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Half-Year Report 2024

Strong earnings improvement in both Learning and Media

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H1 2024

Strong earnings improvement in both Learning and Media

Net sales	Organic net sales growth	Operational EBIT excl. PPA	Free cash flow	Net debt / Adj. EBITDA
563m€ (2023: 559)	3% (2023: 0%)	37m€ (2023: 23)	-58m€ (2023: -84)	2.9 (2023: 3.3)

- Net sales grew in Learning driven by the Netherlands and Spain and were stable in Media Finland
- Strong operational EBIT improvement supported by lower operating expenses
- Free cash flow improved driven by higher earnings and lower investments
- Deleveraging the balance sheet: reduction in net debt, leverage improved to 2.9
- 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).

Solid organic growth

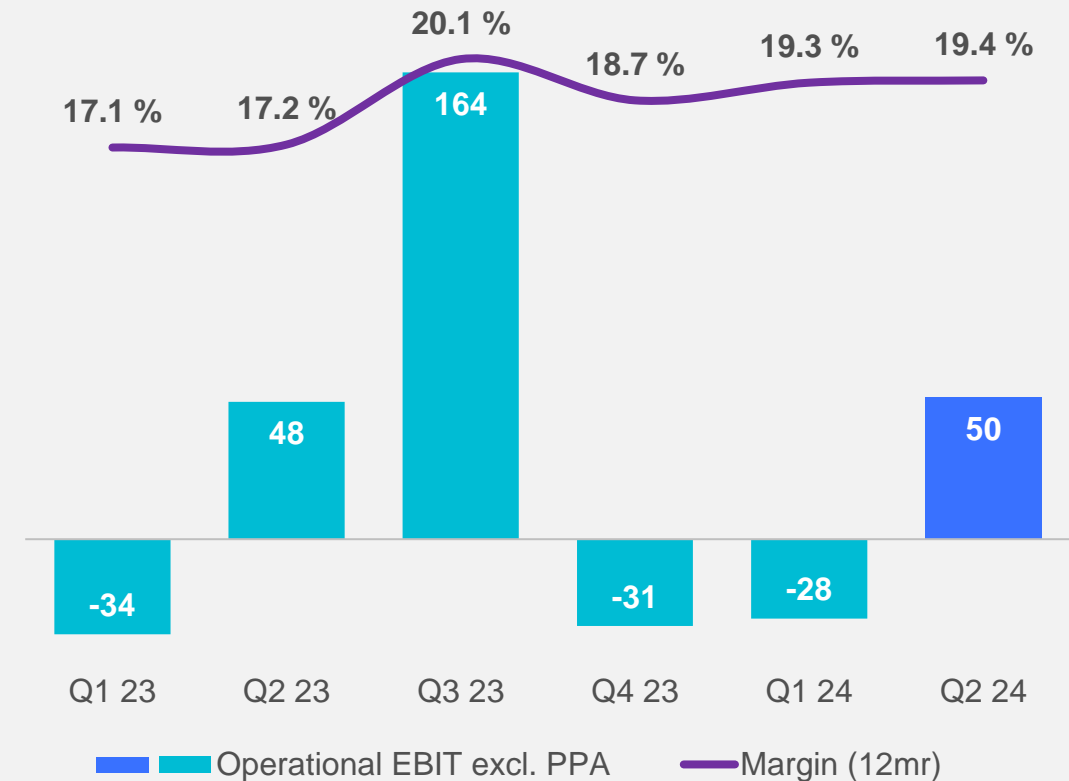
- Net sales grew 3% to 272m€ (2023: 264)
- 5% organic growth driven by
 - Learning content sales in the Netherlands, Spain and Poland
 - Partly offset by phasing to Q3 in Finland and Belgium
- Divestment of Stark had -5m€ impact in H1 (FY -14m€)
- Impact of lower curriculum cycle in Spain and discontinuation of low-value Dutch distribution contracts becoming visible in H2 2024



Improved operational EBIT

- Operational EBIT excl. PPA improved to 22m€ (2023: 15) driven by
 - Net sales growth
 - Lower personnel costs attributable to first results of Solar initiatives especially in Spain
 - 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€



Efficiency program Solar in Learning on track

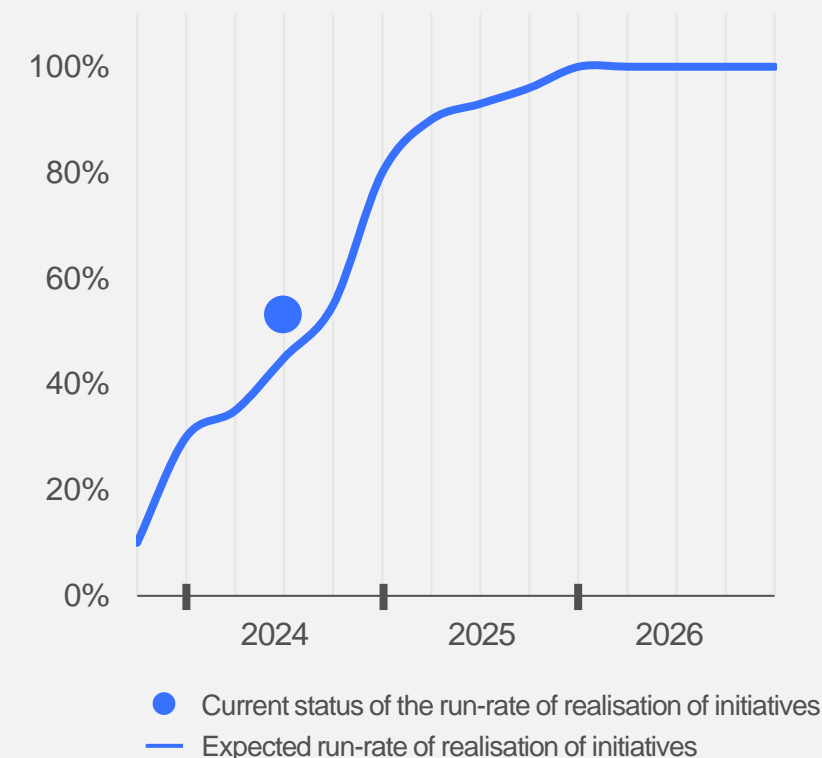
- Program Solar, launched in October 2023, aims to operational efficiencies amounting to approx. 55m€ annual operational EBIT from 2026 onwards

