Interim Report Q1 2024

Improved performance in a seasonally small quarter

Rob Kolkman, President & CEO
Alex Green, CFO

Q1 2024

Improved performance in a seasonally small quarter

Net sales	Organic net sales growth	Operational EBIT excl. PPA	Free cash flow	Net debt / Adj. EBITDA
221m€	**5%**	**-24m€**	**-44m€**	**2.9**
(2023: 218)	(2023: -1%)	(2023: -31)	(2023: -68)	(2023: 3.2)

- Net sales grew in Learning mainly as a result of earlier ordering and stable in Media Finland
- Operational EBIT improved driven by lower operating expenses, especially paper, in both businesses and higher sales in Learning
- Free cash flow improved driven by higher earnings and active working capital management
- Leverage improved to 2.9, meeting the long-term target level of below 3.0
- Efficiency program Solar in Learning on track to reach the long-term profitability target of 23% in 2026
- **Outlook unchanged:** In 2024, Sanoma expects that the Group's reported net sales will be 1.29–1.34bn€ (2023: 1.4). The Group's operational EBIT excluding PPA is expected to be between 160−180m€ (2023: 175).

LEARNING Q1 2024

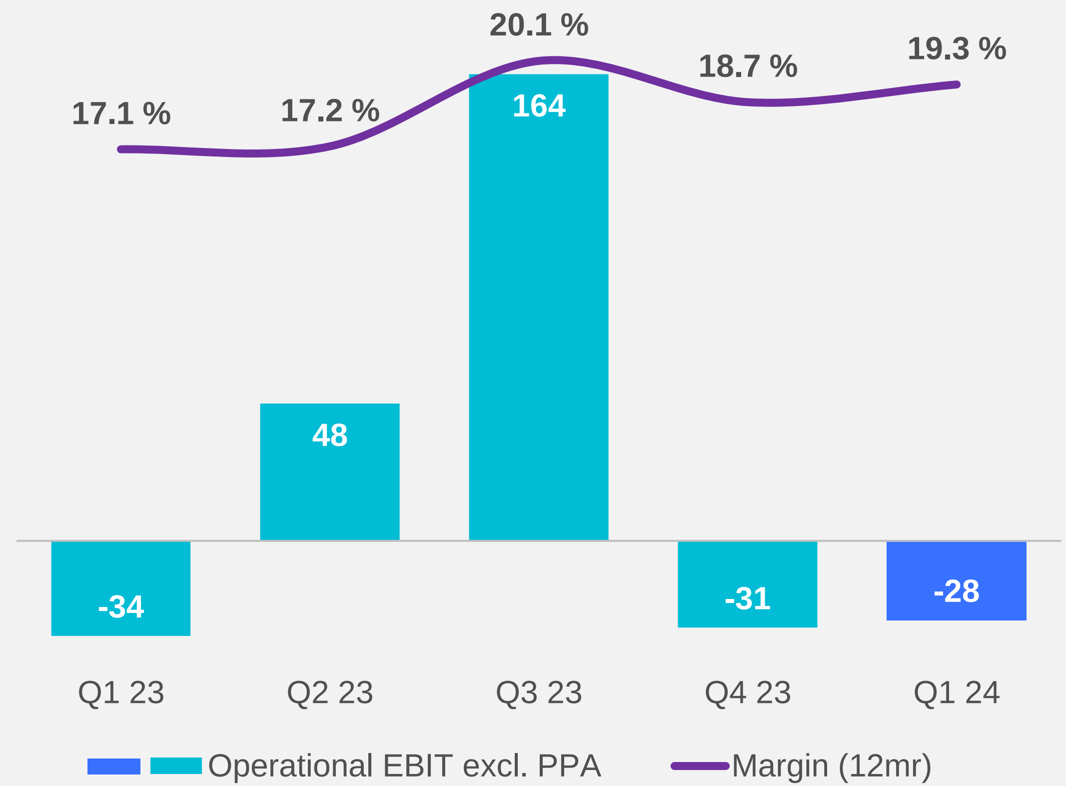
Improved performance in a seasonally small quarter

- Net sales grew to 81m€ (2023: 76)
  - Growth in most markets with some earlier ordering most notably in the Netherlands and Belgium
  - Divestment of Stark had -4m€ impact (full year -14m€)
- Operational EBIT excl. PPA improved to -28m€ (2023: -34)
  - Driven by higher net sales
  - Active cost management as well as lower paper and printing costs

➢ FY 2024 margin expected to be relatively stable vs. 2023 due to the impact of lower curriculum cycle in Spain visible in H2 2024

Operational EBIT excl. PPA

m€



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Efficiency program Solar in Learning on track

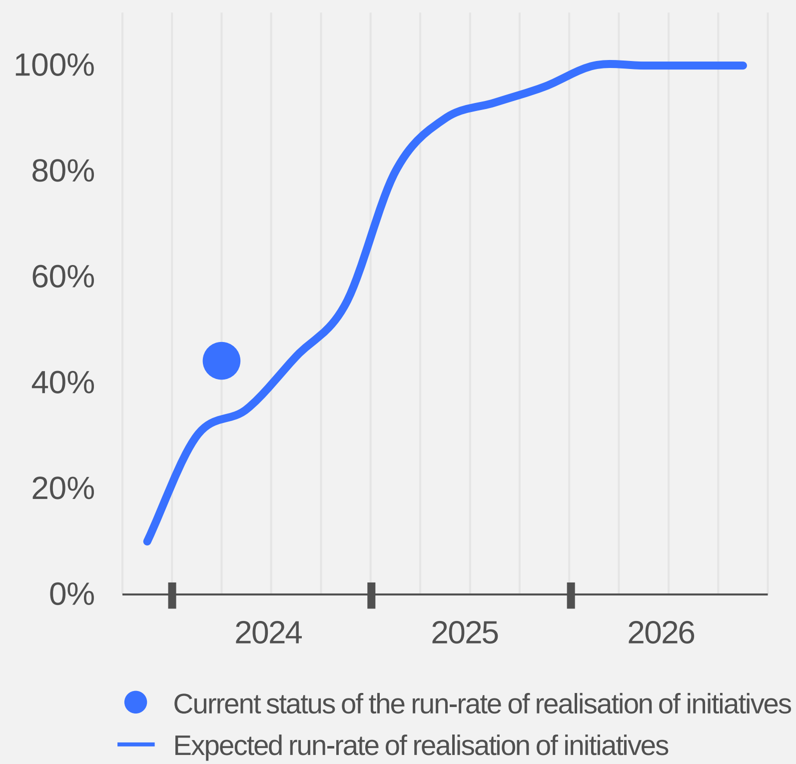
- Program Solar, launched in October 2023, aims to operational efficiencies amounting to approx. 55m€ annual operational EBIT from 2026 onwards

