Annual Report 2022

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sanoma

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Sanoma's Annual Report 2022 combines the following reports: Sustainability Report, Financial Statements and Board of Directors' Report, Corporate Governance Statement and Remuneration Report. All Sanoma's reports and further information about Sanoma can be found at
SANOMA.COM ▶

Our businesses in brief

Sanoma is an innovative and agile learning and media company.

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Acquisition of Pearson Italy and Germany

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Part of Nasdaq OMX Sustainability Finland Index

LEARN MORE ▶

Updated Science Based Targets for climate action

LEARN MORE ▶

Supporting the relief work in Ukraine

LEARN MORE ▶

1.3bn€
Net sales

189m€
Operational EBIT excl. PPA

0.37€
Dividend*

112m€
Free cash flow

*Board's proposal

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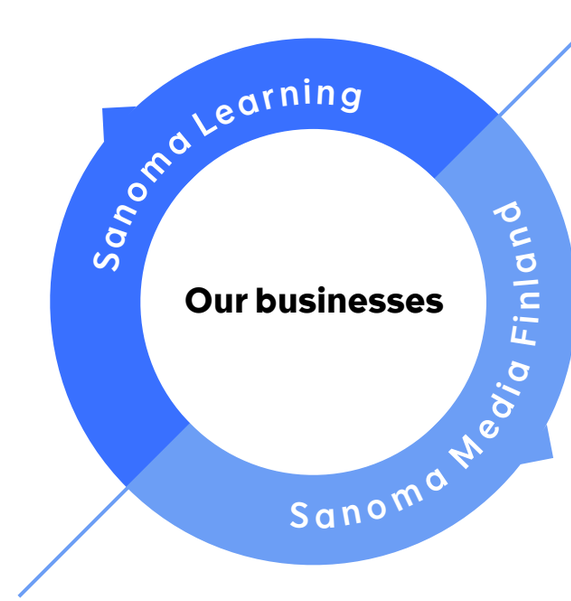
This is Sanoma

At Sanoma, we impact the lives of millions of people every day. We work hard to equip the world with the highest-quality learning resources, independent media and local entertainment. Sustainability is integrated into our purpose and everything we do. In 2022, our net sales was approximately 1.3bn€.

Sanoma Learning

Sanoma Learning is one of the global leaders in K12 education, serving over 25 million students in 12 European countries. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e., primary, secondary and vocational education. We develop our methodologies based on deep teacher and student insight and by truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact.



Sanoma Media Finland

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

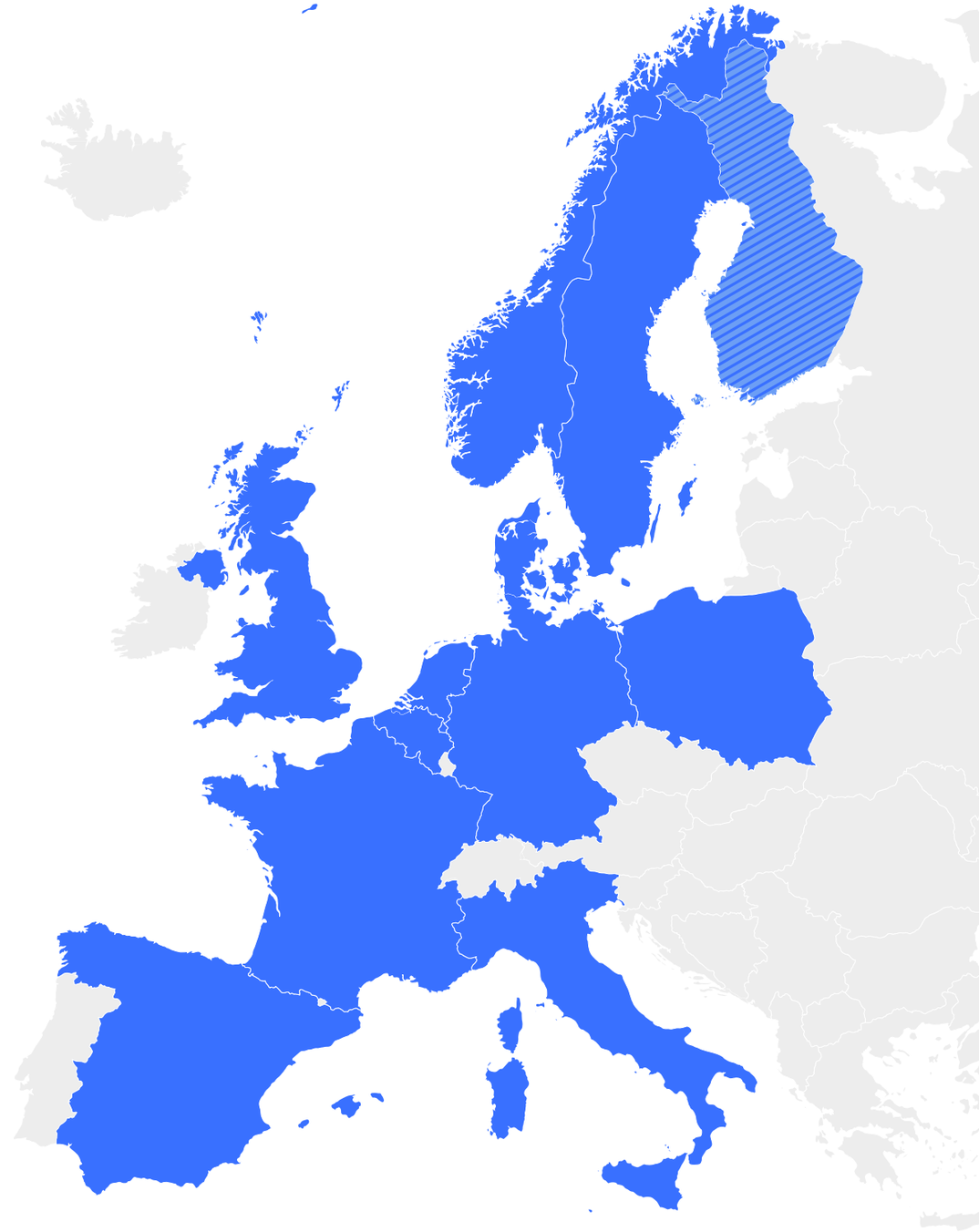
Sanoma is an innovative and agile learning and media company

Our roots date back to 1889, when Päivälehti, a Helsinki-based daily newspaper was founded. Since then, we have built one of the leading K12 learning companies through acquisitions across the last 20 years and have become a forerunner in the digital transformation of media.

5,000
employees

12
operating countries

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



Sustainability strategy

Sanoma's Sustainability strategy focuses on six topics: Inclusive learning, Sustainable media, Valued people, Trustworthy data, Vital environment and Responsible business practices. It is designed to maximise Sanoma's positive impact on society and minimise its environmental footprint. Sanoma measures its sustainability performance against the long-term targets.

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Sanoma as an investment

We have an ambitious strategy for sustainable, profitable growth

We are one of the global leaders in K12 education serving 25 million students

- Producing inclusive learning materials and platforms to promote equal learning opportunities
- Strengthening our #1 position in European K12 learning services
- Aiming for selective growth globally through M&A

We are Finland's #1 cross-media company with a weekly reach of 97%

- Providing trusted Finnish journalism and inspiring entertainment
- Continuing our successful digital transformation towards higher margin
- Increasing share of B2C provides sustainable future opportunities

Growing through M&A while paying an increasing dividend

- Supporting our growth strategy in learning with a solid balance sheet
- Growing our dividend with an attractive yield
- Investing in further digital growth and in our people

Our purpose

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

Our ambition

Group net sales over 2bn€ by 2030, at least 75% from Learning

Long-term financial targets

(2022 in brackets)

Our long-term sustainability targets on page 13

Group

- Net debt / Adj. EBITDA: <3.0 (3.2)
- Equity ratio: 35–45% (35.8%)
- Dividend: Increasing dividend 40–60% of annual free cash flow (93%, Board's proposal to AGM 2023)

Learning

- Comparable net sales growth: 2–5% (1%)
- Operational EBIT margin excl. PPA: above 23% (19.4%)

Media Finland

- Comparable net sales growth: +/- 2% (0%)
- Operational EBIT margin excl. PPA: 12–14% (10.6%)

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LETTER FROM THE CHAIR OF THE BOARD

Towards our 2030 ambitions

Dear shareholders,
I am pleased to share with you an overview of our year 2022.

Sanoma is the leading provider of printed and digital learning solutions for primary and secondary education in Europe, as well as the leading multi-channel consumer media company in Finland. In 2022, in line with our strategy, we took some new steps and expanded our learning business through acquisitions in Italy and Germany. We now operate in twelve European countries and our digital learning platforms are used even more widely. With our media business in Finland, we offer consumers information, experiences and entertainment, and for advertisers we offer solutions to reach almost all Finns on a daily basis.

On 24 February 2022, Russia invaded Ukraine. This was a turning point in our modern history. We are appalled by the war in Ukraine and the atrocities against the innocent Ukrainian people. Already at the beginning of the war, we took the necessary measures to find other suppliers for the raw materials, such as newsprint, we had previously purchased from Russia. We quickly adapted our business to the changed circumstances, and we were able to continue serving our customers even under these new conditions. For this, I would like to extend my deepest gratitude to the employees and management of Sanoma.

We will continue to explore and leverage new growth opportunities in the business areas of learning and media. After two years of pandemic, digitalisation has accelerated in education in many of our operating countries. Sanoma has strong expertise in the developed learning markets and we are able to utilise this expertise in those of our markets where digitalisation has progressed more slowly so far. In the future, with the help of technology, we will be able to increase opportunities for personal learning paths, as well as enrich news production and expand the following of news.

Sanoma has systematically progressed in its sustainability work. We will continue to work ambitiously, for example, towards achieving carbon neutrality throughout our value chain by 2030. Our sustainability work has also been recognised in external sustainability assessments used by investors. In 2022, Sanoma's rating improved to Prime C+ in the international ISS ESG Corporate Rating assessment and to leadership level A- in the global CDP climate rating.

We see growth opportunities both in our current operating countries and in new markets. Our aim is to continue to expand especially our learning business, for example, through carefully selected acquisitions. According to our published strategic growth ambition, Sanoma's net sales target is EUR 2 billion by 2030, of which 75% will come from our learning business. This would mean doubling the size of our learning business. While we are growing our business in a stable and responsible manner, we are also committed to paying a dividend that encourages investing in Sanoma's shares.

Sanoma's free cash flow decreased significantly in 2022, especially due to our increased investments in learning materials and the harmonisation of learning platforms, which will bring us benefits and growth in the future. Therefore, the Board proposes to reduce the dividend to 0.37 euros per share, which corresponds to 93% of the adjusted free cash flow in 2022 and the dividend yield of 4% of the closing share price of the year. The proposal balances the use of Sanoma's capital between dividend payment and continuous investments in growing the business. The Board of Directors deems that this way the company will be in the best position to return to the path of growing dividends in accordance with its dividend policy.

On behalf of the entire Sanoma Board of Directors, I would like to thank our shareholders for their continued support and trust, as well as Sanoma's personnel and management for their contribution to the development of the company and for the good performance in 2022.

We look to 2023 with confidence. We will continue to develop the company's content and services in order to best respond to the current and future needs of our customers. Our products and content have a positive impact on the lives of millions of people.

Pekka Ala-Pietilä
Chair of the Board

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LETTER FROM THE CEO

A year with continued net sales growth, and operational earnings affected by inflation in both learning and media

Considering the significant changes in the world around us, 2022 was another solid year of transformation for Sanoma, although being quite different from what we expected twelve months ago, just coming out of the coronavirus pandemic.

In February 2022, we saw a completely unjustified attack on a peaceful nation in Europe, something we would not have thought to ever happen again. I am proud of the immediate response from all our teams both in Learning and in Media Finland to support the people in Ukraine. In particular, I want to mention our learning team in Poland that contributed by immediately providing translations and learning materials to assist Ukrainian children to enter the Polish educational system successfully. Our team in Poland was also allowed to use one day a week to do voluntary work. They supported refugees to find shelter in Poland and many opened their houses and hearts to the Ukrainians.

As Sanoma had no business in Russia nor in the Ukraine, we had very limited direct impact from the war. However, the indirect impact from higher energy costs increasing nearly all our input costs, and especially higher paper and distribution costs, was significant in 2022, and continues to be so.

Further growth in learning content across Europe

In Learning, one of the highlights in 2022 was the acquisition of two established learning businesses in Italy and Germany from Pearson. We were happy to welcome these strong teams to Sanoma at the end of August. The acquired businesses fit well in our learning portfolio and strategy, expanding the number of our operating countries to twelve.

Our learning content proved to be in continued high demand, increasing the quality education by supporting teachers in their day-to-day work. Over the whole of Learning, this led to modest organic growth with increases and decreases compensating each other across our portfolio. The inflationary cost increases impacted the earnings in Learning, as we typically can set our prices only once a year, and it will take 1–2 years to fully mitigate the cost increases.

Thanks to our strong growth in recent years, the scale of our business has increased, and we can benefit from that especially by leveraging our knowhow and digital platforms. Our growth focus continues; organically by increasing our market share and share-of-wallet particularly in connection to curriculum renewals, and also via targeted acquisitions in K12 learning content.