Program streams touching our key operations across countries

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

Realisation of Solar initiatives

Run-rate of savings in 2026



Stable net sales

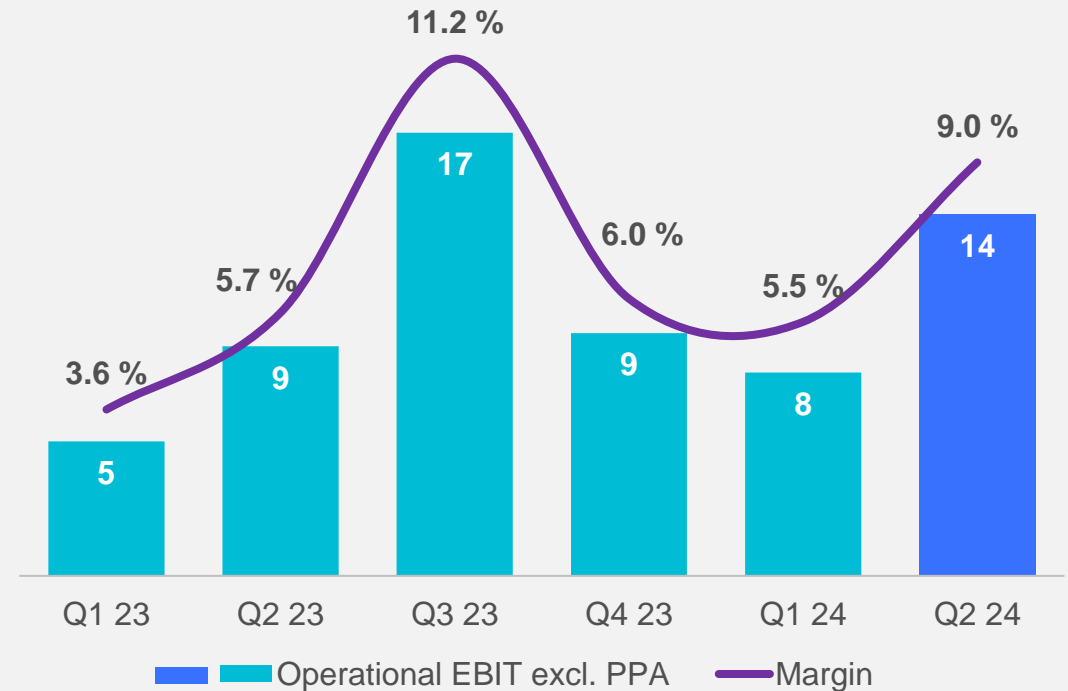
- Net sales were 152m€ (2023: 153)
- Subscription sales grew by 6%
 - Good development in Ruutu+
 - Continued solid performance in the news & feature driven by digital
- Advertising sales grew by 1% driven by digital and TV
- Events sales lower
 - More events held in Q2 vs. PY partially mitigating the impact of Rockfest being moved to 2025
- Impact of portfolio changes* -2m€ (H1 2024 -5m€ and FY 2024 -10m€)



Growth in digital and lower paper costs supported earnings

- Operational EBIT excl. PPA improved to 14m€ (2023: 9)
 - Growth in digital advertising and subscription sales
 - Lower paper costs
 - Events phasing (2 festivals held in Q2 instead of Q3) had a positive impact
- H2 2024 earnings expected to be similar to H2 2023
 - The advertising market in Finland will decline slightly
 - Stronger prior year comparable for both advertising and subscription sales
 - Continued, but lower, paper cost gains