Program streams touching our key operations across countries

Organisational optimisation	▪ Post-curriculum renewal optimisation in Spain and Poland ▪ Optimising selected other operations
Publishing process improvement	▪ Increasingly leveraging benefits of scale in content creation (sharing) and production (centres of excellence) ▪ Reviewing publishing portfolios and plans
Harmonisation of digital platforms	▪ Optimising product development and maintenance through outsourcing and nearshoring mainly to Poland and Spain
Other optimisations	▪ Rightsizing support functions by optimising the overall organisational structure

Realisation of Solar initiatives

Run-rate of savings in 2026



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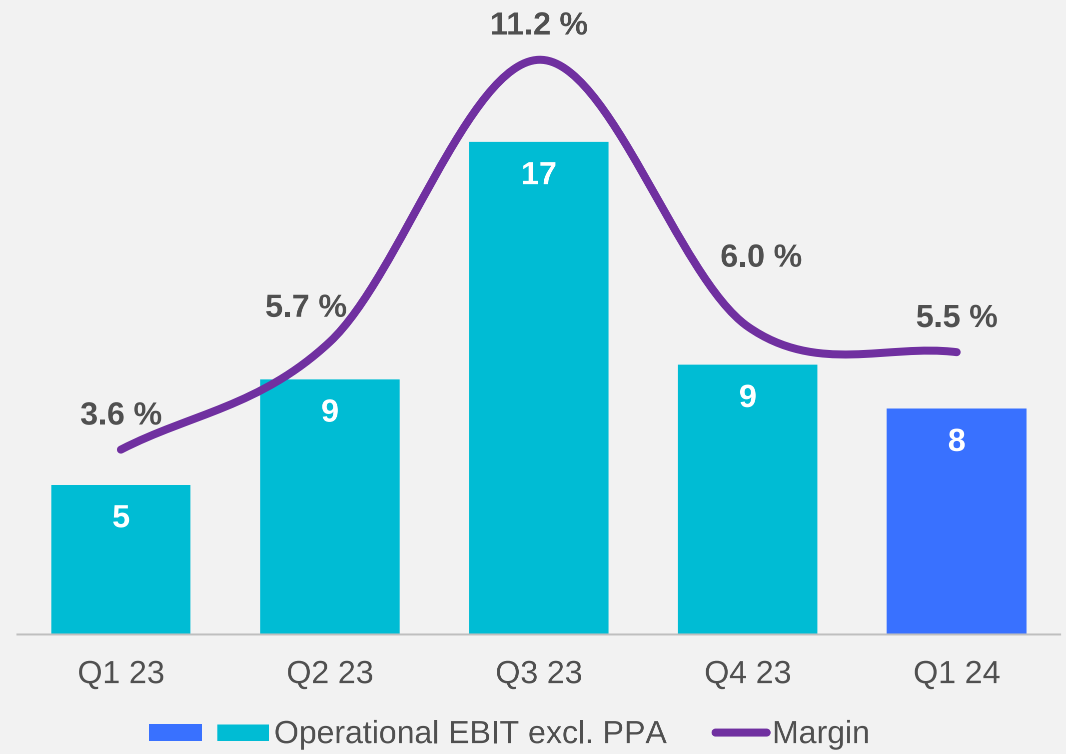
MEDIA FINLAND Q1 2024

Digital growth and lower paper costs supported earnings

- Net sales amounted to 140m€ (2023: 142)
  - Advertising sales were stable as growth in digital compensated for the decline in print
  - Subscription sales grew driven by good development in digital, especially Ruutu+
    - Ruutu+ subscription base above 370,000
  - Impact of portfolio changes -3m€ (full year -16m€)
- Operational EBIT excl. PPA improved to 8m€ (2023: 5)
  - Lower paper costs driven by both price and volume development
  - Growth in digital subscription sales