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In media, continued success in digital transformation of both news and entertainment

In Media Finland, we have in total 1.4 million subscriptions that play an increasingly important role in the business. One of the highlights of the year was the clear growth in the number of visits to all our digital news platforms, especially Ilta-Sanomat, as well as solid growth in the digitally active subscription base of both Helsingin Sanomat and the regional news media titles. Net sales and paying subscriber base of our SVOD service Ruutu+ also grew. This development proofs the readiness of the consumers to move to digital media, and the success of our digital products in fulfilling the consumers' wishes.

Advertising demand continues to be more volatile in uncertain economic times, and we expect the decline seen in the advertising markets in the second half of 2022 to continue in 2023. In advertising, 75% of our sales comes from non-print advertising, and we see growth in digital advertising to continue in the years to come.

Creating a positive impact

Our businesses are intrinsically purpose-driven. With our learning solutions, we promote equal access to education for all students, empowering them by building knowledge, capabilities, and confidence for the future. Our news media helps all Finns navigate an increasingly complex world, and our local entertainment content brings cohesion in a more polarised world.

One of our focus areas in 2022 was reducing our climate impact, even though our footprint is relatively small. With 95% of all our CO_2 emissions coming from the value chain, being carbon neutral by 2030 requires close cooperation with all our suppliers in the coming years. During 2022, we also focused on improving diversity, equality, and inclusion even further. We are already relatively advanced what comes to gender diversity and will now focus more on enhancing other elements to diversity, ao. cultural and ethnicity.

We were delighted to see that our Employee Experience Index (EEI) remained stable at the good level of 7.3, even in a year that put quite some challenges and hardship for our teams, and we continued to exceed the European benchmark. EEI and data security related targets were and will continue to be linked to the short-term management incentives.

Our progressive and holistic approach to sustainability was also reflected in continued improvement in key ESG ratings and inclusion into the Nasdaq OMX Sustainability Finland Index by the end of 2022.

In 2023, we continue building the long-term strengths of our businesses

We expect the challenging operating environment to continue in 2023, and this impact is included in our net sales and operational EBIT Outlook for the year. In 2022, our free cash flow declined and we expect it to be temporarily lower also in 2023 due to the investments we are making in the business. This is reflected also in the Board's dividend proposal for 2022, which balances the capital use between dividend and our continuing growth investments.

In 2023, we will focus on further building our long-term strengths, thus coming out of the recession even stronger than we went in. In Learning, we continue to invest in learning content, harmonisation of digital learning platforms and integration of our recent acquisitions, preparing for further leveraging of our scale. In Media Finland, we want to ensure our leading offering in digital news and entertainment also in the years to come. In both businesses, we will intensify our thoughtful cost management and highly selective approach to growth investments.

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

I would like to extend my great thanks to all Sanoma employees for their excellent work, tenacity and strong commitment to supporting our customers in these more challenging times. Thanks to our teams, we were able to continue our growth and operational development, and showed a solid financial performance for 2022.

I also want to thank our customers and shareholders for their continued support and interest in selecting Sanoma as their partner and investment respectively. Together we will continue our strategic path with an aim to grow and further strengthen our positions, improve our performance, and create value in the years ahead.

Susan Duinhoven
President and CEO

Sustainability

This Sustainability Report is compiled according to the Global Reporting Initiative (GRI) Standards and includes reporting according to the Sustainability Accounting Standard Board (SASB) and Task Force on Climate-related Financial Disclosure (TCFD). Sanoma's Board of Directors' Report includes non-financial information corresponding with the Non-Financial Reporting Directive (NFRD) and EU taxonomy. Sanoma's Sustainability Report has been assured by an independent third party.

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Sustainability and ESG performance

Highlights

Our Sustainability Strategy is designed to maximise our positive impact and minimise our environmental footprint. During 2022, we future-proofed our purpose-driven learning and media businesses through various sustainability actions.

New Science Based climate targets align our climate action with the Paris Agreement's 1.5 degree goal

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Sanoma's CDP Climate rating improved to leadership level A-

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7% reduction in own operations Scope 1 and 2 GHG emissions

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Updated environmental goals for ISO 14001 cerfified Sanoma printing houses

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

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In 2022, we took important steps in advancing employee diversity & inclusion (D&I)

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Improved ESG performance and ratings

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Supplier Day with key paper and print suppliers to cooperate in implementing our Sustainability Strategy

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Sustainability scorecard

Our long-term sustainability targets guide our action. Our group-wide sustainability targets have been set based on our Sustainability strategy and were last updated in December 2021. During 2022, Sanoma´s climate-related targets have been further clarified and aligned with the Science Based Targets initiative. Further details on each topic can be in the topic-specific sections of this report.

TARGET		KPIs AND PERFORMANCE 2022
Inclusive learning	■ We co-create high-quality and motivating learning materials with teachers, fitting the local curriculum ■ We develop inclusive learning solutions that support diversity, accessibility and differentiation ■ We promote equal access to education	■ 71% (2021: 71%) of teachers agree that our materials help them motivate students[1] ■ 84% (2021: 85%) of teachers agree that our materials help students reach curriculum objectives[1] ■ 74% (2021: 76%) of teachers who agree that our materials support efficiency[1]
Sustainable media	■ We promote open democracy and freedom of speech through our independent media ■ We increase awareness, empathy and tolerance with our journalism ■ We enable companies to thrive through marketing in our curated media ■ We empower shared experiences with entertainment and support the local audio-visual community	■ 0 (2021: 4) notifications of violation concerning aspects of news articles as defined in the Guidelines for Journalists by The Council of Mass Media ■ 2 (2021: 2) cases of non-compliance against the Advertising and Marketing Communications Code of the International Chamber of Commerce
Valued people	■ Our Employee Experience Index remains on a favourable level of ≥ 7.5 ■ Our people feel that we provide equal opportunities, and our equal opportunities rating remains on a favourable level of ≥ 7.6 ■ We continuously seek to develop Sanoma as a great place to work and, by 2025, aim to reach an Employee Net Promoter Score (eNPS) of > 10 ■ We promote diversity and gender neutrality throughout our business and aim for a 50/50 gender balance in managerial positions by 2030 ■ NEW The Board of Directives objective is that both genders are represented of the Board with the share of under-represented gender being at least 40%	■ Employee Experience Index: 7.3 (2021: 7.3) (Scale 0–10, European Benchmark 7.1)[2] ■ Employee Net Promoter Score: 7.2 (2021: 11.5) (Scale -100 to +100, European Benchmark 5.0)[2] ■ Equal opportunities in my company rating 7.7 (2021: 7.3) (Scale 0–10, European Benchmark 7.0)[2] ■ Managers with Subordinates: 44% women (2021: 45%) / 56% men (2021: 55%) ■ Directors and Senior Management: 41% women (2021: 39%) / 59% men (2021: 61%) ■ Board of Directors: 33% w / 67% m (2021: 33% / 67%)

[1] Results based on Sanoma's annual European Teacher Survey. Learn more about the survey on p. 22.
[2] Measured in the Employee Engagement Survey 2022

TARGET		KPIs AND PERFORMANCE 2022
Trustworthy data	■ All our nominated Privacy champions have completed a role-based training and operate across our businesses to provide privacy support ■ We provide training on Privacy- and Security-by-Design to all our developers ■ We train our permanent data breach management task force to handle personal data breaches	■ Nominated Privacy Champions: 32 (2021: 36) ■ Annual number of data breaches: Total 196 (2021: 281) data breaches, out of which 0 major (2021: 0)
Vital environment	■ NEW Sanoma commits to reduce Scope 1 and 2 own operations GHG emissions 4.2% annually until 2030 from a 2021 base year (38% in total) ■ NEW Sanoma commits to reduce Scope 3 value chain GHG emissions 4.2% annually until 2030 from a 2021 base year (38% in total)[3] ■ By end of 2030, we will be carbon neutral ■ By end of 2023, we use only carbon neutral electricity ■ By end of 2023, all wood fibre in paper qualities used by Sanoma originates from trusted certified sources	■ Own operations emission reduction against base year: 7% ■ Value chain emission reduction against base year: 8.2%[3] ■ Emission intensity: 1.5 Scope 1+2 tCO_2e/employees (2021: 1.7) ■ Emission intensity: 0.12 Scope 1+2+3 tCO_2e/euros of net sales (2021: 0.13) ■ Energy intensity: 8.0 MWh/employees (2021: 9.1) ■ Share of carbon neutral electricity: 92% (2021: 97%) ■ Share of carbon neutral energy: 57% (2021: 59%) ■ Amount of certified wood fibre in direct paper purchases: 94% (2021: 95%)
Responsible business practices	■ All employees complete our mandatory Code of Conduct e-learning ■ All new Sanoma suppliers sign our Supplier Code of Conduct	■ Code of Conduct e-learning completion rate: 98% (2021: 97%) ■ Share of new key suppliers that have signed the Supplier Code of Conduct: 86%[4] (2021: N/A)

[3] KPI includes Scope 3 categories 1 Purchased goods and services, 3 Fuel- and energy-related activities, 4 Upstream transportation and distribution and 9 Downstream transportation and distribution
[4] KPI tracked via Sanoma's centralised contract Lifecycle Management system by evaluating new suppliers with above 100,000 EUR spend for the reporting year

See all our sustainability and ESG performance figures ▶

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ESG performance

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

Sanoma included in Nasdaq OMX Sustainability Finland Index

In 2022, Sanoma's share was included in the Nasdaq OMX Sustainability Finland Index. The inclusion followed Sanoma's Prime C+ rating from ISS ESG Corporate Rating. The Nasdaq OMX Finland Sustainability Indexes are created for responsible investments and are calculated by Nasdaq in cooperation with ISS.

Sanoma rated Prime C+ by ISS ESG Corporate Rating

Sanoma was awarded an ISS ESG Corporate Rating of C+, which is above the sector-specific Prime threshold of 2022. Sanoma's performance is among the highest decile in the industry.

Corporate ESG Performance Prime
RATED BY ISS ESG

Sanoma's CDP Climate rating improved to leadership level of A-

Sanoma was awarded a leadership level score of A- in the international CDP Climate Change rating in 2022. The scoring varies on a scale of A to D-. In addition, Sanoma received a solid CDP Forest rating of B. Sanoma discloses its climate change impacts through CDP, a global non-profit that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests.

CDP
DISCLOSURE INSIGHT ACTION

MSCI ESG Rating above industry average level

In 2022, Sanoma received a rating of AA (on a scale of AAA–CCC) in the MSCI ESG Ratings assessment. This means we are leading our industry in managing the most significant ESG risks and opportunities. Our rating is above industry average. MSCI ESG Rating aims to measure a company's resilience to long-term ESG risks. MSCI Inc. is one of the world's largest providers of ESG Indexes.

MSCI ESG RATINGS AA
CCC B BB BBB A AA AAA

Sustainalytics risk rating better than industry average

In 2022, Sanoma received a risk rating of low risk 10.9 (on a scale of negligible 0-10, low 10-20, medium 20-30, high 30-40, severe 40+) from Sustainalytics. Sustainalytics evaluates companies according to their exposure to ESG risks and how well they are managed relative to peers.

SUSTAINALYTICS
a Morningstar company
RATED

S&P Global ESG Score

In 2022, Sanoma participated in the S&P Global Corporate Sustainability Assessment (CSA) survey for the first time and scored 49 (out of 100). Sanoma performed in the top 4% in the Media, Movies & Entertainment industry. (Score date: 16 December 2022)

LEARN MORE ABOUT OUR ESG RATINGS HERE ►

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Sustainability at Sanoma

Sustainability strategy

Our Sustainability strategy focuses on six main topics, in which we have the greatest impact on society. It is designed to maximise our positive impact on society and to minimise our environmental footprint. To implement our strategy, we have set long-term targets and key performance indicators (KPIs). Consolidated performance results are reported annually. Our sustainability scorecard including our targets and key results 2022 can be found on p. 13. Topic-specific sections describe in detail 2022 development work in each topic.

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

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Sustainability management and governance model

Sustainability is an integral part of our values, operating principles and strategy. Sanoma develops sustainability in compliance with legislation applicable to business activities in the learning and media industry. In addition to legislation, we follow sustainability principles embedded into Sanoma Group policies, guidelines and sustainability commitments.

The ten principles of the UN Global Compact related to fundamental responsibilities in human rights, labour, environment and anti-corruption are embedded in the Sanoma Code of Conduct. We also commit to the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. Our Sanoma Code of Conduct (the Code) outlines our shared ethical standards for employees and business partners. The Code acts as an umbrella for all policies and standards within Sanoma. Guidelines and policies related to each Sustainability strategy topic have been listed on p. 81.

During 2022 Sanoma had no significant cases of non-compliance with law and/or regulations that resulted in fines or non-monetary sanctions. Topic-spesific regulatory compliance is described under each sustainability topics management approach.