Operational EBIT excl. PPA
m€



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





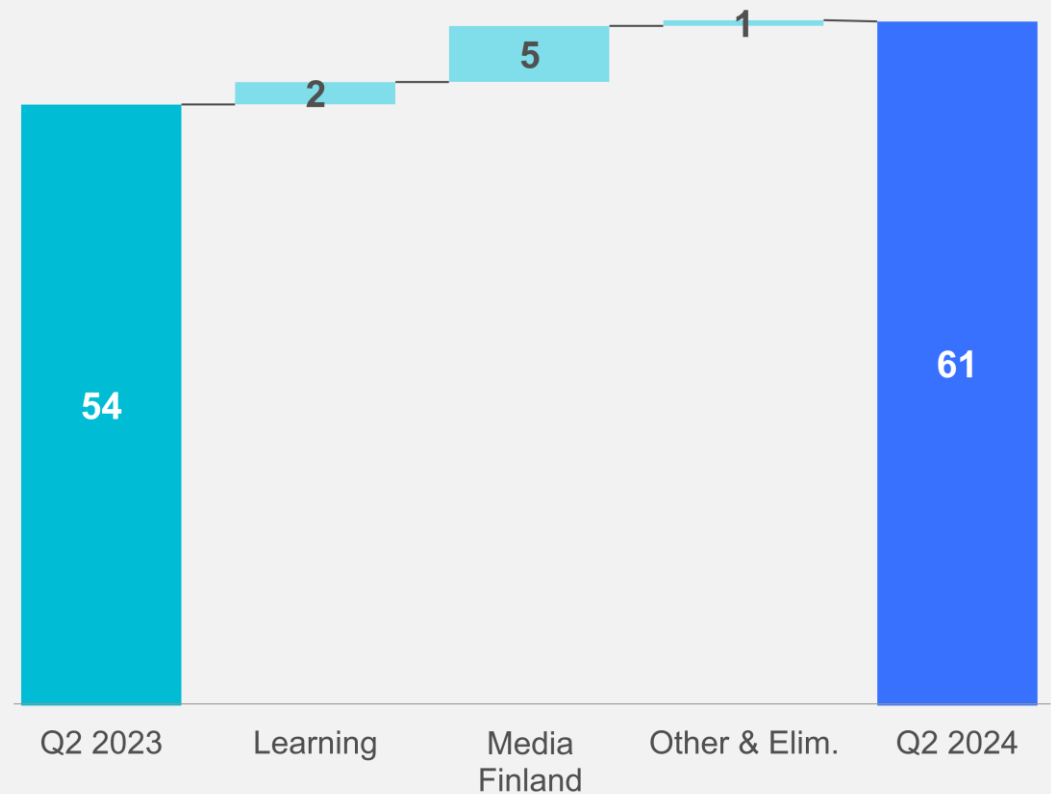
Financials

Q2 2024

Good development in both businesses

Learning	<ul style="list-style-type: none">+ Stable net sales with some positive mix impact+ Lower paper, printing and personnel costs
Media Finland	<ul style="list-style-type: none">+ Growth in digital subscription and advertising sales+ Lower paper costs+ More events held in Q2 vs. PY- Lower external printing sales
Other & elim.	<ul style="list-style-type: none">+ Phasing of costs between quarters➤ FY 2024 costs expected to be similar to 2023

Operational EBIT excl. PPA Q2 2024 vs. Q2 2023
m€



Improved EPS

- Q2 IACs amounted to -8m€ (2023: -43) and consisted of
 - 2m€ costs related to Program Solar
 - Other IACs mostly driven by integration costs of recent acquisitions and strategic development costs
 - Q2 2023 IACs included -36m€ VAT claim booking at Media Finland
- Net financial items grew in Q2
 - Mainly due to repayment of the low coupon rate 200m€ bond in March 2024
 - Average interest rate of external loans increased to 5.3% (2023: 4.1%) in Q2 and 4.8% (2023: 3.2%) in H1

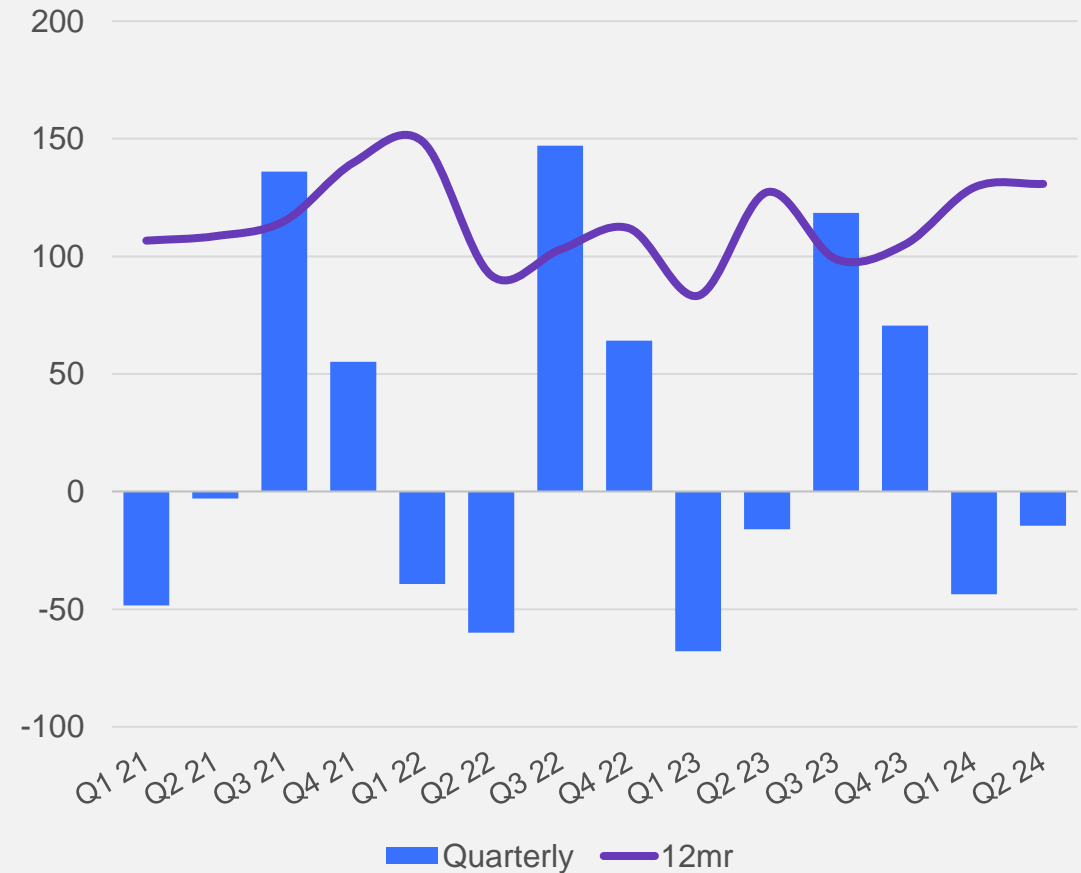
Key income statement related items

m€	Q2 2024	Q2 2023	H1 2024	H1 2023
Operational EBIT excl. PPA	61.0	53.7	37.2	23.0
IACs	-8.4	-43.3	-7.0	-45.7
PPAs	-9.3	-10.9	-18.5	-20.9
EBIT	43.2	-0.5	11.8	-43.6
Net financial items	-10.7	-8.2	-17.5	-14.7
RESULT BEFORE TAXES	32.5	-8.7	-5.8	-59.3
Income taxes	-8.1	-2.5	2.7	8.3
RESULT FOR THE PERIOD	24.4	-11.2	-3.1	-51.0
Operational EPS, €	0.17	0.14	-0.02	-0.09
EPS, €	0.14	-0.08	-0.05	-0.33