Operational EBIT excl. PPA
m€



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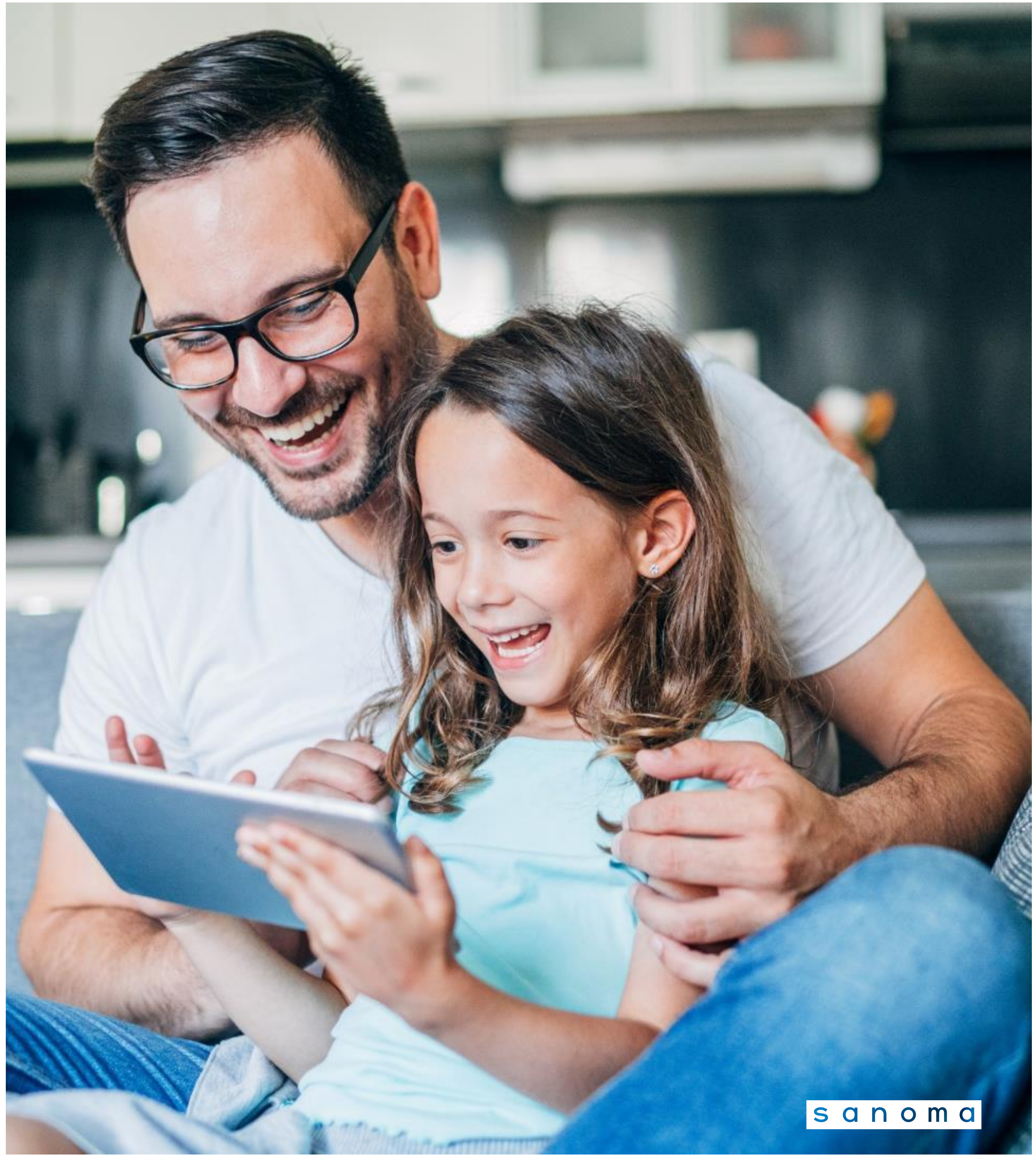
Outlook for 2024 (unchanged)

- In 2024, Sanoma expects that the Group's reported net sales will be 1.29–1.34bn€ (2023: 1.4)
- The Group's operational EBIT excluding PPA is expected to be 160–180m€ (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

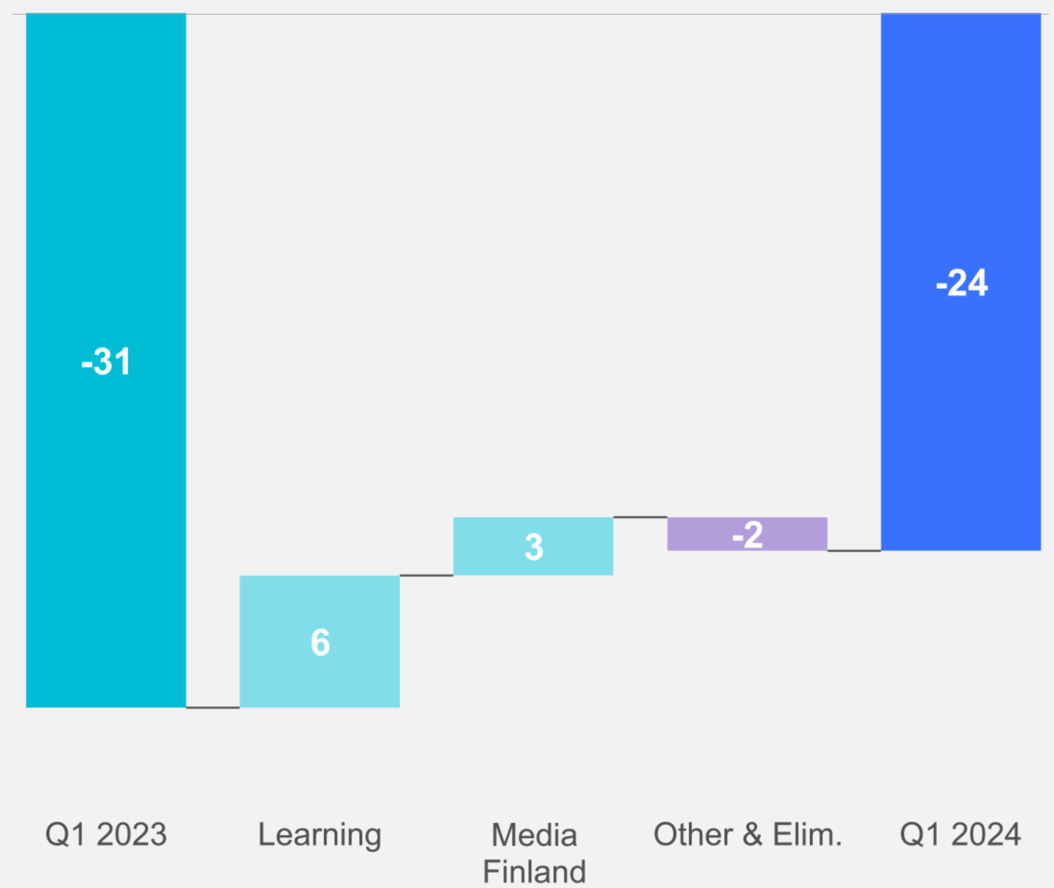
Q1 2024

Operational EBIT improved, although seasonally negative

Learning	+	Higher net sales driven by earlier ordering
	+	Active cost management
	+	Lower paper and printing costs
Media Finland	+	Lower paper costs driven by both price and volume development
	+	Growth in digital subscription sales
	–	Lower external printing sales
Other & elim.	–	Higher personnel and technology costs largely due to timing
	➢	FY 2024 costs expected to be similar to 2023