Board of Directors	Sanoma's Board of Directors approves all strategic sustainability guidelines and monitors sustainability development and performance.
Audit Committee	The Audit Committee acts as Sanoma's Sustainability Committee and supports the Board, for example, in reviewing Sanoma's sustainability reporting, progress and ensures regular monitoring of the Sanoma Sustainability Strategy at least twice a year.
President and CEO	The President and CEO is responsible for overseeing sustainability, supported by the Executive Management Team.
Executive Management Team	The EMT is responsible for outlining Sanoma's strategic approach to sustainability, managing development and monitoring how sustainability is reflected in the business units. The EMT develops annual strategic guidelines and targets for sustainability as well as approves major sustainability projects.
Sanoma Learning Leadership team, **Sanoma Media Finland Management Team**, **Sustainability Team and support functions**	Together with the Strategic business units, the Sustainability Team prepares sustainability development measures and actions, coordinates sustainability progress and makes proposals to the EMT.
Sustainability working group	Sustainability Working Group, consisting of selected representatives across the Group, follows the implementation of the Sustainability Strategy, coordinates sustainability development and actions, and evaluates risks and opportunities regarding sustainability convening quarterly.
Local busines units and employees	

Sanoma's Board of Directors approves all strategic sustainability guidelines and monitors sustainability development and performance. Sustainability-related issues are reviewed, for example, when approving the Group's Financial Statements and the report of the Board of Directors' including the non-financial information, annual short-term incentives for the executive management and the company's sustainability strategy and targets.

The Audit Committee acts as Sanoma's Sustainability Committee and supports the Board, for example, in reviewing Sanoma's sustainability reporting and progress as well as monitoring the Sustainability strategy at least twice a year.

The President and CEO is responsible for overseeing sustainability, supported by the Executive Management Team (EMT). The EMT is responsible for outlining the company's strategic approach to sustainability, managing

sustainability development, and monitoring how sustainability is reflected in the business units. Together with the business units, the EMT develops annual strategic guidelines and targets for the Sustainability strategy as well as approves major sustainability projects. The EMT proposes the annual strategic guidelines to the Board for approval and reports on sustainability progress to the Audit Committee twice a year.

Sanoma regularly monitors sustainability progress both on Group and Strategic Business Unit (SBU) level. Together with the SBUs, the Sanoma Sustainability Team prepares sustainability development measures and actions, coordinates sustainability progress and makes proposals to the EMT. The Head of Sustainability and Investor Relations, reporting to the CFO, and the Sustainability Manager support the SBUs in target achievment, project implementation and communications. In addition, sustainability development on the SBU-level is supported by dedicated roles in Learning and Media Finland.

Our Sustainability Working Group meets at least quarterly and consist of selected representatives across the Group following the implementation of our Sustainability strategy, coordinating sustainability development and actions, and evaluating risks and opportunities regarding sustainability.

Our internal control, risk management and governance support the management of sustainability. Sanoma Enterprise Risk Management Policy defines Group-wide risk management principles, objectives, roles, responsibilities, and procedures, including sustainability-related risks. Sustainability risks are identified and assessed as a part of the annual risk management cycle facilitated by our internal risk management team. The President & CEO supported by the EMT is responsible for defining risk management strategies, procedures and setting risk management priorities. SBUs are responsible for identifying, measuring, reporting, and managing risks. Reporting of updated risk assessment results with related ongoing or planned mitigation actions is done to the Audit Committee and further to the Board of Directors twice a year. Potential cases of conflicts of interest or critical concerns follow sustainability governance model. Relevant risks as well as our risk management process have been further reported on p. 107.

Sanoma has embedded sustainability to the short-term incentives of the executive management. In 2022, sustainability targets made up 20% of Sanoma's annual short-term executive management incentives on the target level. Half of these targets were linked to the results of the Employee Engagement Survey (EES) and the other half to achieving internal third party data and privacy targets. In addition, for example the Sustainability Team and employees in Sanoma's own printing houses and facilities' management are incentivised on environment and climate-related targets.

Stakeholder engagement and material topics

Our business effects a variety of stakeholders every day. Open engagement with our stakeholders is of the highest importance for us, covers all our businesses and is part of our daily work and management. Our primary stakeholders are consumers, teachers and customers, employees, investors and suppliers. In addition, governmental organisations and regulators are important stakeholders that we engage with when participating in consultation processes and advisory groups. Key stakeholder groups have been identified together with the businesses by evaluating affected stakeholder and customer groups in both our own operations and the value chain.

Understanding the views and expectations of our stakeholders is key to the success of our business and to implementing our Sustainability strategy. Given the nature of our business, material issues do not change annually, and therefore our Sustainability strategy and targets are set for the long-term. Our latest large-scale materiality assessment was conducted late 2020 and published spring 2021. During 2021–2022, we have conducted stakeholder-specific engagement to continuously review material topics. In 2022, we have organised internal and external online and live events, conducted surveys on chosen topics for certain stakeholder groups (teachers, suppliers and B2B customers) and taken part in seminars and events relevant for our industry and operations. We also act through industry-specific initiatives and cooperate with trade associations. Topic-specific initiatives have been described in the topic specific sections of this report. Stakeholder engagement in regard to sustainability is managed by the Sustainability Team under the CFO, in cooperation with Learning and Media Finland business and communications teams. Businesses are responsible for cooperation with their respective customers.

Stakeholder engagement and material topics are further described on p. 83. Material topics in relation the Sustainability strategy topics and Sanoma policies have also been listed on p. 81.

sanoma

OUR BUSINESSES IN BRIEF

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FINANCIALS

GOVERNANCE

INCLUSIVE LEARNING

Supporting teachers to develop the talents of every child

Sanoma Learning is the leading European K12 learning company, serving over 25 million students in 12 countries. Our mission is to enable teachers to excel at developing the talents of every child by offering them the best possible learning solutions. Our more than 3,000 employees share a deep-rooted passion for education.

12
countries

3,000+
Employees

25 million
students across Europe

Acquired
Sanoma Italy and Stark Germany joined Sanoma in August

See all our sustainability and ESG performance figures ▶

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FINANCIALS

GOVERNANCE

Learning materials for over 25 million students

By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact. We see the impact of high-quality learning materials as twofold. Firstly, it helps teachers be more efficient in their work, leaving more time to focus on the students. Secondly, high-quality learning materials have a direct impact on the student's achievements and learning outcomes. Our learning materials reach over 25 million students, and through inclusive and personalised content and products we are able to engage all students in the best possible way. Learn more about our local learning companies at sanomalearning.com.

Net sales by country,
m€

High quality as a starting point

For us, everything starts from creating high-quality learning content that helps students reach good learning outcomes. K12 education is highly local and when developing our learning materials, we follow the curriculum requirements set out by the government of each country we operate in.

Our products and services are developed based on deep teacher and student insight – usually together with the teachers and testing our products and solutions with the end users. Our editorial teams are selected carefully with defined criteria for expertise and professional background. In addition to co-developing with local authors and teachers, we consult academics and external research to ensure up-to-date knowledge. The cornerstone for our content is that it is fact-based, following the latest scientific research and verified substantive information. We also follow our own Editorial Guidelines, which state our commitment and approach to editorial ethics and inclusive content. The guidelines were implemented and published early 2022.

We are focused on continuous improvement by listening to the teachers, students, school managers and other stakeholders. We collect their feedback and concerns and have a defined procedure for handling and acting upon them.

Our digital learning management solutions are designed to help teachers to support all students to reach their potential. We offer teachers all the important tools they need for teaching through one secure login. The reliability of our digital services and protection of personal data throughout the entire lifecycle are key to us. Our trustworthy and fair data protection practices are described in more detail on p. 37.

Personalised learning and accessibility

Our aim is to create learning content that gives a fair and balanced reflection of the world we live in. We realise that if children and teachers recognise themselves in our materials and feel acknowledged, they will be more engaged and motivated, and will achieve better learning outcomes. We put effort into carefully assessing the diversity aspects of our learning content and platforms to ensure a fair representation of different students and society. We do our utmost to avoid stereotypes, and eliminate bias and discrimination. One way of enhancing diversity and inclusion in our learning materials, is increasing the know-how of our employees on the topic. We launched, for example, an online learning course on unconscious biases during 2022 (read more under Valued People).

Each student is unique, coming from different backgrounds with individual learning preferences and skills as well as varying digital competences. As classrooms are becoming more diverse with learners equipped with different cognitive and social skills, the importance of personalised learning materials increases its importance. For example

Sanoma supports SDG 4 Quality education in Tanzania

itslearning and the Norwegian government join forces

LEARN MORE ▶

Sanoma Learning content creation model

Start of the school year

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

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

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

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

Learning method

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

in Poland and Sweden, we also offer specific products for children with special learning needs, such as dyslexia or autism. Our products support the unique strengths and talents these children have.

Inclusion is an umbrella term also encompassing the topic of accessibility. Digital platforms must be usable for a wide range of people with disabilities; however, everyone is seen to benefit from more accessible content. Our learning materials are enhanced with a wide variety of digital learning assets to increase learning impact among all students and address barriers to learning through traditional formats. For example, the barriers text-based materials can present for some students may be overcome by an application that provides audio learning content for those who learn better by listening than by reading.

We are currently harmonising our digital platform offering. As part of that project, we are increasing accessibility features of our platforms to respond to customer needs and comply with upcoming legislation. We have drafted a three-

year roadmap with a goal that after year 2025, the common accessibility components used in Sanoma Learning's core digital products comply with the AA-level of the WCAG Accessibility Guidelines. We are also aiming to publish our own accessibility guidelines latest in 2025. These improvements are driven by customer needs, but also the EU Accessibility Directive, which is coming into force in June 2025. At the moment, it is uncertain, how the directive will be implemented in our operating countries, and whether it will cover digital learning platforms or not.

Sanoma European Teacher Survey

To follow up on our impact and to better understand the use of various teaching materials and tools in each of our operating countries, we annually conduct a 'Sanoma Learning European Teacher Survey'. Early 2023, the survey was carried out in eight (2022: 6) of our operating countries. In the Netherlands, Poland, Spain, Belgium, Finland and Sweden, in total 6,400 (2021: 6,200) teachers responded the survey. The survey was also expanded to Italy and Germany, in which Sanoma acquired learning content businesses in 2022. An additional 5,500 teachers replied to the survey from Italy and Germany, but to ensure comparability of the results to previous years, newly acquired Italy and Germany have been excluded from the figures. Sanoma has conducted a similar teacher survey since 2015.

In the European Teacher Survey, the impacts of learning materials are evaluated by teachers from three aspects: student engagement, learning outcomes, and teacher efficiency. In the most recent survey, the overall perception of learning materials is positive and the results remained stable. 84% (2021: 85%) of teachers agree that Sanoma´s learning materials help students reach curriculum objectives. In addition, 71% (2021: 71%) of teachers agree that our learning materials help engage their students. 74% (2021: 76%) of teachers agree that our learning materials help them be more efficient in their work. The most recent survey also investigated teachers perceptions on sustainability. These results will help develop Sanoma's Sustainability strategy further to respond to teachers expectations.

Local co-operation

We promote equal access to education and equal learning opportunities through external initiatives in our operating countries. Educational systems vary between countries and therefore local co-operation with NGOs and governmental organisations is key when striving towards equality in education. Initiatives we have locally participated in have, for example, raised awareness of equal learning opportunities, brought attention to the needs of children in online learning or encouraged students in reading and writing.

71% (2021: 71%)
of teachers agree that our learning materials help engage their students

74% (2021: 76%)
of teachers agree that our learning materials help them be more efficient in their work

Virtual deep dive event: Sanoma Learning leveraging digital learning

In 2022, Sanoma hosted a series of deep dives to share insights on our Learning business and look at the key drivers and digital trends shaping the industry.

LEARN MORE ▶

On the UN International Literacy Day, 8 September 2022, we celebrated the Read Hour campaign organised by the Children and Youth Foundation in Finland with an aim to inspire especially young people to read more. With the campaign becoming more international, our learning companies across Europe also joined it.

In addition, we work in close co-operation with various local organisations to ensure that all students can access our materials. This includes, for example, close co-operation with organisations supporting visually or hearing-impaired children or other disabilities, as well as organisations providing materials in minority languages. Through the local co-operation we are able to reach and impact more students and support them in their individual learning path.

Management approach

At Sanoma Learning, all new or renewed learning materials follow a common method creation process and local curriculum requirements. Sanoma Learning editorial guidelines, published early 2022, state our commitment and approach to editorial ethics and inclusive content. In addition to the Sanoma Learning wide process, each operating company has its own strictly defined editorial process, respecting the local legal and ethical regulations and norms. One of our guiding principles is that we make independent decisions regarding our content. Sensitive topics vary locally and must always be handled with special attention. At the start of preparing for a new curriculum, sensitive editorial subject areas are reviewed locally and reported to the Learning Management Team (LMT) by the management of the operating country. The approval process of sensitive topics is decided and monitored by the LMT.

List of policies and guidelines guiding Sanoma's inclusive learning practices can be found on p. 81 (Sustainability policies and guidelines). Sustainability-related risks are disclosed in the Report of the Board of Directors on p. 107.

In 2022, we published company-wide editorial guidelines for inclusive content

LEARN MORE ▶

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2022
Financial performance	■ Comparable net sales growth: 2-5% ■ Operational EBIT margin excl. PPA: above 23%	■ 1% (2021: 7%) ■ 19.4% (2021: 21.0%)
Sustainability performance	■ We co-create high-quality and motivating learning materials with teachers, fitting the local curriculum ■ We develop inclusive learning solutions that support diversity, accessibility and differentiation ■ We promote equal access to education	■ 71% of teachers who agree that our learning materials help them engage students (2021: 71%)[1] ■ 84% of teachers agree that our learning materials help students reach curriculum objectives (2021: 85%)[1] ■ 74% of teachers who agree that our learning materials help them be more efficient in their work (2021: 76%)[1]

[1] Results based on Sanoma's annual European Teacher Survey. Learn more about the survey on p. 22.