Improved free cash flow

- Free cash flow improved to -58m€ (2023: -84) in H1
 - + Higher operational results
 - + Lower investments
 - + Active working capital management, including significantly lower inventories
 - Higher interests paid
 - Lower prepayments due to discontinuation of low value contracts in the Dutch learning material distribution
- FY 2024 free cash flow expected to be similar to 2023
- First instalment of the dividend for 2023, 0.13€/share or 21m€ in total, was paid in April
 - Second instalment of similar size to be paid in September and third of 0.11€/share in November

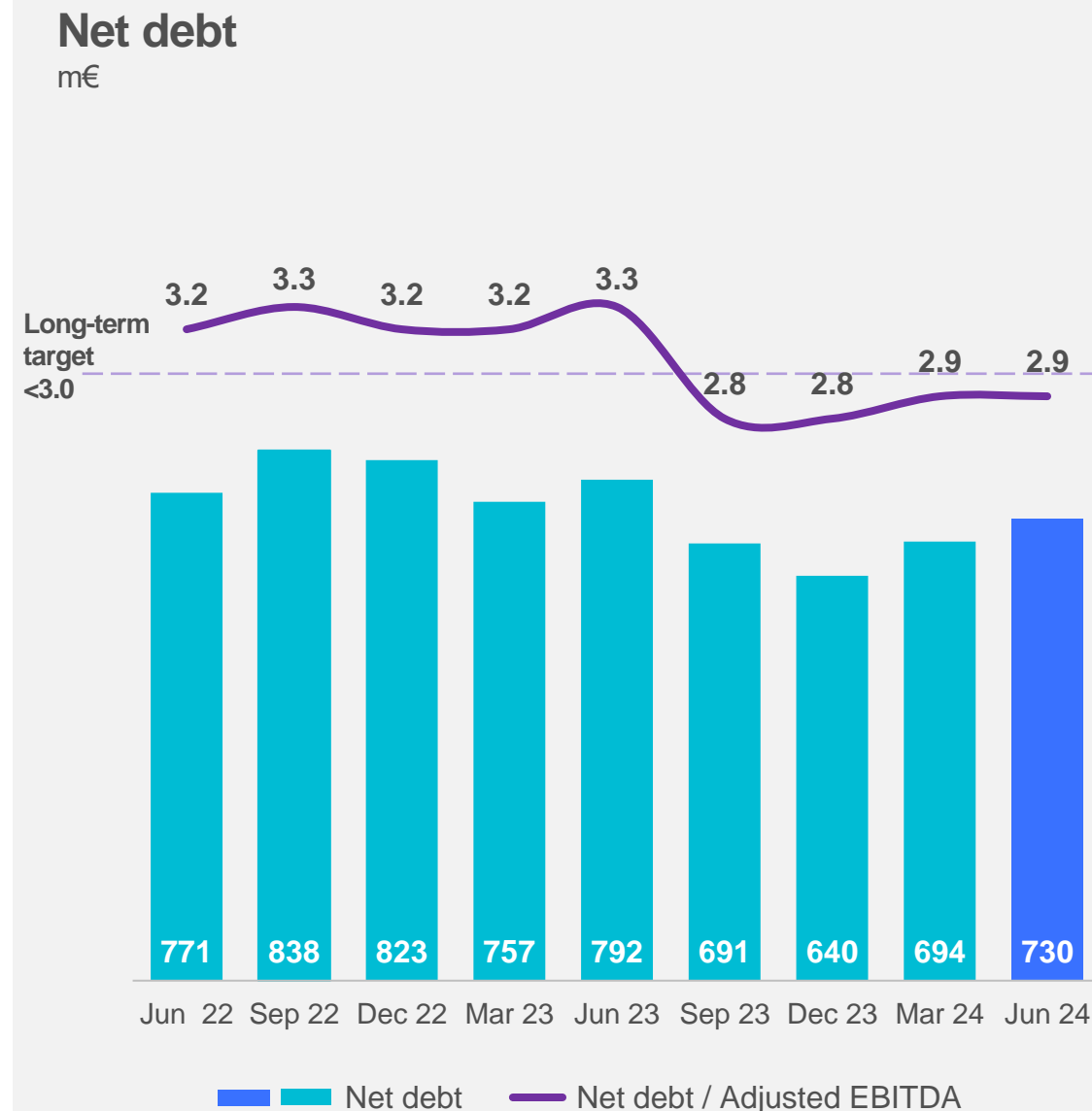
Free cash flow m€



Free cash flow = Cash flow from operations less capital expenditure

Deleveraging the balance sheet

- Net debt 62m€ lower year-on-year, although increased from Q1 2024 due to its seasonal pattern
- Net debt / Adj. EBITDA improved to 2.9 (2023: 3.3), below the long-term target of < 3.0
- Equity ratio at 37.4% (2023: 35.4%) within the long-term target range of 35–45%



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

A photograph of two children sitting at a desk in a library or study area. The child on the left is wearing glasses and a light-colored sweater with colorful patches, looking at an open book. The child on the right is wearing a blue knit beanie and a striped shirt, resting their head on their hand while looking at a laptop. The desk is cluttered with colorful papers and a pen holder. Bookshelves filled with books are visible in the background.