Operational EBIT excl. PPA Q1 2024 vs. Q1 2023

m€



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Improvement in operational and reported earnings

- IACs were positive at 2m€ (2023: -2) and consisted of
  - Capital gain related to the Netwheels divestment
  - M&A integration costs
  - Only small costs related to Program Solar
- Net financial items were relatively stable
  - FY 2024 will be impacted by the repayment of the low coupon rate 200m€ bond in March 2024
- Result for the period follows the operational result and the lower IACs

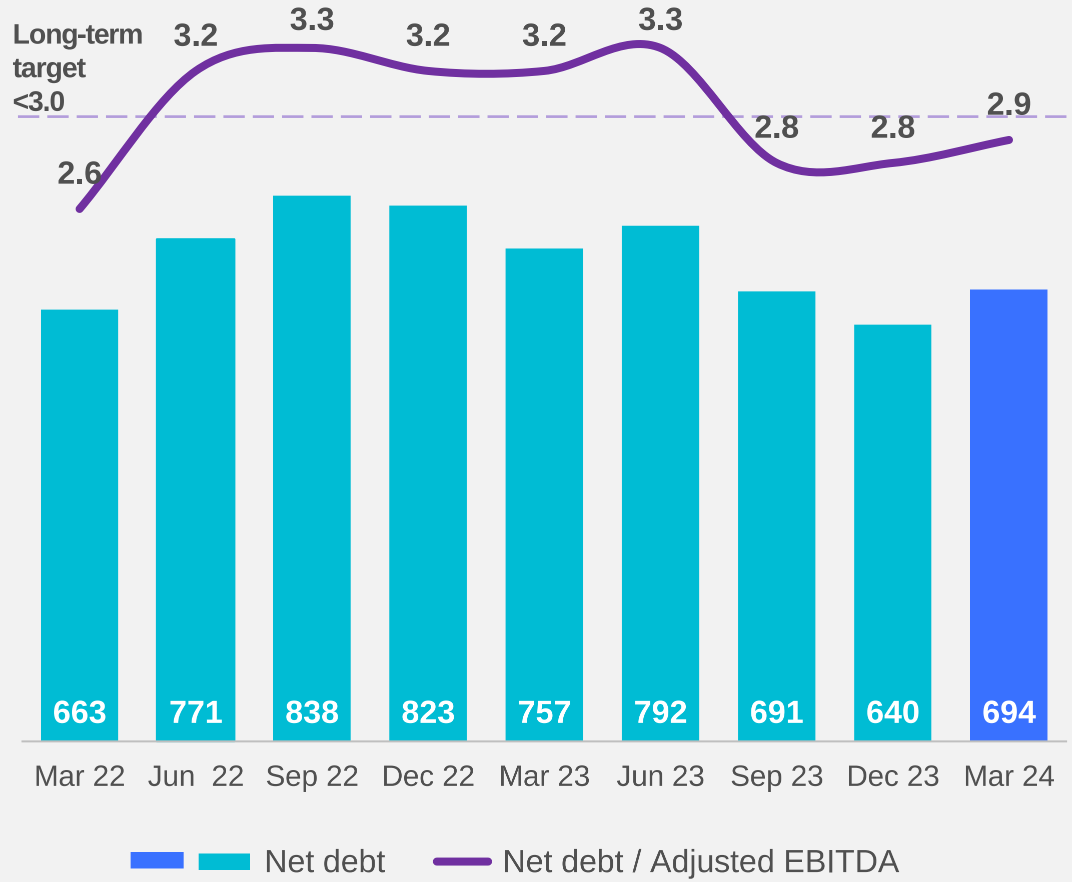
Key income statement related items Q1 2024

m€	Q1 2024	Q1 2023
Operational EBIT excl. PPA	**-23.7**	-30.7
IACs	**1.5**	-2.4
PPAs	**-9.2**	-10.0
EBIT	**-31.4**	-43.1
Net financial items	**-6.8**	-6.5
RESULT BEFORE TAXES	**-38.3**	-50.6
Income taxes	**10.8**	10.8
RESULT FOR THE PERIOD	**-27.6**	-39.8
Operational EPS, €	**-0.20**	-0.23
EPS, €	**-0.18**	-0.25

Leverage improved year-on-year

- Net debt at 694m€ clearly lower year-on-year, although increased from year-end 2023 due to its seasonal pattern
  - Net debt / Adj. EBITDA improved to 2.9 (2023: 3.2)
  - Equity ratio at 42.0% (2023: 40.6%) within the long-term target range
- 200m€ bond was paid back in March 2024 with a new 100m€ term loan and CPs
  - Average interest rate of external loans 4.3% (2023: 2.9%) in Q1 2024