See all our sustainability and ESG performance figures ▶

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FINANCIALS

GOVERNANCE

SUSTAINABLE MEDIA

Trusted Finnish journalism and inspiring entertainment

Sanoma Media Finland is the country's leading cross-media company, reaching 97% of Finns every week. Our mission is to provide Finnish media for current and future generations. We strengthen independent journalism, promote freedom of expression, create public discussion, and increase empathy and tolerance. The entertainment we produce provides shared experiences and supports the Finnish audiovisual community. For advertisers, we ensure a safe, impactful marketing environment.

16
newspapers

2,400+
employees

40
media brands

97%
of Finns reached every week

See all our sustainability and ESG performance figures ▶

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FINANCIALS

GOVERNANCE

Independent and reliable journalism

Finland scores high when assessing press freedom, and Finns rely on news media and its role in maintaining democracy. Demand for high-quality journalism is stable. According to the National Media Audit (KMT 2022), 95% of Finns over the age of 15 read newspapers. Three out of four Finns consider printed or digital newspapers to be reliable (IRO Research 8/2022). When users were asked to assess the reliability the news and media, the average was 9.6 on a scale of 1–10.

Maintaining and building trust towards journalism is crucial to us and an integral part of our history. The story of Sanoma began in 1889 when the predecessor of Helsingin Sanomat, Päivälehti, was founded in Helsinki. More than 130 years later, we continue to produce fact-based content for Finns, remain committed to the Guidelines for Journalists and transparently communicate our general editorial process. It is the duty of the media to look critically at those in power, to point out the shortcomings of society and to offer its readers new perspectives. The importance of fact-based information has only continued to grow in the world of fake media, conspiracy theories and alternative truths.

Our strong news network ensures independent journalism in Finland. Media Finland has more than 40 media brands, of which 16 in news media. In addition, Media Finland is the majority owner of the Finnish News Agency (STT), one of the world's oldest news agencies.

Helsingin Sanomat (HS) is the largest daily newspaper in the Nordic countries and the largest subscribed news media in Finland. The overall reach of HS continued to grow in 2022, and it now reaches nearly 1.7 million readers. Aamulehti newspaper in the Pirkanmaa region, Satakunnan Kansa newspaper headquartered in Pori and 11 local newspapers strengthen our local news network. In addition, in spring 2022, Helsingin Sanomat established a new editorial office in Turku, which creates local, informative and in-depth news stories primarily online.

In 2022, Ilta-Sanomat (IS) celebrated its 90-year anniversary and today as a free of charge, nationwide online media, it is the medium from which a large part of Finns get their news. IS reaches more than 3.1 million readers each week through IS.fi and the printed newspaper. There are 46 million visits to IS.fi per week.

Safety of journalists key in crisis areas

Alongside our network of domestic journalists, we have an extensive network of foreign correspondents. HS has in total seven foreing correspondents based in Brussels, Washington, Beijing, Berlin, London, Stockholm and Moscow as well as a Nato correspondent. In addition, HS has a wide network of contributors around the world and both Helsingin Sanomat and Aamulehti have university correspondents. Ilta-Sanomat has appointed a foreign correspondent for North America and the professional ice hockey league NHL.

In 2022, the Russian invasion of Ukraine caused a reorganisation of editorial teams. New teams and the night shift were established in Helsingin Sanomat and in Ilta-Sanomat the war in Ukraine was monitored live 24/7. Helsingin Sanomat provided information about the war in Ukraine free of charge to all readers, not only subscribers. Other Sanoma's news media also closely followed the war in Ukraine. HS Kids' News published articles on Ukraine explaining the crisis to school-age children. Helsingin Sanomat and Ilta-Sanomat also published news about the situation in Ukraine in Russian in an initiative together with two other Nordic newspapers, Dagens Nyheter and Politiken.

Since the beginning of the Russian war of aggression, Helsingin Sanomat has had its own journalist and photographer present on site in Ukraine to ensure first-hand information about the events in the crisis areas. HS's principle is that all those going to the crisis areas receive crisis area training, unless they already have extensive experience of working in crisis areas, as some journalists do. Journalists sent to crisis areas receive regular training and, when returning from the war zones, they have an opportunity to discuss with occupational healthcare.

One year of war in Ukraine

Russia's attack on Ukraine caused a reorganisation of editorial teams

LEARN MORE ▶

Ilta-Sanomat, reaching more than 3.1 million readers weekly celebrated its 90-year anniversary

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FINANCIALS

GOVERNANCE

Promoting diversity at the core of magazine journalism

Sanoma's lifestyle magazine brands focus on the print business and strive to maintain their important role in consumer media use. In our magazines, we create discussions with room for different opinions and lifestyles. Our beloved brands tell stories that do good. We recognise and hear people's needs, bring people together and offer the opportunity to reflect on what is important in life. At the same time, we dare to dream and inspire.

To support the development of sustainability, the magazines defined ten sustainability focus areas during 2022, which are linked to the everyday work of our magazine professionals and support the implementation of Sanoma's sustainability strategy. These ten goals focus on supporting diversity of different views in content creation, promoting trust towards reliable and scientific information, building respectful debate culture, inspiring responsible and sustainable choices, promoting literacy and media literacy by producing high-quality Finnish journalism, inspiring lifelong learning, promoting diversity and age and body positivity, encouraging cooperation, supporting mental health, and daring to also question our own actions.

Helsingin Sanomat newspaper and the Polish Gazeta Wyborcza newspaper were awarded the Danish Politiken Prize for Freedom of Expression

Our media strengthens literacy and media literacy

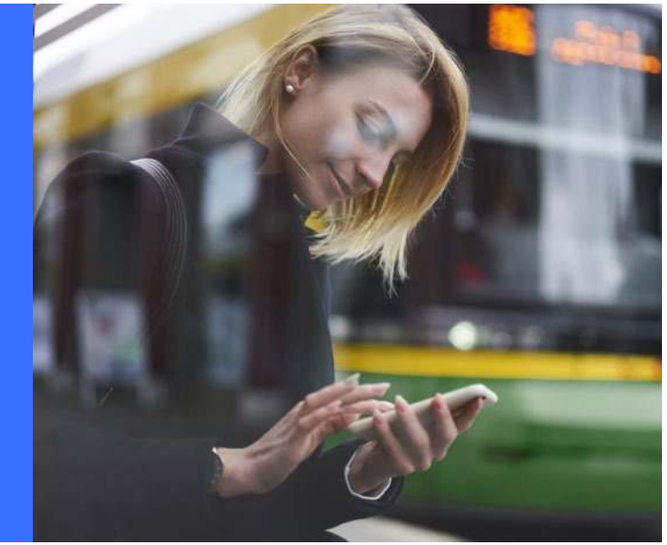
We want our readers to understand the changes and developments taking place in our living environment. For example, the HS Ympäristö environmental section, which celebrated its first anniversary in the autumn of 2022, provides readers with reliable and illustrative information on changes affecting the lives of Finns, while strengthening the literacy of the climate crisis, among other things. In addition to the traditional text, we want to provide stories by means of visual digital storytelling and data journalism. More than 1,500 articles were published during the first year. This is a significant amount compared to all articles published during 2022. For example, HS published 1,000 articles around electricity. The war in Ukraine has resulted in 5,000 articles. Readers have also written about 300 environmental opinion pieces on the opinion pages. HS Ympäristö stories have been viewed more than 62 million times during the year, and the section has reached readers under the age of 45 particularly well.

While the spread of misinformation on social media has accelerated, the need for reliable news is even greater. That is why it is important for us to support literacy, and especially media literacy. One of the most significant ways to strengthen media literacy is to support children's and young people's relationship with media and reading. In August 2022, HS Kids' News newspaper had its second anniversary. HS Kids News' is a home-delivered newspaper for children who want to understand the world. Tens of thousands of children and teenagers read the newspaper at home and schools. HS Kids' News visited, for example, schools and events and, for the first time, attended the Helsinki Book Fair, where school children were given information about how the news is produced and what a journalist does for a living.

New HS environment raises climate discussion

Putting environmental journalism at the heart of Helsingin Sanomat is reflected in figures: more than 1 500 articles have been published in the first year, they have been viewed more than 62 million times and readers have written around 300 opinion pieces on the environment.

LEARN MORE ▶



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We also deliver free copies of newspapers to schools every year and participate in the Week of News (Uutisten viikko, previously Sanomalehtiviikko), which focuses on media education, and distributed digital reading rights to our newspapers to Finnish schools.

In 2022, we also introduced a new login option (MPASSid) for the online news content of Helsingin Sanomat, Aamulehti and Satakunnan Kansa. This allows educational institutions to read the news directly from the educational institution's account without the need for separate Sanoma IDs in those schools where the students have been granted reading licenses. The goal of Sanoma is to get high-quality and timely journalism to schools to support high-quality teaching as easily as possible.

Studies show that Donald Duck teaches Finnish children to read and inspires them to continue reading. 92% of the Donald Duck readers are satisfied with the content of the magazine, and four out of ten current subscribers say they have learned to read with the help of Donald Duck. In September, we participated in the Read Hour reading festival that challenges people of all ages to read more.

The Kaivuri journalism training programme for all the news teams of Sanoma was also launched in 2022. The programme is intended for journalists at various stages of their career.

Responsible marketing supports businesses

Advertising is an important part of Sanoma's content experience and supports companies' sustainable growth and commercial success. It has been proven that the safe, reliable and domestic media environment of Sanoma is positively reflected in the brand being advertised. Companies can build impactful and effective campaigns with us, knowing the environment in which their marketing message is published. In 2022 Sanoma for example decided that no advertising space is sold around news about the suffering caused by Russia's war of aggression.

Sanoma reviews the advertisements it publishes to ensure compliance with the good practice referred to in the International Chamber of Commerce (ICC) Advertising and Marketing Communications Code. The publication decision is always based on the advertisement as a whole, and each case is reviewed separately. In 2022, we have developed the verification of the truthfulness of environmental claims in advertising and provided internal training for our personnel to identify and avoid misleading or incorrect environmental claims.

In programmatic advertising (i.e. advertising bought through automated systems), Sanoma uses whitelisting, which means that advertising is only accepted from specific trustworthy buyers and advertisers. The quality specifications for display advertising, on the other hand, prevent advertising, for example, in certain categories or with certain keywords.

We support companies in making sustainability visible in a way that is interesting to consumers. Sanoma's Sustainability Map survey package opens up consumer expectations concerning brand responsibility.

We help our corporate customers move towards a better, more sustainable future

We offer sustainability recommendations, expert articles and campaign examples related to sustainability to marketing decision-makers

LEARN MORE (IN FINNISH) ▶

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FINANCIALS

GOVERNANCE

Nelonen Media entertainment offers shared experiences

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

In 2022, Nelonen Media Live organised 13 festivals and three big stadium concerts providing experiences for festival visitors, job opportunities for event professionals and performance opportunities for hundreds of artists. According to our "Events for a better tomorrow" promise, Nelonen Media Live produces safe, accessible, communal, carbon-neutral, sustainable, fair, and entertaining events. The implementation of these promises is monitored annually with various indicators. For example, to assess carbon neutrality and sustainability and reduce environmental impacts, Nelonen Media calculated the emissions of its events for the second time in 2022. According to the calculation model developed with and audited by a third party, the total emissions of all events were 9,800 tCO_2e (2021: 6,000). The average emissions of an individual event visitor were 71 $kgCO_2e$ (2021: 39). The main reason for the increase in emissions is the increase in visitor numbers compared to 2021, when seven events were held at half capacity. In addition, three new events were included in the calculation for 2022, the largest of which is Rockfest. These big event productions increased the intensity per event visitor. The most significant emissions from events are caused especially by the visitor's travelling to the event. Nelonen Media Livecontinuously develops measures to decrease event emissions.

Nelonen Media is the leading entertainment house in Finland focusing on video, audio and events.
Our aim is that, through entertainment, we raise awareness of people's differences and offer different perspectives on society.

Events for a better tomorrow

Seven sustainability priorities summarise Nelonen Media Live priorities regarding events. Nelonen Media Live organises events that are safe, accessible, communal, carbon neutral, sustainable, fair and entertaining. Target is to increase the positive impact of operations and minimise the environmetal footprint while taking into account all stakeholder groups.

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GOVERNANCE

Management approach to sustainable media

Ethics of journalism

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

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

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

Anyone can submit a complaint concerning a breach of good journalistic practice to the Council for Mass Media. If the Council considers that we have violated the Guidelines for Journalists, we have also committed to publishing the Council's condemnatory decision. Complaints are handled without delay, impartially and free of charge. All handled cases are reported publicly on the website of the CMM. In 2022, the Council for Mass Media made in total 41 decisions, seven of which were condemnatory. Sanoma Media Finland did not receive any condemnatory decisions in 2022.

Responsible advertising

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

In Finland, the Ethical Council of Advertising monitors the responsibility of advertising and issues statements on whether marketing is contrary to good practice or, for example, discriminatory, inappropriate or misleading for children, and applies the ICC Advertising and Marketing Communications Code. In 2022, there were two cases in Sanoma Media Finland related to the advertising of erotic equipment, on which the Council issued a notice. Advertising of erotic equipment is permissible in principle, but special care must be taken in it and its effect on minors must be considered, so we advised the marketer to use other content in their advertising.