Q&A



Financial reporting in 2024

Interim Report Q3 2024

31 October


Appendix



Sanoma in 2023

NET SALES
 **1,393m€**

NON-PRINT SALES
 **51%**

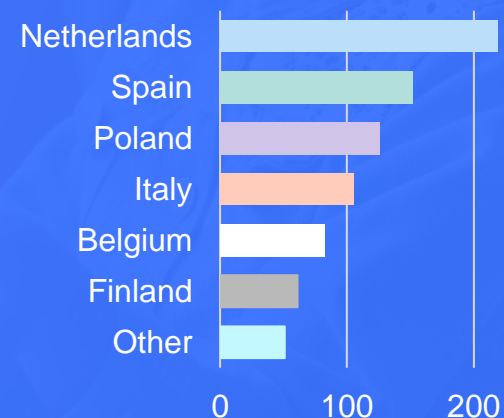
OPERATIONAL EBIT MARGIN
 **12.6%**

PERSONNEL
 **over 5,000**

Learning

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

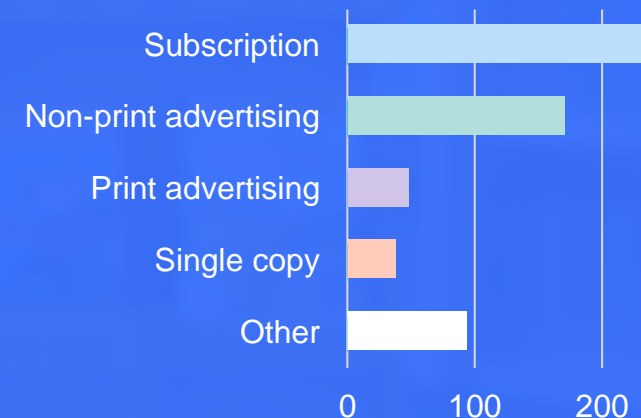
Net sales, m€



Media Finland

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

Net sales, m€



Group key figures Q2 2024

m€	Q2 2024	Q2 2023
Net sales	342.4	341.3
Operational EBITDA	104.4	97.9
margin	30.5%	28.7%
Operational EBIT excl. PPA	61.0	53.7
margin	17.8%	15.7%
EBIT	43.2	-0.5
Result for the period	24.4	-11.2
Free cash flow	-14.5	-16.0
Equity ratio	37.4	35.4
Net debt	729.6	792.0
Net debt / Adj. EBITDA	2.9	3.3
Operational EPS, €	0.17	0.14
EPS, €	0.14	-0.08

	Q2 2024	Q2 2023
Average number of employees (FTE)	4,852	5,116
Number of employees at the end of the period (FTE)	4,963	5,295

Learning: Quarterly key figures

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

Media Finland: Quarterly key figures

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

Finnish advertising market development

Finnish measured media advertising markets

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

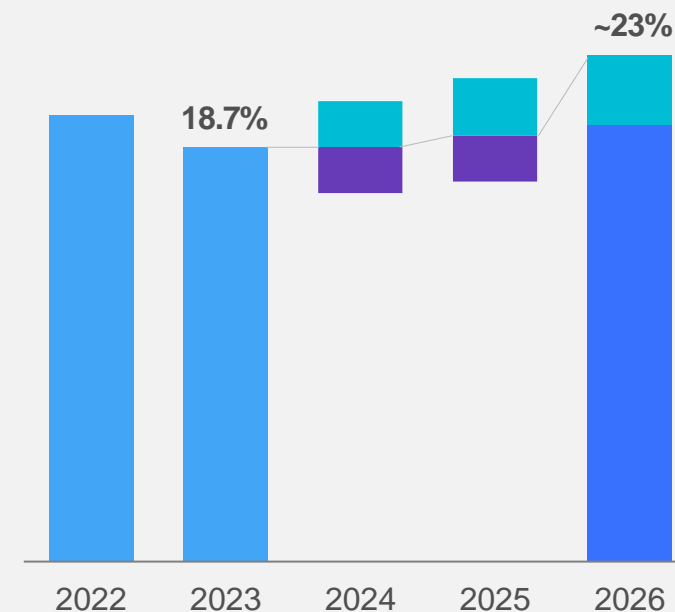
Source: Kantar TNS, Media Advertising Trends, June 2024