Net debt
m€



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

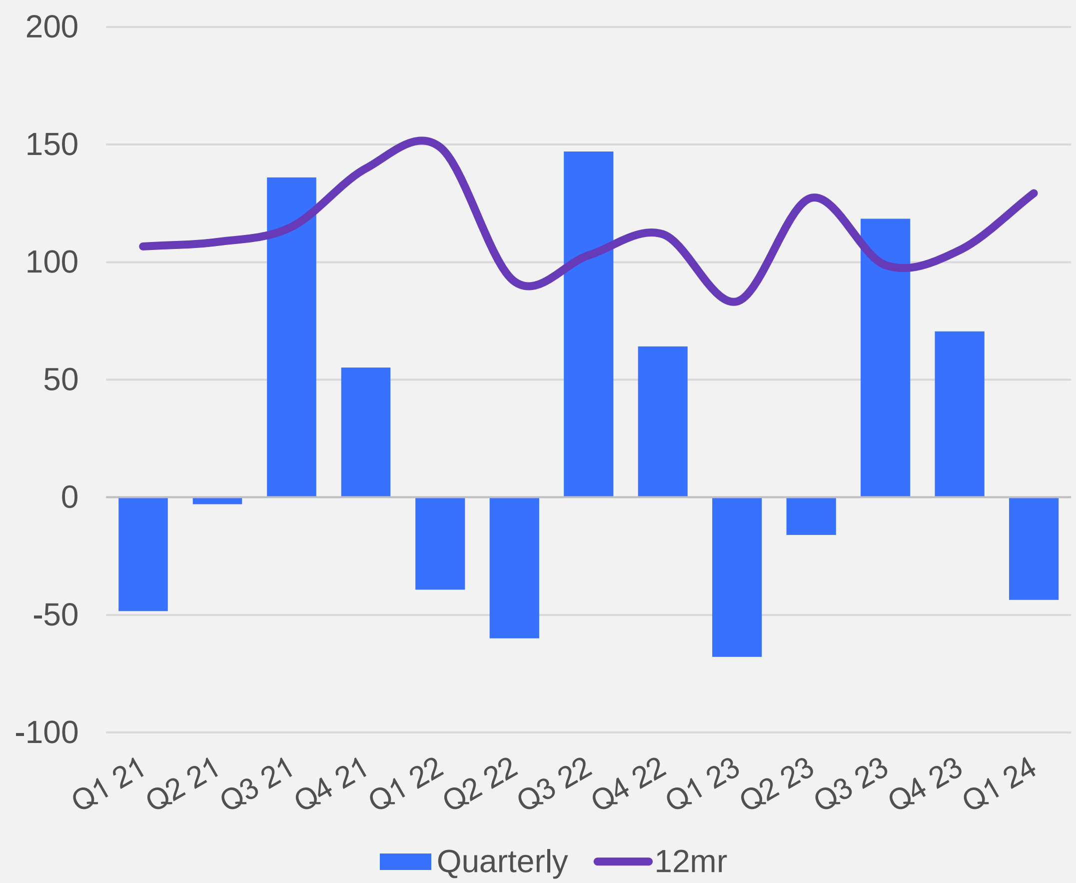
Free cash flow improved due to active working capital management

- Free cash flow improved to -44m€ (2023: -68) although being seasonally negative
  - + Higher operational results
  - + Active working capital management
  - + Lower investments
  - – Higher interests paid

➢ FY 2024 free cash flow expected to be similar to 2023

Free cash flow

m€



Free cash flow = Cash flow from operations less capital expenditure

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Q&A

Financial reporting in 2024

Half-Year Report 2024	24 July
Interim Report Q3 2024	31 October

Appendix

Sanoma in 2023

NET SALES
1,393m€

NON-PRINT SALES
51%

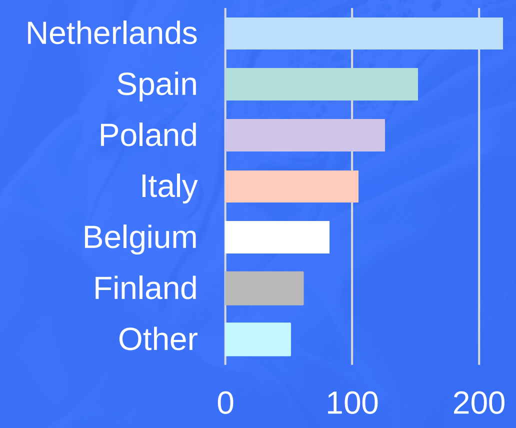
OPERATIONAL EBIT MARGIN
12.6%

PERSONNEL
over 5,000

Learning

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

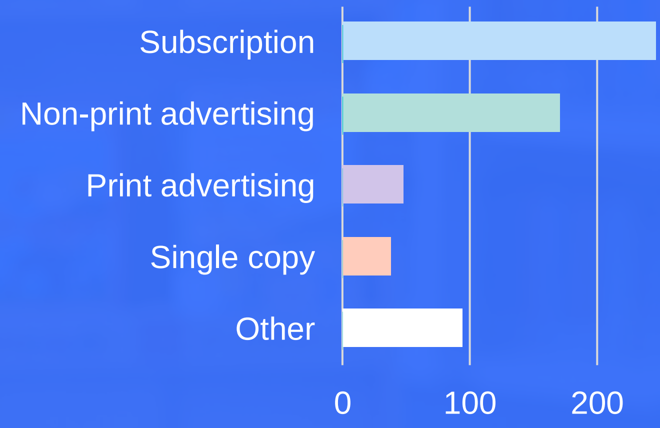
Net sales, m€



Media Finland

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

Net sales, m€



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Group key figures Q1 2024

m€	Q1 2024	Q1 2023
Net sales	220.9	217.8
Operational EBITDA	21.2	11.7
margin	9.6%	5.4%
Operational EBIT excl. PPA	-23.7	-30.7
margin	-10.7%	-14.1%
EBIT	-31.4	-43.1
Result for the period	-27.6	-39.8
Free cash flow	-43.7	-67.9
Equity ratio	42.0%	40.6%
Net debt	694.1	756.5
Net debt / Adj. EBITDA	2.9	3.2
Operational EPS, €	-0.20	-0.23
EPS, €	-0.18	-0.25

	Q1 2024	Q1 2023
Average number of employees (FTE)	4,834	5,054
Number of employees at the end of the period (FTE)	4,817	5,070

Learning: Quarterly key figures

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

Media Finland: Quarterly key figures

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

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Finnish advertising market development