During 2022, we have also closely followed the updates of the EU Unfair Commercial Practices Directive, the Environmental Marketing Guidelines of the Finnish Competition and Consumer Authority and the Framework for Responsible Environmental Marketing Communications and, among other things, provided internal training for our personnel to identify and avoid misleading or incorrect environmental claims in advertising.

To protect children from inappropriate advertising and to promote responsible advertising, the Board of Directors of Radiomedia, an industry NGO for commercial radio´s in Finland, has renewed the policy on advertising in accordance with good practice. In Radiomedia, there is an ethical working group that assesses the compliance of adult entertainment and erotic advertisements with the laws and self-regulatory guidelines before they are broadcast. As a member of Radiomedia, Sanoma undertakes to take the assessment into account when making its broadcasting decision and instructs its advertising customers to act in accordance with the Radiomedia policy in their advertising.

Entertainment responsibility guidelines

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

Industry-related development work

Sanoma monitors legislation related to its business continuously. The EU is preparing a European Media Freedom Act to protect media pluralism and press freedom. In Sanoma's view, there is no need for further regulation

in Finland, as existing legislation and self-regulation of journalism form an effective regulatory framework, but Sanoma is aware of the challenges faced by some other EU countries, which the EU is seeking to address through regulation. In cooperation with the Finnish Media Federation (Finnmedia) and the European Publishers Council, Sanoma aims to ensure that regulation fulfils its original purpose without becoming over-regulated.

The European Accessibility Directive was enforced into national law on 1 February 2023. However, In Finland, accessibility requirements will largely only apply from 28 June 2025 onwards. Sanoma develops the accessibility of its services continuously.

Sanoma made a state aid complaint to the European Commission's competition authority in 2021 concerning Finland's compliance with the state aid regulations and the definition of the public service remit of the Finnish public broadcasting company Yleisradio (YLE). Sanoma's goal is to bring clarity to the regulation in a rapidly digitalising and highly competitive TV market. Truly versatile media and a fair market are an important part of western society and the interests of the entire industry and ultimately the Finnish media consumer. The complaint is currently being handled by the Commission's competition authority. We hope that the resolution will become clear during 2023 and will give independent TV media more opportunity in its digital development.

In January 2023, the Helsinki District Court sentenced a Helsingin Sanomat journalist to a fine for revealing a security secret in a lawsuit concerning an article written about the Finnish Intelligence Research Centre. Another journalist was found guilty but not sentenced. According to Sanoma, the five-year-long trial has curtailed freedom of expression in Finland. The threat of imprisonment and the prolonged public pressure associated with the trial have raised the threshold for journalists and editors to tackle issues of social importance, even though the sentences remained moderate. The verdict is not yet final.

List of policies and guidelines guiding Sanoma's sustainable media practices can be found on p. 81 (Sustainability policies and guidelines). Topic-specific risks are disclosed in the Board of Directors' Report on p. 107 (Risks and risk management).

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2022
Financial performance	■ Comparable net sales growth +/-2% ■ Operational EBIT margin excl. PPA 12–14%	■ 1% (2021: -7%) ■ 10.6% (2021: 11.9%)
Sustainability performance	■ We promote open democratic society and freedom of speech through our independent media ■ We increase awareness, empathy and tolerance with our journalism ■ We empower shared experiences with our sustainable entertainment and support the local audio-visual community ■ We enable companies to thrive through our sustainable marketing solutions	■ 0 condemnatory decisions on news articles as defined in the CMM's Guidelines for Journalist (2021: 4) ■ Implementing responsible marketing in accordance with the instructions of the Ethical Council of Advertising: 2 cases of non-compliance (2021: 2)

See all our sustainability and ESG performance figures ▶

VALUED PEOPLE

Equal and inspiring workplace with excellent opportunities to develop

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

12
operating countries with a variety of nationalities

More than
5,600
employees

41%
of senior management women

7.7
Equal opportunities in my company rating

See all our sustainability and ESG performance figures ▶

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Our employees

As a creative organisation, our people and their innovativeness are key to our success. The future growth of our company is dependent on retaining and attracting talented people and supporting them in their development. Our growth strategy and the changing business environment require new skills and competences, such as right digital competences, both from our current and future employees. Our strength as an employer is that we offer meaningful work with a strong purpose and flexible working arrangements. We focus on creating a working environment that inspires people by developing the employee experience, people's competences, and sense of belonging. Our key challenges are related to ensuring balance and wellbeing for our employees in the changing work environment.

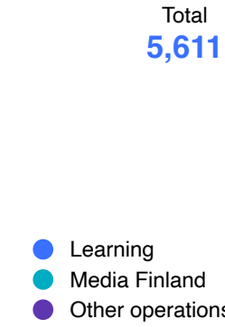
Sanoma is a significant employer that operates in 12 European countries. At the end of December, we had a total of 5,611 (2021: 5,359) employees, corresponding to 5,079 full-time equivalent employees (FTE). 90% (2021: 90%) of our employees are permanent employees. In 2022, the number of new employees was 963 (2021: 616), while the number of employees who left the company was 892 (2021: 617), resulting in an average employee turnover of 16.5% (2021: 11.5%). In addition to recruits, the number of new employees includes the impact of the internal transfers as well as some smaller acquisitions. The number of employees who left the company includes the impact of some smaller divestments. In addition, we welcomed over 250 new employees due to the acquisition of Sanoma Italy and STARK in Germany. The reporting for 2023 will be developed to only include the turnover of permanent employees and to exclude the impact of M&A. In 2022, we had 294 (2021: 293) employees working on-call for Sanoma. These freelancers mainly support our events and editorial staff in Media Finland. In addition to Sanoma's own full-time, part-time, and on-call employees, we use external resourcing. Sanoma is reviewing these options on a continuous basis as part of its strategic workforce planning and talent management processes. Currently we use external partners and freelancers especially in the areas of content creation, supply chain, professional services as well as marketing and sales functions.

Diversity and inclusion

We operate in 12 countries, and our people come from different cultural and educational backgrounds and a variety of age groups. We recognise that diversity in our teams increases our understanding of the people and communities we serve. That is why we continuously aim to improve the diversity of our workforce as it increases innovation and engagement. At the same time, we believe that diversity is not enough without inclusion. Therefore, our strategic ambition is an inclusive culture where everyone is welcomed, respected and supported as their own true selves.

In 2022, we took important steps in advancing on our diversity & inclusion (D&I) journey. One of the first steps was to collect both qualitative and quantitative data on the current state of D&I at Sanoma. All employees were invited to participate in our D&Isurvey carried out in collaboration with a third party. More than 2,000 employees participated, which is over 35% of our employees. With this insightful data, we are better equipped to plan the next D&I steps to match the needs of the organisation. Based on the results we see that our people feel they can be their authentic selves at work and personal characteristics are not a barrier to career progression. Also, respondents felt that the culture at Sanoma welcomes and values people of all backgrounds. There were also areas where we can improve. In our action plan we will address the experience of minority groups, support our leaders to take an active

Personnel by SBU,
% at the end of 2022



Personnel by country,
% at the end of 2022

role in advancing inclusion and enhance transparency to ensure fair and equitable practices.

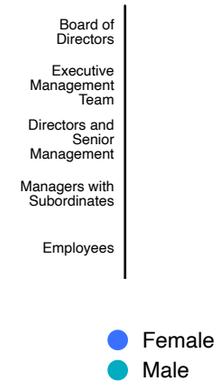
As increasing awareness about unconscious biases play a significant part in enhancing inclusion, we launched an online course for all employees on understanding unconscious biases and promoting inclusion both on individual, team and organisational level. In our Learning and Group functions, we also carried out a virtual training for close to hundred leaders to support them in leading by example and promoting D&I. In Media Finland, a new Leadership handbook was created and trained to managers with the ambition of driving the implementation of our leadership promises and equal leadership practices.

We follow our progress in D&I through chosen measurable targets and metrics (see more details end of this section). Ensuring that our employees feel that we provide equal opportunities is tracked by the Equal opportunities rating in our annual Employee engagement survey. In 2022, the rating improved to 7.7 (2021: 7.3). Our improving score above the European Benchmark of 7.0 shows that we have progressed well in the development of a more equal and respectful working environment.

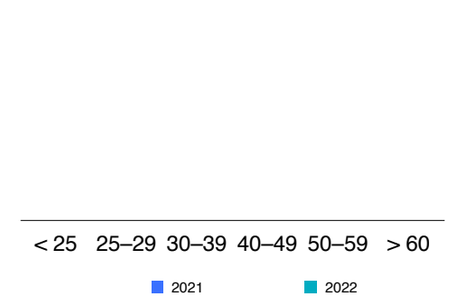
Of our employees, 56% (2021: 55%) are women and 44% (2021: 45%) men. Although our overall gender diversity ratio is on a very good level, we recognise that we need to focus on enhancing it in certain teams, such as technology. In 2022, 44% (2021: 45%) of team managers and 41% (2021: 39%) of directors or senior management were women. At the end of 2022, 33% (2021: 33%) of the Board members were women. Sanoma's Executive Management Team consist of two women and two men. We target that by 2030, we have a 50/50 gender balance in our managerial positions. But even more important, our aim is to promote a culture where gender plays no role and there is wide diversity in all aspects. 10% of our employees are under 30 years -old, 82% are aged between 30–59 years and 8% over 60 years old. More information about the age distribution by personnel group can be found in the Sustainability performance indicator table on p. 62.

We have zero tolerance for any form of discrimination, harassment or bullying at the workplace, and we cover equality and inclusiveness in our Code of Conduct. It sets out the general principles of ethical conduct and our responsibilities as an employer. We strive to build a culture where people feel at ease to bring up any form of misconduct, and also offer them an anonymous Sanoma-WhistleB reporting channel. We monitor the total number of reported misconduct cases, and all cases are investigated thoroughly. Learn more about our actions on preventing misconduct on p. 48. Sanoma's Diversity and Inclusion Policy sets our ambition for a diverse and inclusive workplace: for example, fair treatment and equal opportunities, non-discrimination, equal pay for

Gender diversity at Sanoma,
% at the end of 2022



Employee distribution by age,
% at the end of 2022



equal roles, and gender-neutral experience. The Policy is approved by the Board of Directors. In most of our operating countries, our equality actions are centred around local equality and non-discrimination plans.

Wellbeing and professional development

The majority of our employees generally work in an office environment and a top priority is to manage their work-life balance, workload and related stress factors. This is mainly done on local level in our operating companies and functions. The 'Sanoma Academy' online training platform covers topics such as coaching, leadership, work-life balance, and self-leadership. In addition, we offer online webinars on various topics to increase wellbeing and knowhow of our employees. Professional development is supported through regular performance and development reviews. In 2022, approximately 90% (2021: 96%) of employees had a regular performance and development review with their manager. For 2022, the reporting on regular performance and development reviews covers more operating companies and thus a bigger share of employees than in 2021. To support well-being, engagement, and inspiration, we also provide local initiatives like walking, skiing or bird-watching challenges, field trips, Breakpro app for exercise during the days and webinars. Also, employee expectations around ways of working and flexibility have changed. Therefore, we have invested in office restructurings in several operating countries (Finland, Spain, the Netherlands, Poland) in 2022 to support our employees' work-life balance with flexible working time and tools and equipment for remote work.

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

As a learning and media company, our employees' professional development and ability to gain new skills is central for future growth. On the other hand, the changing environment and the international growth of our learning business also brings opportunities to find new roles and responsibilities within the organisation. Local training plans guide the professional development of our employees and are complemented by business-wide training and talent development programmes bringing together employees across business. To further enhance strategic training management in Learning, we follow a three-year learning & development plan with quarterly focus areas. Another significant step towards strategic workforce and talent planning is our new human resources information system Workday to be adopted in phases during 2022–2023.

We enhance knowledge sharing and upgrading employee skills to correspond to the transformation and growth of Learning through various programs. We launched a training academy specifically tailored to our finance teams, digital teams as well as communities of practice and other expert networks. To develop future leaders in Learning, the leadership program designed together with Aalto University Executive Education took place for the second time. Altogether 37 employees across our business focused on topics such as strategy, transformation, innovation, culture, and collaboration.

In Media Finland, the senior leadership program NEXT focusing on developing the strategy and leadership skills was completed with 40 participants. Employees were supported with their development through different Sanoma Academy trainings in areas such as leadership, self-leadership, wellbeing, technology and lean methodology and practices. Also, internal job rotation program was launched with shorter- and longer-term job rotations with specific focus in journalistic roles. Also a cross-functional mentoring programme with over 50 participants was completed to increase career opportunities and cross-functional knowledge sharing.

Employee engagement survey

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

For the 2022 EES survey, we reached a response rate of 87% (2021: 90%). Our Employee Experience Index was stable at 7.3 (2021: 7.3), being slightly below the long-term target level of 7.5. Compared to peers, Sanoma's EEI still remains above the European benchmark level of 7.1. The highest

7.3

Employee Experience Index in our employee engagement survey in 2022 (2021: 7.3).

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score was reached on leadership and relationship with direct manager. Employees especially value managers' skills in building relationships with employees and showing trust and respect. A good work environment, characterised by strong collaboration with colleagues, supportive managers and equal opportunities stayed on a good level. Areas of improvement include work-life balance, change management, remuneration and development opportunities.