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, %

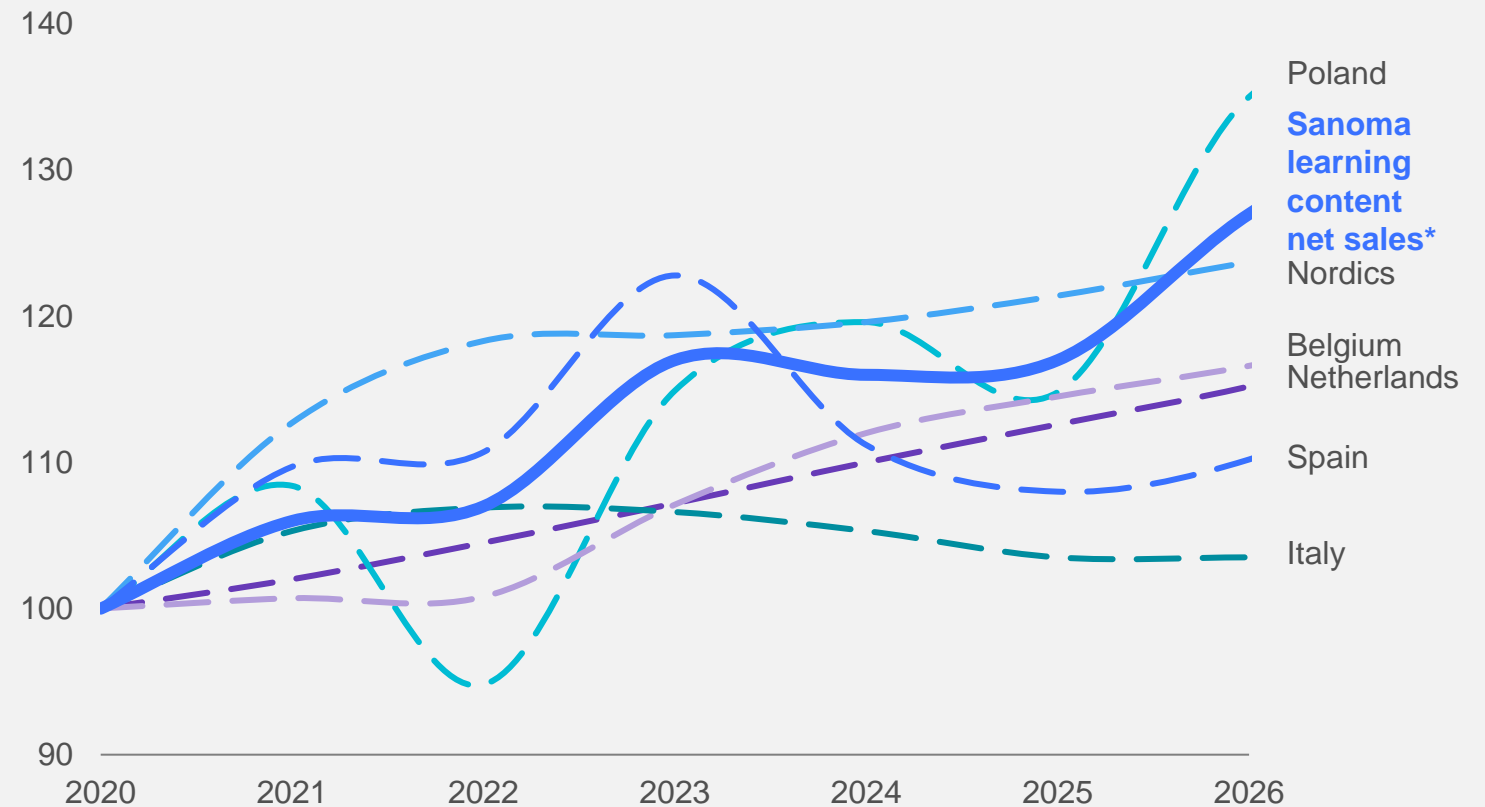


Learning content sales vary driven by curriculum renewals in our major operating countries

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

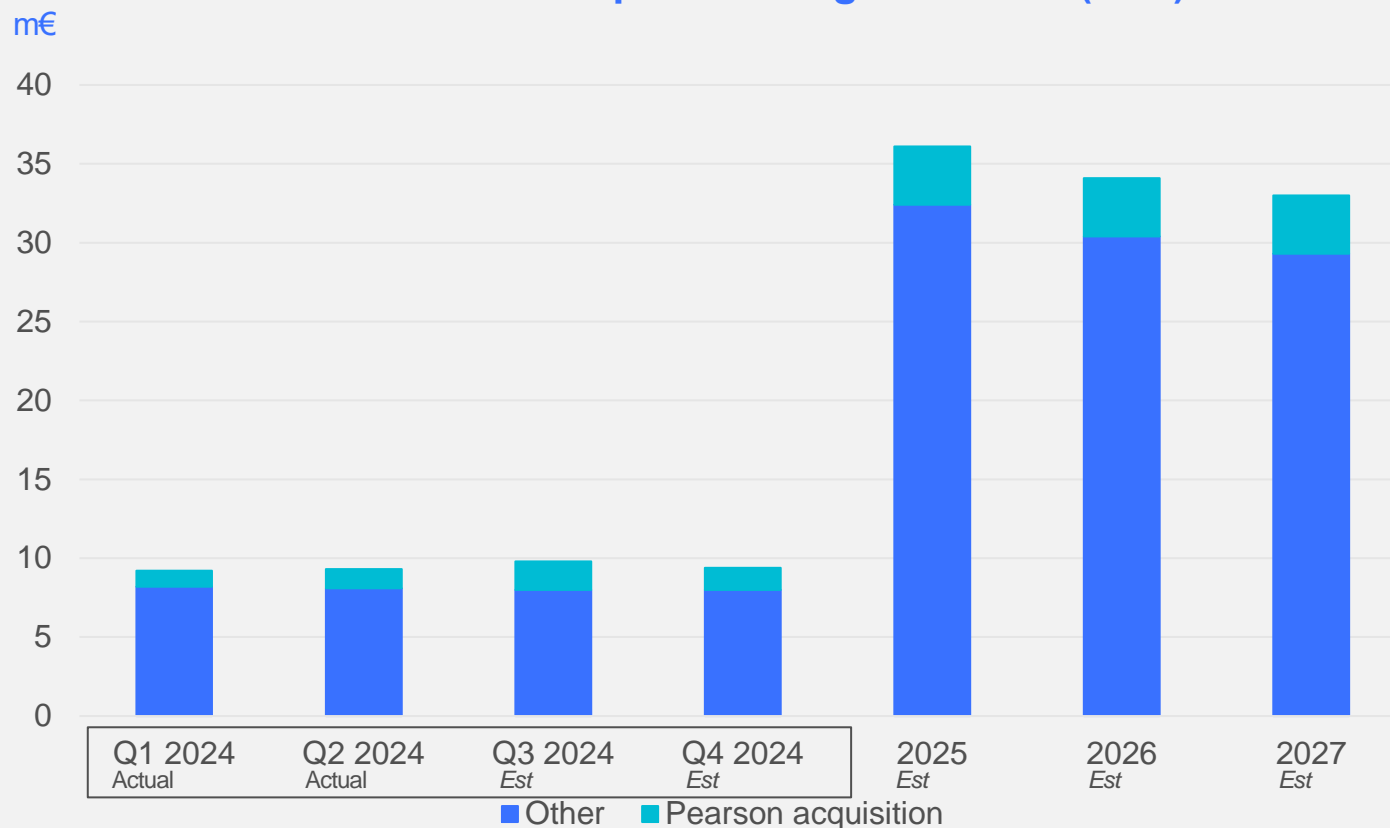
K12 publishing market values in Sanoma's key operating countries indexed to 2020