Finnish measured media advertising markets

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

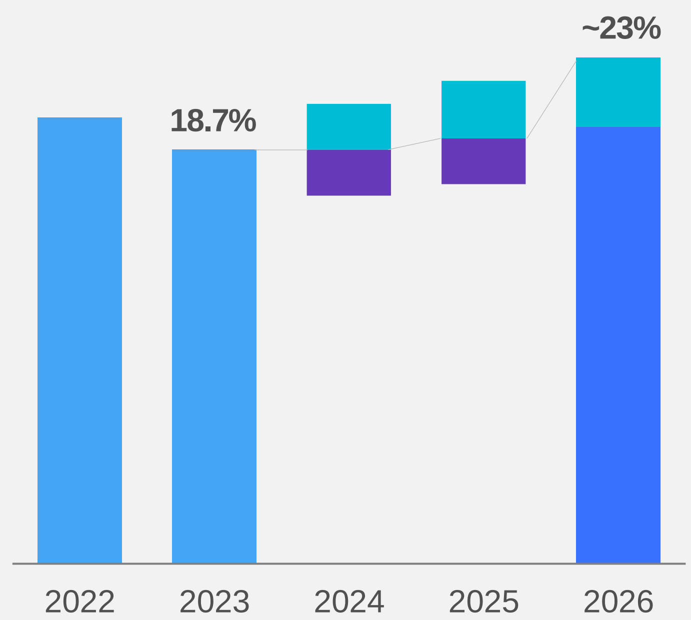
Source: Kantar TNS, Media Advertising Trends, March 2024

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, %



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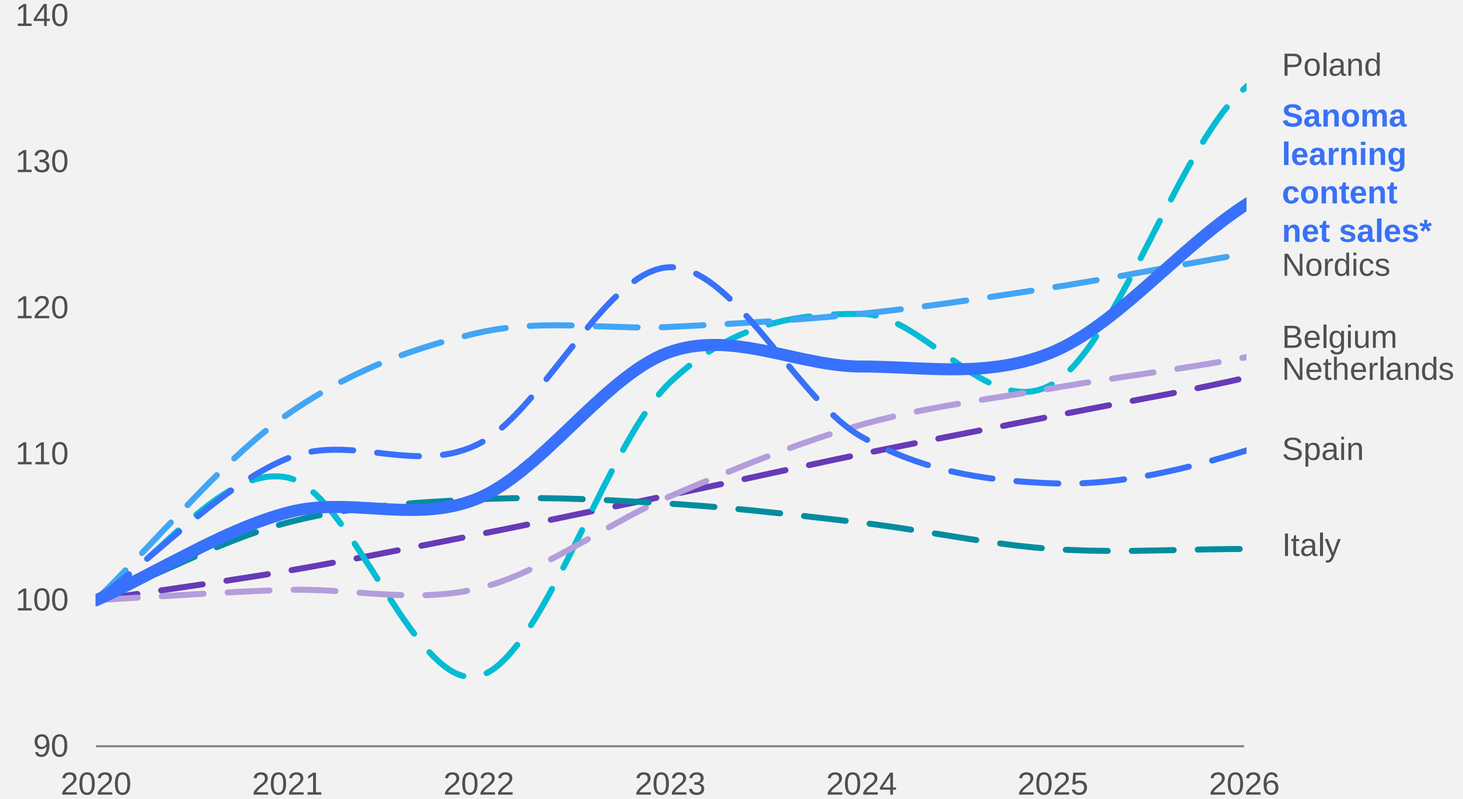
* All organisational optimisation actions are subject to works council negotiations and other local legal procedures.