Building a great workplace with an inspiring and sustainable company culture plays a key role in attracting and retaining talent, as well as increasing commitment and engagement. The Employee Net Promoter Score (eNPS) signals how likely employees would recommend Sanoma as an employer. The eNPS measured in the EES went down to 7.2 (2021: 11.5) on a scale from -100 to +100. The European benchmark is 5.0. Our target is to reach an eNPS score above 10 by 2025.

Occupational health and safety

Every employee has the right to work in a safe and healthy environment. Our Human Resources management model ensures a well-organised management of the occupational safety, health, and wellbeing of our people. Occupational health and safety management system of Sanoma covers all Sanoma employees. We provide occupational healthcare services, including preventive services, to all our employees to promote their health and maintain work ability. Occupational healthcare is, at minimum, arranged according to local legal requirements and practices. Employees can participate in the development, implementation, and evaluation of the occupational health and safety management through both formal and informal methods. Informal methods include open dialogue through internal communications channels, surveys, and direct contact with the Human Resources function. Formal participation includes workers' representation in local joint management, for example worker health and safety committees. In 2022, Sanoma's overall sick absence rate increased to 4.3% (2021: 3.1%) mainly do to increased social contacts after the pandemic. In addition, absences related to mental wellbeing increased.

Sanoma owns two printing houses in Finland, where we focus on preventive measures to ensure safe work procedures. Health risks are mainly related to tripping or slipping. In warehouses in both Learning and Media Finland, the most common injuries are related to handling loads, falling or forklift truck accidents. Sanoma's printing houses employ 182 (2021: 216) people in Finland (3% of the total number of employees). The number of personnel decreased due to the divestment of one printing house. The work in the printing houses deviates from office work. Therefore, we follow and report accidents as well as high-potential injuries and close-calls at work only concerning the two printing facilities in Finland. Both printing facilities have a safety management system in place, and accidents are reported internally to all printing facility workers and communicated on-site daily. Developing employee awareness is the primary method of ensuring safety at work. Likelihood of accidents is reduced by carefully processing every observation in our printing houses and reviewing it with employees to ensure the right precautionary attitude towards incidents. In 2022, one serious work-related accident took place while commuting. There were no fatal accidents during the year. The lost time accident injury rate (LTA) for the printing facilities was 9.2 (2021: 7.7). Although the number of accidents was the same in 2022 and 2021, the numbers of hours worked used in the LTA calculation declined due to the divestment of one printing house resulting in a higher LTA. In 2022, 4 (2021: 4) injuries resulting in lost day occurred, 1 (2021: 1) of them when commuting to work.

Sanoma supported UN Women Finland in women's day campaign

In 2022, Sanoma Media Finland and Marketing Finland supported the UN Women Finland's international women´s day campaign. Through inspiring examples, the campaign encouraged to take part in building a more equal world where everyone's human rights are respected.

LEARN MORE ▶

Management approach to people topics

In Learning, our human resource development is led by the Chief Human Resources Officer, and on a local level by the respective HR Director and organisation in each country or region. In Media Finland, human resources are led by the Chief Human Resources Officer and a team embedded in the different business units. The Human Resources Committee of the Board of Directors is responsible for the evaluation of related policies, practices, development plans and the performance of the key executives, including the two human resources executives. List of policies and guidelines guiding Sanoma's Human Resources practices can be found on p. 81. Topic-specific risks are disclosed in the Report of the Board of Directors on p. 107.

Employee benefits offered to our employees are defined on local level. In Sanoma's largest companies, the benefits provided for full-time employees do not mainly vary from the benefits offered to the part-time employees. Information on remuneration principles of the Board of Directors, the President and CEO and the Executive Management can be found in our Remuneration Report 2022 on p. 234.

In addition to acquisitions and divestments, no significant workforce restructurings or redundancies took place during the year. In regard to notice periods, Sanoma complies with local legislation in all of its operating countries, and the notice periods specified in collective agreements. In Sanoma's largest companies, the minimum notice period typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them varies between two weeks to two months, in general. For most of the organisations with collective bargaining agreements, the notice period and provisions for consultation and negotiation are usually specified in collective agreements. Employees' right to freedom of association is an important value supported by Sanoma. As a signatory of the UN Global Compact we commit to the principle three on the right to freedom of association and collective bargaining. By end of 2022, 69% (2021: 68%) of Sanoma employees were covered by collective bargaining agreements. In general, for employees not covered by collective bargaining agreements, Sanoma determines their working conditions and terms of employment based on collective bargaining agreements that cover other employees or based on local labour legislation.

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2022
■ We create an equal and inclusive workplace together ■ Our people create our knowledge capital and together we promote wellbeing, training and safety ■ We are a great workplace and support an inspiring and sustainable company culture	■ Annually, our Employee Experience Index is on a favourable level ≥ 7.5	■ Employee Experience Index: 7.3 (Scale 0-10, European Benchmark 7.1)[1] (2021 7.3)
	■ Our people feel that we provide equal opportunities, and our Equal opportunities rating is on a favourable level, ≥ 7.6	■ Equal opportunities in my company rating 7.7 (Scale 0-10, European Benchmark 7.0)[1] (2021: 7.3)
	■ We promote diversity and gender neutrality throughout our business and aim for a 50/50 gender balance in managerial positions by 2030 ■ NEW The Board of Directives objective is that both genders are represented of the Board with the share of under-represented gender being at least 40%	■ Managers with subordinates: 44% w / 56% m (2021: 45% / 55%) ■ Directors and Senior Management: 41% w / 59% m (2021: 39% / 61%) ■ Board of Directors: 33% w / 67% m (2021: 33% / 67%)
	■ We continuously seek to develop Sanoma as a great place to work and, by 2025, we aim to reach an Employee Net Promoter Score (eNPS) > 10	■ Employee Net Promoter Score: 7.2 (Scale -100 to +100, European Benchmark 5.0) (2021: 11.5)

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

See all our sustainability and ESG performance figures ▶

TRUSTWORTHY DATA

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

Data, especially personal data, is an essential part of our business putting privacy and security as well as customer trust at the core of our daily work. In 2022, we continued implementing our Privacy Programme and Privacy and Security by Design process to ensure that privacy and data protection of our customers is built into our products.

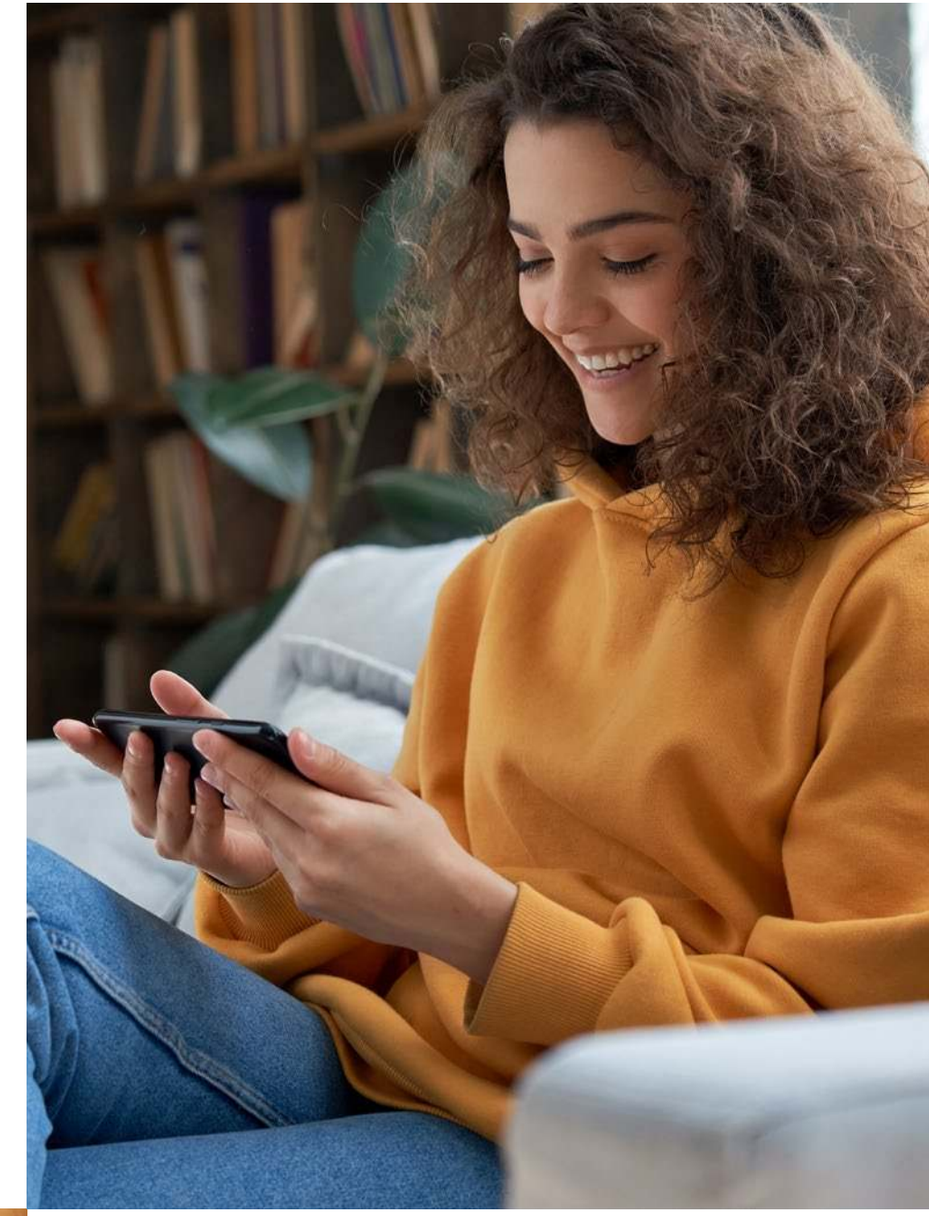
196
Data breaches

32
Privacy Champions with privacy responsibilities

0
Major data breaches

Continuous training
of all employees in privacy and information security

See all our sustainability and ESG performance figures ▶



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Privacy and security in Learning

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

Privacy and security in Media Finland

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

Privacy and Security Programmes

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

Sanoma has nominated employees with privacy responsibilities in key business areas. During 2022, we had 32 (2021: 36) nominated Privacy Champions across our businesses. Privacy Champions are trained to be a first line of support in privacy related topics, and to follow relevant privacy laws, as well as guidelines created to help implement privacy into everyday operations. Privacy Champions are also responsible for ensuring that Privacy Impact Assessments (PIAs) are conducted for new personal data processing purposes, and that data processing is documented as required by law. In some of our Learning businesses, the role of a Privacy Champion is a full-time position, and we expect the Privacy Champion positions to be a full-time role for the rest of the Learning businesses in 2023. In Media Finland, the Privacy Champions role is a beneficial aspect to their primary role in their respective businesses.

Sanoma also has tailored more specific privacy responsibilities related to various business roles. Examples of these roles are Data Breach Management task force members, development teams and service managers, and data scientists across all businesses. Privacy training has also been provided to Sanoma Media Finland tele sales, event sales and B2B digital sales personnel, as well as customer care representatives.

Every year, to ensure our employees know how to apply data security and privacy practices in their daily work, we conduct various privacy and security awareness measures to employees. Sanoma's Code of Conduct e-learning, mandatory for all employees, contains dedicated sections for privacy and security. In 2022, Sanoma has also done several internal awareness campaigns on information security such as intranet articles on keeping information safe, and encouraging people to participate in programme that help identify phishing e-mails.

To address, manage and notify authorities and data subjects about personal data breaches, and to monitor short-term and long-term corrective actions, we follow a personal data breach management process. During 2022, Sanoma had a total number of 196 (2021: 282) personal data breaches, out of which Sanoma considers 0 (2021: 0) as major ones. Most of the minor breaches occurred mainly in the media business B2C sales domain, and typically were related to a single customer's data. The number of data breaches in Media Finland decreased in 2022 in comparison to 2021 due to implemented technical corrective measures and training of sales teams that helped reduce human mistakes. In 2022 we saw a trend in attempted credential stuffing attacks in the media business, and also the news agency STT suffered a ransomware attack which was broadly covered by media in Finland. Sanoma did not receive any formal substantiated complaints, notices, orders or penalties related to personal data breaches from the regulatory authorities during 2022.

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Privacy and Security by Design

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

All our businesses are required to record how data is processed and how data retention times are implemented. The implementation of this data lifecycle management process is validated regularly by our Privacy team reviewing defined retention periods and validating implementation of the process. In addition, our team of information security experts develops our Information Security Policy and standards to drive implementation of security controls consistently across the organisation.