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

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

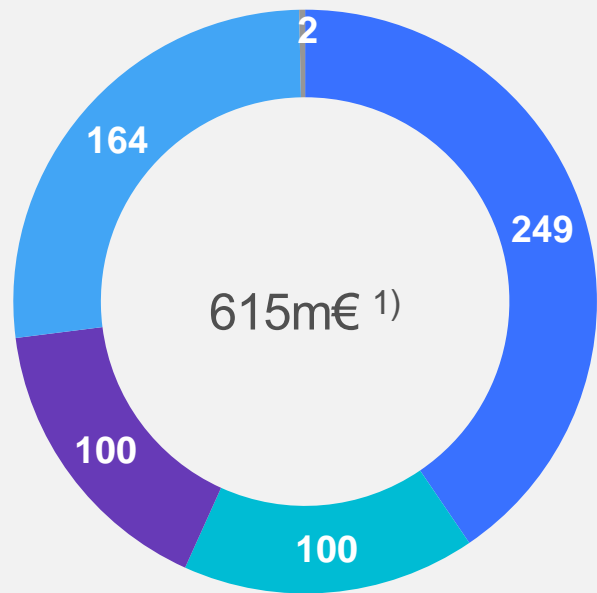
Estimated amortisations of acquired intangible assets (PPA) 2024–2027



Group debt portfolio Q2 2024

External debt structure ¹⁾

m€, 30 June 2024

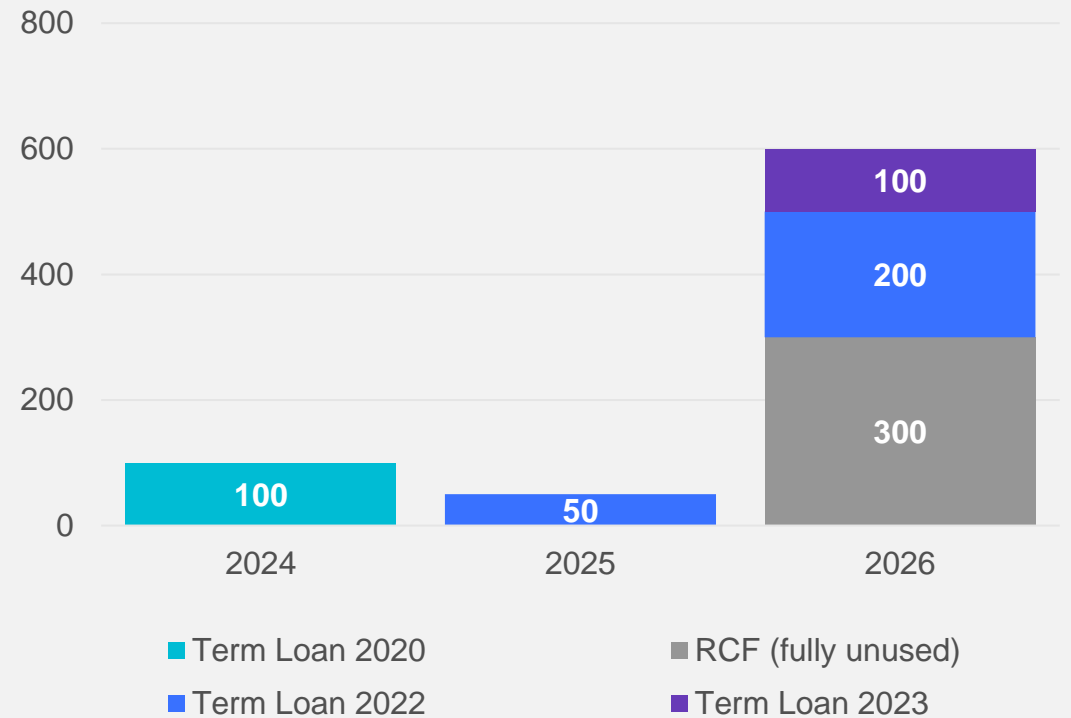


- Term Loan 2022
- Term Loan 2020
- Term Loan 2023
- Commercial papers
- Other

¹⁾ Excl. IFRS 16 liabilities

Maturity profile 2024–2026

m€, 30 June 2024



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 cyclical nature 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