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

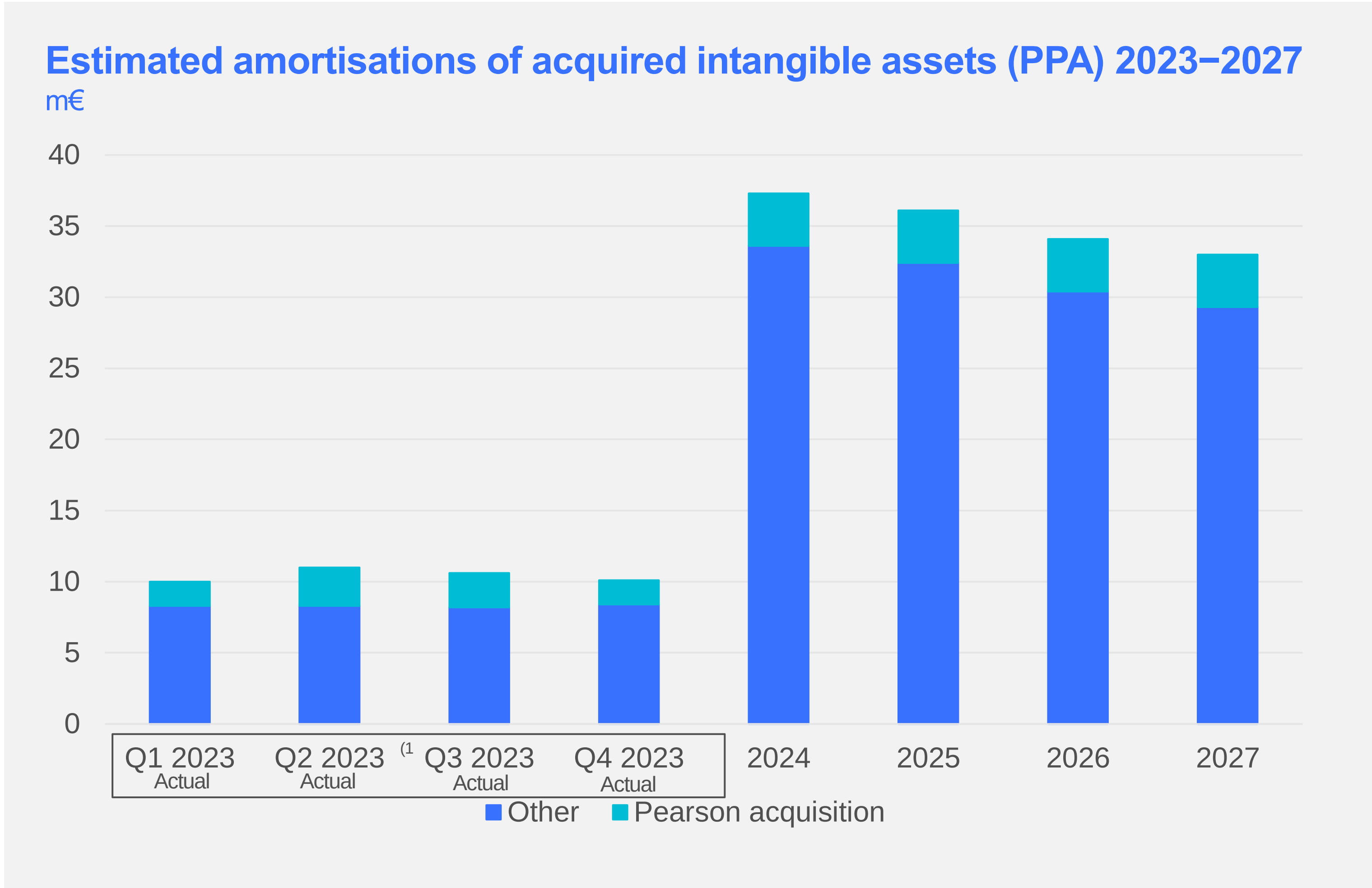
K12 publishing market values in Sanoma's key operating countries indexed to 2020



* Sanoma learning content net sales excl. the impact of Pearson acquisition in 2022 and 2023

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

- Acquired subsidiaries are consolidated using the acquisition method, whereby the cost is allocated to the acquired assets and liabilities assumed at their fair value on the date of acquisition
- With regard to the acquisition of new assets, the Group assesses the expected useful life of the intangible right and determines the useful life on the basis of the best knowledge available on the assessment date
- Amortisation is calculated using the straight-line method
- More information about the accounting policies related to intangible assets can be found in the Financial Statements 2023
- The annual PPA amortisation related to the Pearson acquisition (closed on 31 August 2022) is approx. 4m€, and an additional approx. 10m€ of inventory step-up amortisations is booked in the first 24 months after the closing



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

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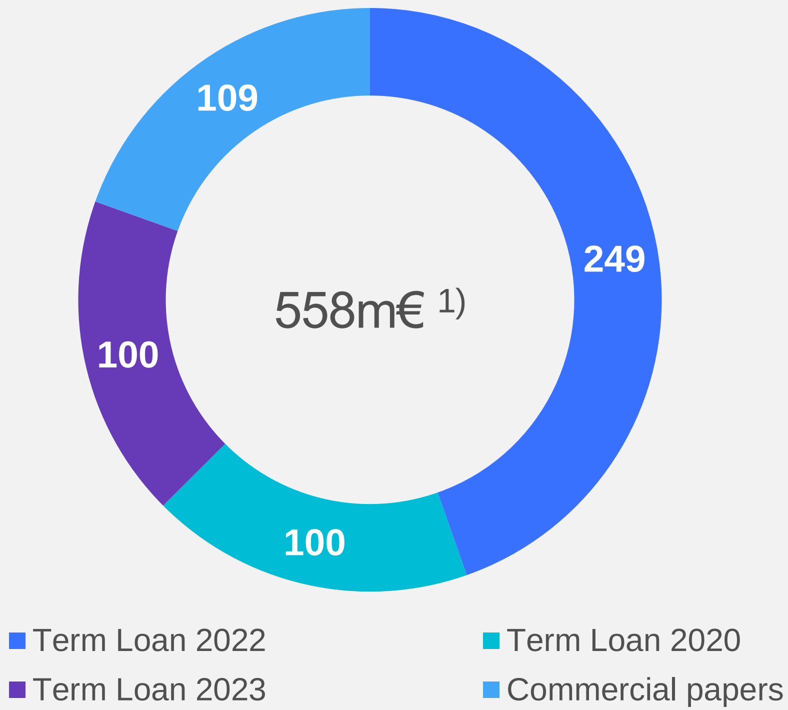
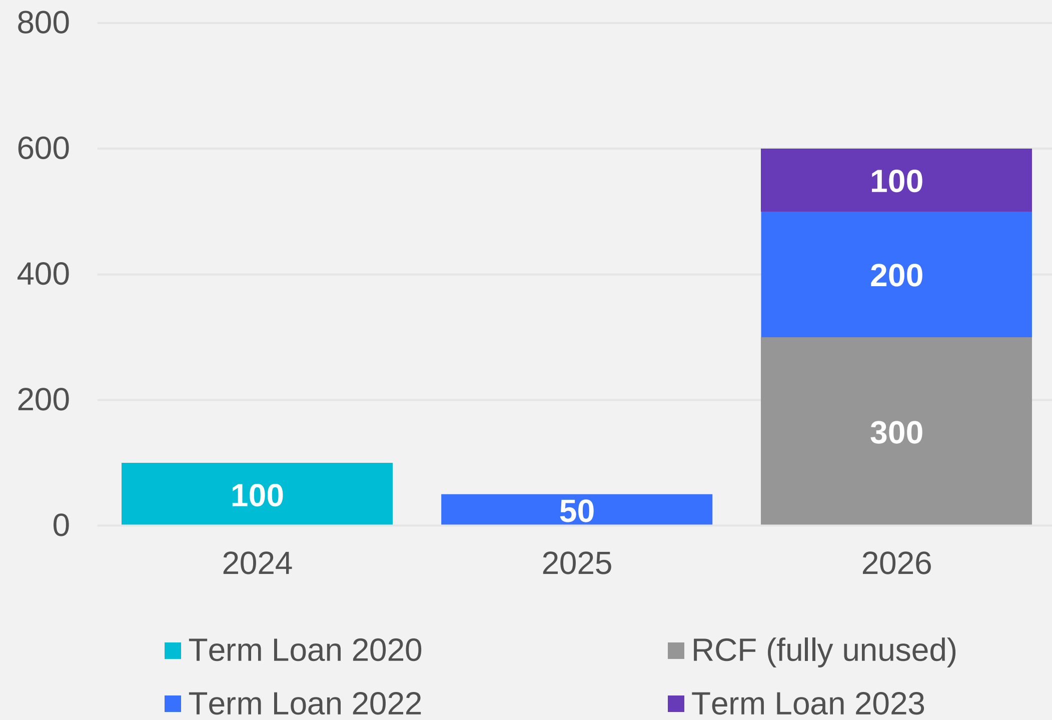
Group debt portfolio Q1 2024