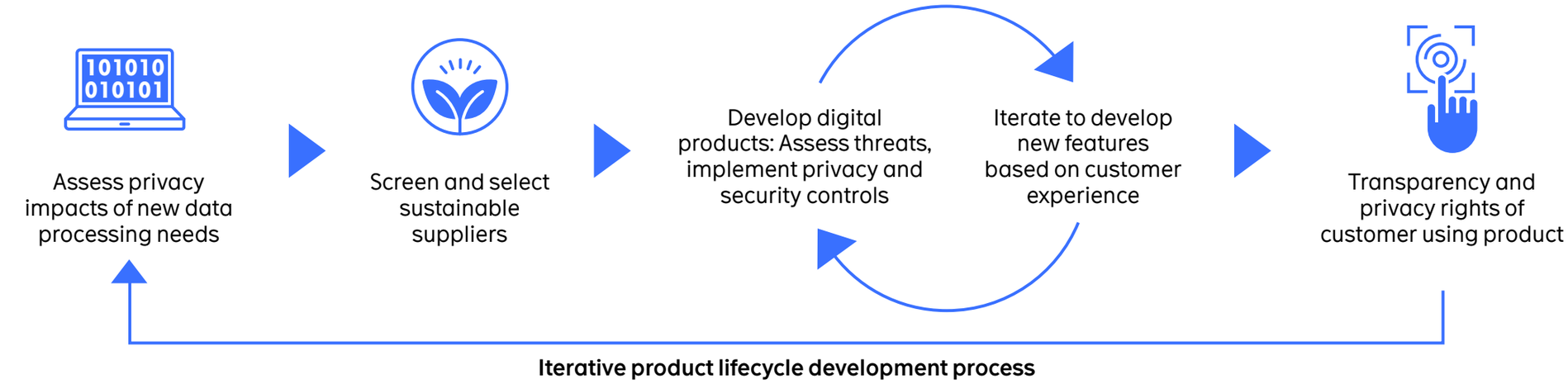
Third parties processing data on Sanoma's behalf are contractually bound to comply with our Supplier Code of Conduct and a Data Processing Agreement, which defines and instructs the suppliers on the data protection measures they need to implement on Sanoma's behalf. In 2021–2022, we have also monitored data transfers outside the European Economic Area by conducting Transfer Impact Assessments. This follows the guidance provided by the European Data Protection Board regarding such transfers following the so called "Schrems II" decision in 2020.

We continuously develop transparency of data processing by providing Privacy Policy Statements and Privacy Notices about our products to data subjects, our readers and viewers in the media business and inform our customers about privacy in the Learning business. Our media customers have the right to ask us as a data controller to provide them access and correct or delete their data, if needed. In 2022, Sanoma Media Finland received 80 (2021: 67) consumer requests for data access, deletion and portability. The purposes of data processing and the privacy obligations for processing personal data are described in detail for Sanoma Media Finland in the Privacy Portal (in Finnish). Links to privacy and security notices of Learning specific products can be found on Sanoma.com.

Fair and transparent use of AI

Artificial Intelligence (AI) can be used for, among other things, providing journalistic recommendations, personalised features in entertainment in Sanoma Media Finland, and adaptive learning solutions in Learning. For example, newspapers use AI to customise their front page

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



and to avoid information bubbles. Basically, the front page of a newspaper is a combination of four elements: stories chosen by the journalist for the front page, fixed frontpage articles, content recommended for each user and surprises to break information bubbles.

Already, when using AI, we apply privacy and personal data protection principles and practices defined in Sanoma's Privacy and Data Protection Policy. Although the use of machine learning and artificial analytics is fairly new in our business, it is important to identify the ethical aspects and possible ethical risks that the use of algorithms has. In late 2021, an external AI expert reviewed our proposed ethical principles for the use of AI in our businesses, in anticipation of a future EU AI regulation. Based on this review, we have been developing a roadmap of actions that will help us to develop ethical use of AI. During 2022, we have been continuing the development for Sanoma´s principles of ethical use of artificial intelligence (AI), which are planned to be published during 2023.

Management approach to privacy and data protection

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

There have been various authority enforcement actions across the EU during 2021-2022 regarding consent practices for the use of cookies and similar identifiers. While these, along with the expected ePrivacy Regulation, are benefiting the media and advertising industry in the long term by creating a level playing field for small media players, they could also have an impact on media cookie consent practices. Media Finland has responded to an authority request about its cookie practices in 2022, and is expecting a decision during 2023. List of policies and guidelines guiding Sanoma's privacy and security practices can be found on p. 81. Topic-specific risks are disclosed in the Board of Directors' Report on p. 107.

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2022
■ Data supports quality learning and helps sustain independent media ■ Our Privacy programme safeguards data while enabling its transparent and compliant use ■ We use Artificial Intelligence responsible and transparently	■ All our nominated Privacy champions have completed a role-based training and operate across our businesses to provide privacy support	■ Number of nominated privacy champions across our businesses: 32 (2021: 36)
	■ We provide training on Privacy- and Security-by-Design to all our developers ■ We train our permanent data breach management task force to handle personal data breaches	■ Annual number of data breaches: – Total 196 (2021: 281) data breaches, out of which 0 major (2021: 0)

See all our sustainability and ESG performance figures ▶

sanoma

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- Valued people
- Trustworthy data
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VITAL ENVIRONMENT

Protecting the climate and building awareness of sustainability

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

New
Science Based Targets aligned climate targets

7%
reduction in own operations GHG emissions

A-
Our CDP climate rating improved to leadership level

8.2%
reduction in value chain* GHG emissions

*Scope 3 categories 1, 3, 4 and 9.

See all our sustainability and ESG performance figures ▶

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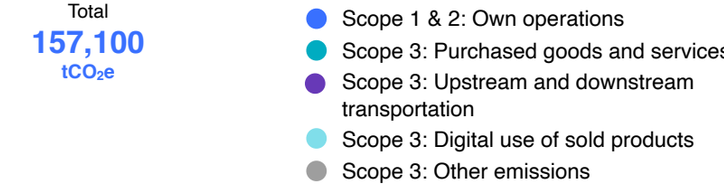
Our carbon footprint

To ensure our climate action is fact-based, we analyse, measure and report our greenhouse gas emissions on an annual basis according to the Greenhouse Gas (GHG) Protocol. Our climate footprint is the result of both our own operations (Scope 1 and 2) and value chain (Scope 3). Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased energy consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain.

Sanoma's carbon footprint
tCO_2e, %



In total, our GHG emissions were 157,100 tCO_2e (2021: 162,400). In 2022, we restated our 2021 GHG emissions inventory to ensure we include over 95% of both own operations and value chain emissions into our calculations. We also updated our base year, which means that from 2022 onwards we will annually compare our emission reductions to a base year 2021. According to our third party assured calculations, value chain (Scope 3) emissions are the most significant source of GHG emissions for Sanoma. In 2022, 95% (2021: 94%) of our GHG emissions resulted from our value chain. 56% of total emissions result from purchased goods and services (category 1), including e.g. paper purchases, energy and material usage for printing newspapers, magazines and books as well as marketing and TV production services. Transportation and distribution (category 4 & 9) of our learning and media products created 13% of our total emissions in 2022. In addition, capital goods (category 2), fuel- and energy-related activities (category 3), waste (category 5), business travel (category 6), employee commuting (category 7), use of sold products (category 11) and end-of-life treatment of sold products (category 12) create emissions. We also calculate and report Nelonen Media Live events emissions and biogenic emissions separately and include them into Sanoma's Group-wide reporting.

For Sanoma, Scope 1 and 2 own operations GHG emissions were 5% (2021: 6%) of our total GHG emissions in 2022. Our own operations create direct (Scope 1) emissions through the use of leased cars as well as reserve power used in office facilities and printing houses. Indirect own operations (Scope 2) emissions result from energy used in offices and warehouses throughout Europe as well as two Sanoma printing houses in Finland.

Science Based Targets aligned climate targets

During 2022, Sanoma updated its climate targets and aligned them with the Science Based Targets initiative (SBTi), setting emission reduction targets aligned with the SBTi 1.5 degree criteria to limit global warming in line with the Paris Agreement. Our targets are currently being validated and we expect the validation results to be ready in the third quarter of 2023.

In 2021, Sanoma already reduced its own operations' (Scope 1 & 2) emissions to half from 2020. Following the updated science-based climate targets, Sanoma aims to annually further reduce CO_2-emissions from own operations by 4.2%. All in all, this means a 38% reduction by 2030 from a 2021 base year, in addition to the earlier emission reduction measures. We also aim to transition to carbon neutral electricity by the end of 2023 and carbon neutral energy (heating, cooling and reserve power) by 2030. Both energy-related target support us in reaching our Scope 2 emission reduction target.

Since a majority of Sanoma´s greenhouse gas emissions originates from indirect Scope 3 emissions, similarly to our Scope 1 and 2 targets we aim to annually reduce Scope 3 GHG emissions by 4.2%. This Scope 3 target applies to Sanoma´s GHG emissions under categories 1, 3, 4 and 9, which account for over 75% of Sanoma´s value chain emissions. This means that Sanoma aims to reduce its value chain emissions in these categories by 38% by 2030 from a 2021 base year. In the value chain, our current focus is on supply chain categories, which have the biggest impact on Sanoma's CO_2-emissions: printed products, services and transportation.

In addition to the Science Based emission reduction targets, Sanoma aims to be carbon neutral in all operations in 2030. This means that in 2030 Sanoma's aim is to take responsibility of the emissions that cannot be avoided or reduced by compensating.

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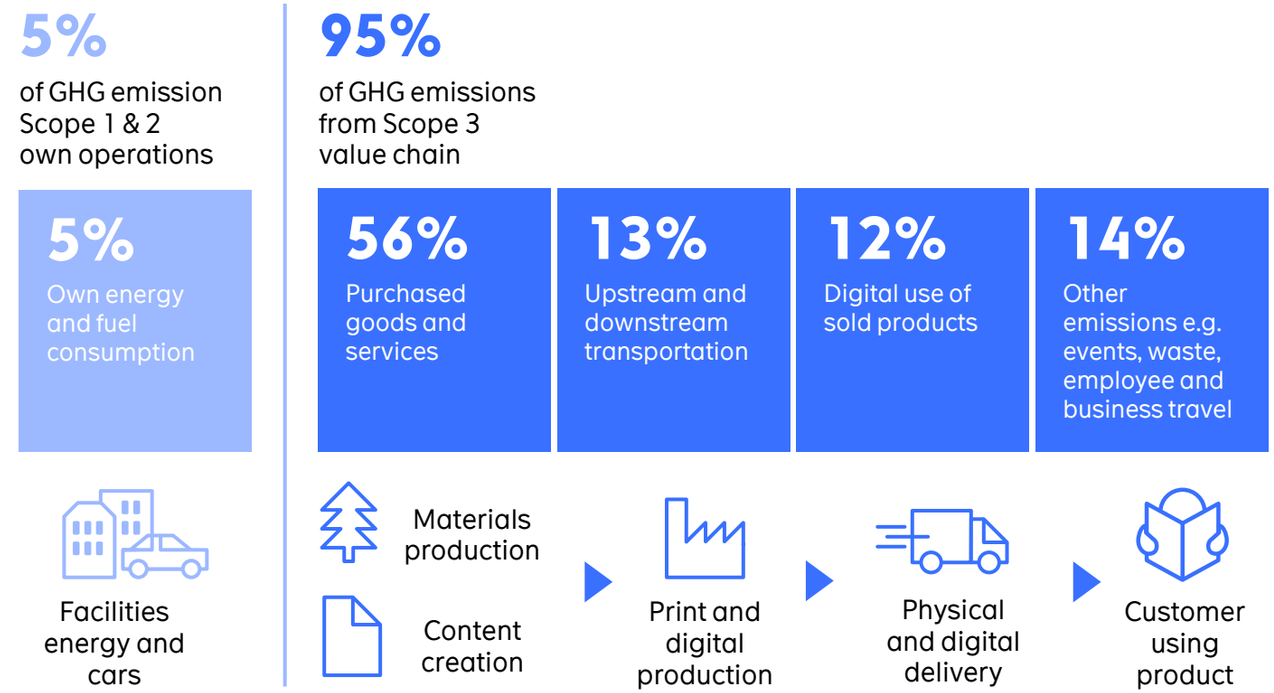
Scope 3: Value chain emission reductions

Our most significant climate impacts derive from the indirect emissions of our supply chain. During 2022, our Scope 3 value chain emissions declined by 8.2% in categories 1, 3, 4, and 9. These categories represent 75% of all our Scope 3 emissions. We also closely follow our emission intensity in relation to net sales. Our emission intensity declined to 0.12 tCO_2/net sales euro (2021: 0.13) in 2022. In our media business the transition from print to digital accelerated and the amount of print-related (paper, materials, logistics) GHG emissions declined. Also, paper suppliers continued their active work reducing GHG emissions, which resulted in decline of paper-specific carbon profiles and supported Sanoma´s emission reductions. At the same time, our paper purchases increased in our learning business due to the growth of the business and our printing-related emissions (energy, materials and logistics) grew. Several of our print suppliers continued to transition to renewable energy, which was reflected in our performance positively. Going forward, our strong focus will be to continue supporting our printing suppliers in reducing GHG emissions related to learning materials' production and transport to ensure we continue reducing our emissions in line with our targets. For our services, we were able to develop our calculation model so that it reflects the actions of our suppliers and as a result, especially ICT and consulting-related GHG emissions declined. Going forward, developing our cooperation with TV production companies will be key to continue reducing our service-related GHG emissions. This is why Sanoma supported the Audio-visual Producers Finland in 2022 to bring a UK-developed Albert-system to Finland. The international system is available for all film and TV production in Finland and provides free training and tools to measure and track emissions.