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

Expected 2024 financial impact y-o-y

- Lower reported net sales
- Relatively stable margin

Long-term targets for SBUs unchanged

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

Media Finland

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

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

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

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

Mid-term focus areas

1. Increasing profitability of Learning and Media Finland

2. Growing organically and through smaller in-market acquisitions

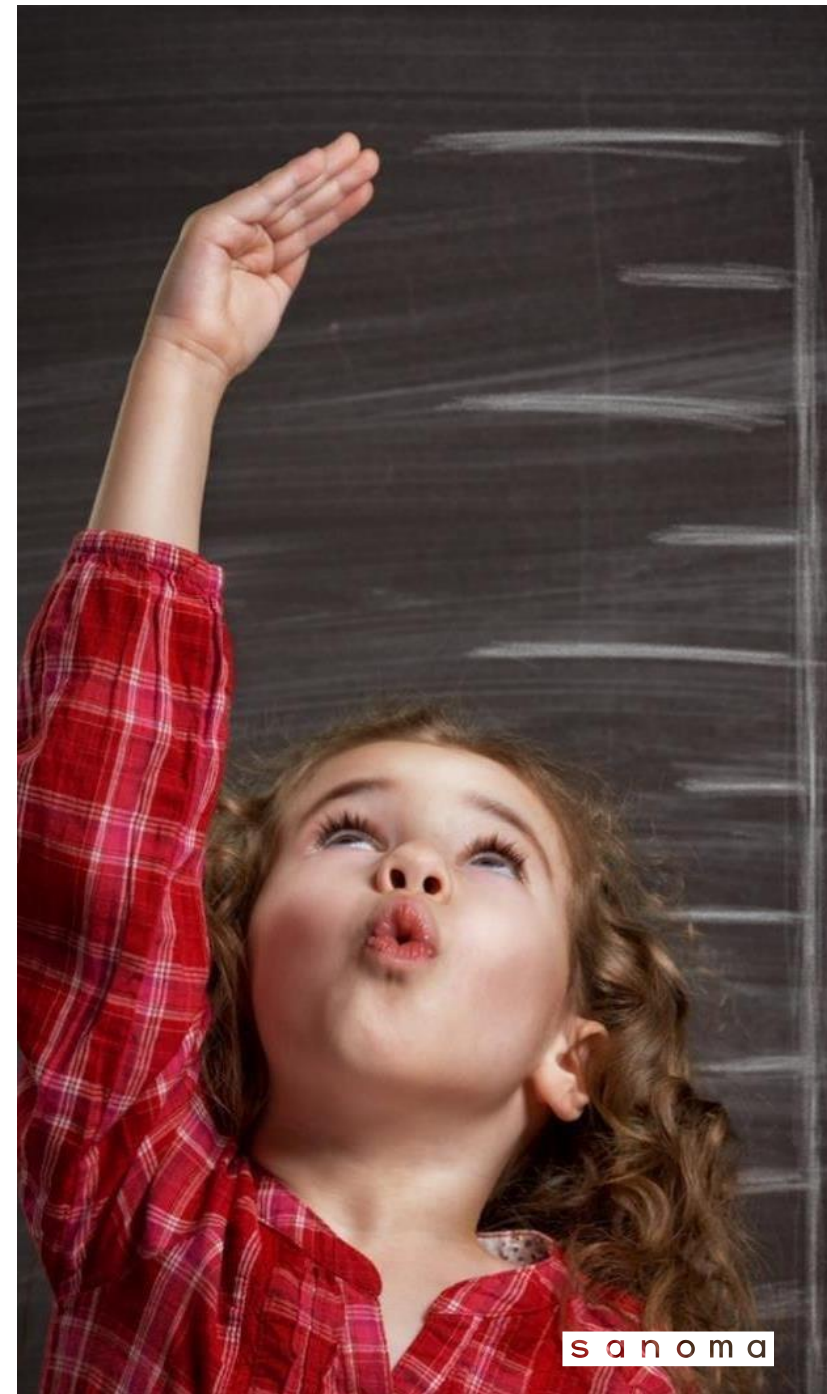
3. Deleveraging the balance sheet

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

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2030 growth ambition and long-term financial targets unchanged

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



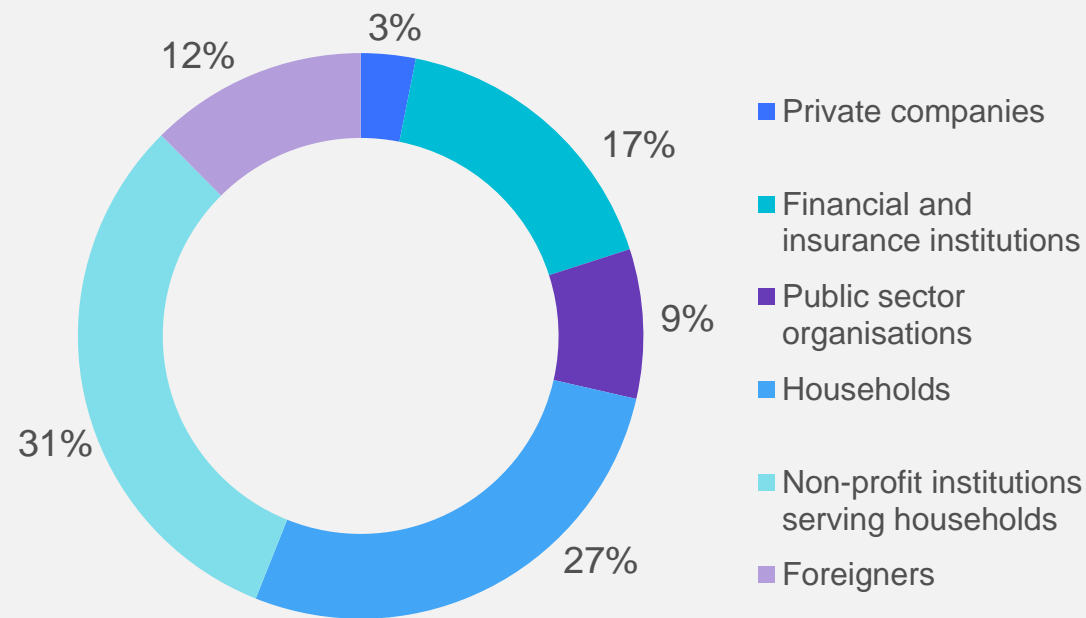
Largest shareholders

30 June 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
Nominee registered	15,048,346	9.20
Other shareholders	45,382,945	27.75
Total number of shares	163,565,663	100.00
Total number of shareholders	24,889	

Holding by sector



Analyst coverage

Carnegie Investment Bank

Danske Markets Equities

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Kepler Cheuvreux

Nordea

OP Corporate Bank

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