External debt structure [1)]
m€, 31 March 2024



Maturity profile 2024–2026
m€, 31 March 2024



[1)] Excl. IFRS 16 liabilities

150m€ hybrid bond was issued in March

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

Key factors influencing 2024 performance

Learning

	Expected 2024 financial impact y-o-y	Long-term targets for SBUs unchanged
▪ 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	▪ Lower reported net sales ▪ Relatively stable margin	▪ Organic growth 2−5% ▪ Operational EBIT margin excl. PPA >23% from 2026 onwards

Media Finland

	Expected 2024 financial impact y-o-y	Long-term targets for SBUs unchanged
▪ 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%

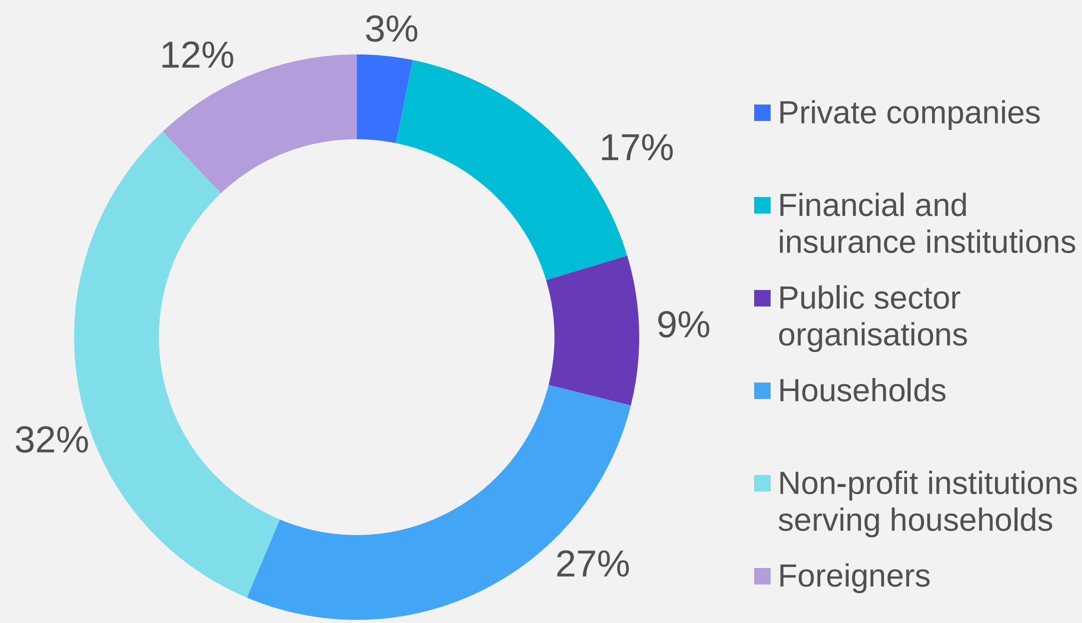
Largest shareholders

31 March 2024

Largest shareholders

	Shareholders	Number of shares	% of shares
1.	Jane and Aatos Erkko 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	2,188,000	1.34
10.	Bernardin-Aubouin Lorna	1,852,470	1.13
	10 largest shareholders, total	**103,119,372**	**63.04**
	Foreign holding	14,377,380	8.79
	Other shareholders	46,068,911	28.17
	Total number of shares	**163,565,663**	**100.00**
	Total number of shareholders	**24,905**	

Holding by sector



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Analyst coverage

Carnegie Investment Bank	Pia Rosqvist-Heinsalmi	+358 9 6187 1232
Danske Markets Equities	Sami Sarkamies	+358 10 546 8468
Inderes	Petri Gostowski	+358 40 821 5982
Kepler Cheuvreux	Kristoffer Carleskär	+44 207 621 5149
Nordea	Sanna Perälä	+358 40 779 0845
OP Corporate Bank	Kimmo Stenvall	+358 10 252 4561
SEB	Nikko Ruokangas	+358 9 6162 8684

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Please contact our Investor Relations:

Kaisa Uurasmaa, Head of IR & Sustainability

+358 40 560 5601 | kaisa.uurasmaa@sanoma.com

ir@sanoma.com | www.sanoma.com