities	-5.3	-0.2		-5.4	
Financial liabilities	-37.2		-0.1	-37.3	-8.9
Trade and other payables	-518.6	-5.0	-3.2	-526.8	-5.9
Liabilities, total	-561.1	-5.1	-3.3	-569.6	-14.8
Derecognised non-controlling interest	-4.4			-4.4	
Net assets	60.4	24.2	-0.6	84.0	32.1
Sales price	62.5	191.2	0.0	253.7	44.3
Transaction fees	-3.9	-2.0	-0.2	-6.1	-1.1
Adjustment to capital loss	0.8		-0.5	0.3	
Recognised in Other comprehensive income	-0.3			-0.3	
Net result from sale of operations	-1.4	165.0	-0.1	163.5	11.1

Cash flow from sale of operations

EUR million	SMN	Oikotie	Other	Q1-Q3 2020	FY 2019
Sales consideration received in cash	62.5	191.2	0.0	253.7	44.3
Debt repayments	379.9			379.9	
Cash and cash equivalents of divested operations	-18.5	-7.9	-0.6	-27.0	-3.0
Decrease (+) / increase (-) in receivables from divestment			0.1	0.1	12.1
Cash flow from sale of operations	423.8	183.3	-0.4	606.7	53.4

Other divestments include the divestment of itslearning Inc.

Discontinued operations

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

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

The discontinued operations income statement and cash flow statement are presented in the following two tables and also include certain minor subsidiaries acquired in 2019 and planned to be divested in the future.

Income statement of discontinued operations

EUR million	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Net sales	101.7	266.3	368.7
Other operating income	1.0	13.8	15.0
Materials and services	-38.9	-112.4	-154.7
Employee benefit expenses	-25.5	-55.3	-74.2
Other operating expenses	-21.2	-52.1	-75.8
Share of results in joint ventures	1.1	3.0	4.0
Depreciation, amortisation and impairment losses		-7.9	-115.6
EBIT	18.3	55.4	-32.7
Financial income	0.0	0.1	0.1
Financial expenses	-0.3	-0.8	-1.8
Result before taxes	18.0	54.6	-34.5
Income taxes	-4.1	-11.3	-15.3
Result for the period from discontinued operations	13.9	43.3	-49.8

Cash flows related to discontinued operations

EUR million	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Cash flow from operations	-39.1	-5.8	30.7
Cash flow from investments	511.7	96.2	64.1
Cash flow from financing	-417.0	-90.3	-92.5

Assets held for sale and discontinued operations

EUR million	30 Sep 2020	31 Dec 2019
Property, plant and equipment and right-of-use assets	0.3	25.2
Goodwill		440.9
Other intangible assets		27.4
Equity-accounted investees		15.7
Non-current trade and other receivables		0.9
Deferred tax receivables	0.2	4.5
Inventories		11.8
Income tax receivables		0.8
Trade and other receivables	0.2	76.4
Contract assets		8.7
Cash and cash equivalents	0.1	6.9
Total	0.8	619.2

Liabilities related to assets held for sale and discontinued operations

EUR million	30 Sep 2020	31 Dec 2019
Deferred tax liabilities		5.6
Non-current provisions		3.0
Non-current financial liabilities and lease liabilities	0.0	30.2
Current provisions		4.9
Current financial liabilities and lease liabilities	0.0	7.1
Income tax liabilities		0.8
Current trade and other payables	0.4	122.3
Contract liabilities	0.5	49.5
Total	1.0	223.3

Contingent liabilities

EUR million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Contingencies for own commitments			
Pledges	0.1	1.4	1.4
Other items	15.0	15.0	15.0
Total	15.1	16.4	16.4
Other commitments			
Royalties	2.5	4.7	6.0
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	22.2	27.0	22.6
Other items	37.0	41.9	50.7
Other commitments total	61.7	73.6	79.4
Total	76.8	90.0	95.8

Derivative instruments

EUR million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Fair values			
Currency derivatives			
Forward contracts (positive fair values)	0.1	0.1	
Forward contracts (negative fair values)	-0.1	0.0	-0.1
Nominal values			
Currency derivatives			
Forward contracts	5.2	6.4	5.2

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

Definitions of key indicators

Comparable net sales (growth)	=	Net sales (growth) adjusted for the impact of acquisitions and divestments
Items affecting comparability (IACs)	=	Gains/losses on sale, restructuring or efficiency program expenses and impairments that exceed EUR 1 million
Operational EBIT excl. PPA	=	EBIT – IACs – Purchase price allocation (PPA) amortisations
Equity ratio, %	=	$\frac{\text{Equity total}}{\text{Balance sheet total} - \text{advances received}} \times 100$
Free cash flow	=	Cash flow from operations – capital expenditure
Free cash flow / share	=	$\frac{\text{Free cash flow}}{\text{Adjusted average number of shares on the market}}$
Interest-bearing net debt	=	Interest-bearing liabilities – cash and cash equivalents
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
EPS	=	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company}}{\text{Adjusted average number of shares on the market}}$
Operational EPS	=	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company} - \text{IACs}}{\text{Adjusted average number of shares on the market}}$