To further reduce GHG emissions, we cooperate with suppliers towards reducing our common climate footprint. For example, we organised a Supplier Day for our key paper and print suppliers on sustainability and climate action. We encourage suppliers to measure their climate footprint and energy used. Annually, we collect allocated data from suppliers to calculate Sanoma's GHG emissions according to the GHG Protocol. Sanoma encourages and favours suppliers setting ambitious energy and emission reductions targets to transition towards a low-carbon future. We also follow-up on our key suppliers' climate targets to develop our climate-related scenarios. In addition to climate action, we favour suppliers with a commitment to professional environmental management and certified environmental management systems.

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

In 2022, our own operations' emissions (Scope 1 and 2) reduced by 7% against our base year 2021. In Scope 1, our emissions increased by 4.2% as a result increased driving kilometers especially in our Learning business. At the same time we significantly reduced our reserve power consumption in our largest printing facility in Finland, Sanomala. In Scope 2, our energy-related emissions declined by 14.7%. In Finland, we transitioned to renewable

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heating in our Sanomala printing house in Vantaa from the beginning of November. At the same time, our heating consumption declined due to an investment done in Sanomala to monitor the heating consumption more closely. In our other printing house, Manu in Tampere, we are expecting renewable heating to become available in 2023. Sanoma also took part in a national 'Down a degree' energy savings campaign, which decreased especially heating related emissions.

During 2022, the consumption of electricity, district heating and cooling in both owned and leased properties controlled by us was 43 GWh (2021: 49 GWh). Our energy use declined mainly as a result of previous years' energy efficiency projects, office floorspace restructurings as well as divestment of one of our printing houses in Finland, Savon Paino. At the same time, due to the acquisition of Sanoma Italy and Stark Germany, where we are responsible for several new facilities. In 2022, we invested in office restructuring projects throughout Europe (Finland, Spain, the Netherlands, Poland), of which several projects will continue in 2023. These investments also reduced our energy consumption. The share of carbon neutral electricity decreased, but remained high 92% (2021: 97%). Our target is that by the end of 2023, all our facilities will use carbon neutral electricity. Currently our office facilities and warehouses in Media Finland and Sanoma Pro (Finland), Sanoma Utbildning (Sweden), Van In (Belgium), Santillana Spain and Sanoma Italy use carbon neutral electricity. In 2022, 57% of energy used by Sanoma was carbon neutral. We also closely follow energy intensity of our own operations in relation to the number of employees. Our energy intensity declined to 8,0 MWh/employee (2021: 9.1) in 2022.

Several of the facilities Sanoma leases, have an ISO 14001 certification for environmental management (Iddink and Malmberg in Netherlands and Sanoma Italy). In Finland, our headquarters Sanomahouse has a Breeam-certification. Sanoma's printing houses, facilities and warehouses generated 5,400 tonnes of waste (2021: 7,300) in 2022. The amount of waste generated declined by 27%. Waste management is a part of each facilities environmental management system. Sanoma monitors closely the amount of waste types in its printing houses, sice these production facilities are the biggest source of waste. All waste was either recycled or reused in Sanoma's printing houses in 2022, similar to previous years. We also follow the amount of end-life treatment GHG emissions of sold product, which remained stable in 2022.

Our most significant climate impacts derive from the indirect Scope 3 emissions of our supply chain.
During 2022, our value chain emissions declined following our engagement programme with key suppliers to reduce emissions.

Down a degree - Sanoma joined the energy savings campaign

Sanoma joined the energy savings campaign, initiated by private and public sector, by lowering the temperature inside its offices.

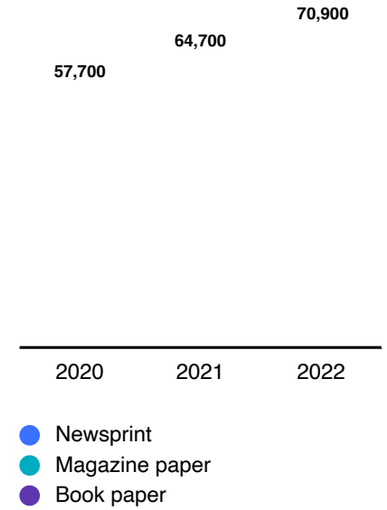
Biodiversity and paper certification

Safeguarding biodiversity protects wildlife populations and supports adaptation to climate change. As a sizeable paper purchaser, Sanoma acknowledges its responsibility to protect biodiversity and promotes responsible use of forest resources. All wood fibre used in Sanoma's newspapers, magazines and books is expected to originate from certified and sustainably managed forests i.e. traceable, verified and legal sources. Sanoma's target is to maximise purchase of paper made of certified paper fibre by the end of 2023. In 2022, the share of certified paper fibre was 94% (2021: 95%). In our own printing houses, the share of certified paper fibre increased to 97% (2021: 94%). The total share of certified fibre decreased as a result of the share declining in our magazines to 97% (2021: 99%) and books to 89% (2021: 95%). This was due to two suppliers being unable to ensure the use of only certified paper due to availability issues, leading to unfavourable use of paper. In 2023, Sanoma aims to further increase follow-up methods to ensure only certified paper is used. Our Paper Procurement Standard is annexed to all direct and indirect paper procurement agreements and guides suppliers to ensure that paper used by us is produced responsibly and originates from traceable and verified sources. We also monitor closely the carbon profiles of the paper used by Sanoma to ensure we are able to meet our emission reduction targets.

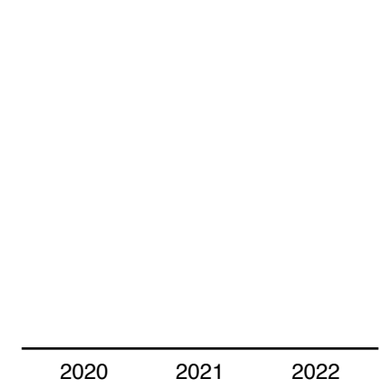
In 2022, the total amount on paper used increased by 9%, mainly driven by the increase in paper used in our learning business. In Media Finland, driven by the prevailing media trend of consumers moving from printed to hybrid and digital media products, comparable paper usage continued to decline. In Learning, the use of book paper grew in-line with net sales and business growth and due to the acquisition of, especially, Pearson Italy learning business.

Our target is to maximise purchase of paper made of certified paper fibre by the end of 2023.
In 2022, the share of certified paper fibre in our own printing houses increased to 97% (2021: 94%).

Paper used,
tonnes



Share of certified paper used,
%



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

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Printing houses' environmental action

Sanoma owns two printing houses in Finland: Manu Tampere and Sanomala Vantaa. Our printing houses focus on printing newspapers, such as Helsingin Sanomat, Ilta-Sanomat, Aamulehti, Satakunnan Kansa and other local newspapers around Finland. On 3 January 2022, we announced the divestment of the printing house Savon Paino. All material consumption and relevant GHG emission data in our reporting has been restated to exclude Savon Paino.

Our printing houses focus on continuous development of employee expertise, transparent and measurable management of environmental impacts as well as taking into consideration the energy and material efficiency as a part of quality management. In 2022, the printing houses updated their environmental policy and targets.

Printing houses' updated environmental targets		Results 2022
Certified environmental management according to ISO 14001	Sanoma printing houses follow environmental legislation. In terms of business management, we combine quality with the management of environmental issues and safety into one integrated management system. We develop our modern printing machinery with the environment in mind. We update our know-how, train our personnel and keep on top of new innovations. We are a local employer and taxpayer.	Both printing houses Manu and Sanomala acquired the ISO 14001 environmental management system certification to support the environmental management of the printing facilities. These guidelines combine quality, environmental and safety management together into one integrated management system. In Sanomala, the certificate was updated during a bi-annual re-audit and at Sanoma Manu, the certificate was adopted for the first time. The certification is valid until April 2025.
Our printed products are produced energy-efficiently with renewable materials and energy	Our state-of-the-art printing machinery plays a significant role in saving energy. We constantly develop our energy efficiency, use only carbon neutral electricity and transition to renewable heating. We aim to continue reducing our Scope 1 and 2 energy-related GHG emissions by at least 4.2% annually against the 2021 base year. This will result in 38% reduction by 2030.	In addition to previous years' energy efficiency projects, electricity used in 2022 was 100% carbon neutral. Own operations' Scope 1 and 2 GHG emissions reduced by 7%. Sanomala printing house moved to using renewable heating in 2022 and Manu printing house in Tampere will transition to renewable heating in 2023, once supply becomes available. Reserve power consumption declined significantly to 6,100 litres (2021: 90,200).
Carbon neutral by 2030 in own operations and supply chain	A significant part of our emissions comes from our supply chain. We aim to reduce our Scope 3 GHG emissions by at least 4.2% annually against the 2021 base year. This will result in 38% reduction by 2030. We work with our supply partners to reduce emissions in the value chain. We have also committed to being carbon neutral by 2030 in addition to our emission reductions.	During 2022, our Scope 3 value chain emissions declined by 8.2% in categories 1, 3, 4, and 9. These categories represent 75% of all our Scope 3 emissions and relate to especially purchased goods and services and logistics. We also closely follow our emission intensity in relation to net sales. Our emission intensity was 0.15 tCO_2/net sales euro (2021: 0.17) and declined in 2022.
Printing papers originate from certified pulp fibre	The paper we use in our production is produced from certified pulp fibre. The certification ensures that the paper is produced in accordance with sustainable forestry management practices.	97% (2021: 94%) of paper fibre used in 2022 was certified.
All materials are recycled or reused	We recycle or reuse all papers, printing plates and printing colours. We minimise the consumption of materials, measure the amount of waste generated and prevent it. For example, aluminium printing plates are a recyclable raw material for industrial purposes after use in our printing houses.	In both printing houses, the total amount of waste and amount of hazardous waste declined. The combined recycling and reuse rate for Sanoma-owned printing houses remained 100%.
Safe printing materials	Raw materials that are safe both for the employees and the environment are used as production materials.	All inks used are from safe sources.
Working together with responsible partners	We work collaboratively across our value chain to maximise our positive impacts and minimise our environmental impact. As signatories of the world's largest sustainability initiative (UN's Global Compact), we require our partners to commit to sustainable business practices. Sanoma's ethical guidelines to suppliers lay out the sustainability requirements that we have for them.	We continuously engage with our suppliers. For example, in 2022, we hosted a sustainability-focused Supplier Day to key paper suppliers, developing cooperation around our climate action.

Management approach to environmental topics

Our Sanoma Code of Conduct and Supplier Code of Conduct set out our environmental principles, committing us to the UN Global Compact Ten Principles, including the environment. The effects of climate change are wide-ranging and bring considerable social uncertainty. To identify and control environmental and climate-related risks and opportunities for our business, we evaluate them as part of our annual risk assessment process. Our Task Force on Climate-related Financial Disclosure (TCFD) report includes a description of our climate-related governance, strategy, risk management, metrics and targets. Our TCFD disclosure can be found on p. 78. Environmental and climate-related risks are also disclosed in the Report of the Board of Directors on p. 107 (Risks and risk management).

We also disclose our climate change impacts through CDP, a global non-profit that drives companies and governments to reduce their greenhouse gas (GHG) emissions, safeguard water resources and protect forests. Sanoma was awarded a score of A- (2021: B) in the international CDP Climate Change rating in 2022. The scoring varies on a scale from A to D-. In addition, Sanoma maintained its solid CDP Forest rating of B.

List of policies and guidelines guiding Sanoma´s environmental practices can be found on p. 81 (Sustainability policies and guidelines).

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2022
■ We reduce emissions following our science-based reduction targets and will be carbon neutral by 2030 ■ We strive to minimise our environmental impacts across the supply chain ■ We increase our fact-based climate and environmental awareness	■ NEW Sanoma commits to reduce Scope 1 and 2 own operations GHG emissions 4.2% annually until 2030 from a 2021 base year (38% in total) ■ NEW Sanoma commits to reduce Scope 3 value chain GHG emissions 4.2% annually until 2030 from a 2021 base year (38% in total) ■ By end of 2030, we will be carbon neutral ■ By end of 2023, we use only carbon neutral electricity	■ Own operations (Scope 1 and 2) emission reduction against base year: 7.0% ■ Value chain (Scope 3) emission reduction against base year: 8.2%[1] ■ Emission intensity: 1.5 Scope 1+2 tCO_2e/employees (2021: 1.7) ■ Emission intensity: 0.12 Scope 1+2+3 tCO_2e/euros of net sales (2021: 0.13) ■ Energy intensity: 8 MWh/employees (2021: 9.1) ■ Share of carbon neutral electricity: 92% (2021: 97%) ■ Share of carbon neutral energy: 57% (2021: 59%)
	■ By end of 2023, all wood fibre in the paper qualities used by Sanoma originates from trusted certified sources	■ Amount of certified wood fibre in direct paper purchases: 94% (2021: 95%)

[1] KPI includes Scope 3 categories 1 Purchased goods and services, 3 Fuel- and energy-related activities, 4 Upstream transportation and distribution and 9 Downstream transportation and distribution

See all our sustainability and ESG performance figures ▶

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RESPONSIBLE BUSINESS PRACTICES

Committed to sustainable business practices

Following strong business ethics, supply chain integrity and ethical partnerships are fundamental for us. Sustainability is an integral part of our values, operating principles and strategy. We are committed to the Ten Principles of the UN Global Compact on human rights, labour, environment and anti-corruption.

98m€
taxes borne

Supporting
relief work in Ukraine with community investments

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

Speak up!
Sanoma WhistleB-hotline enables anonymous reporting of misconduct

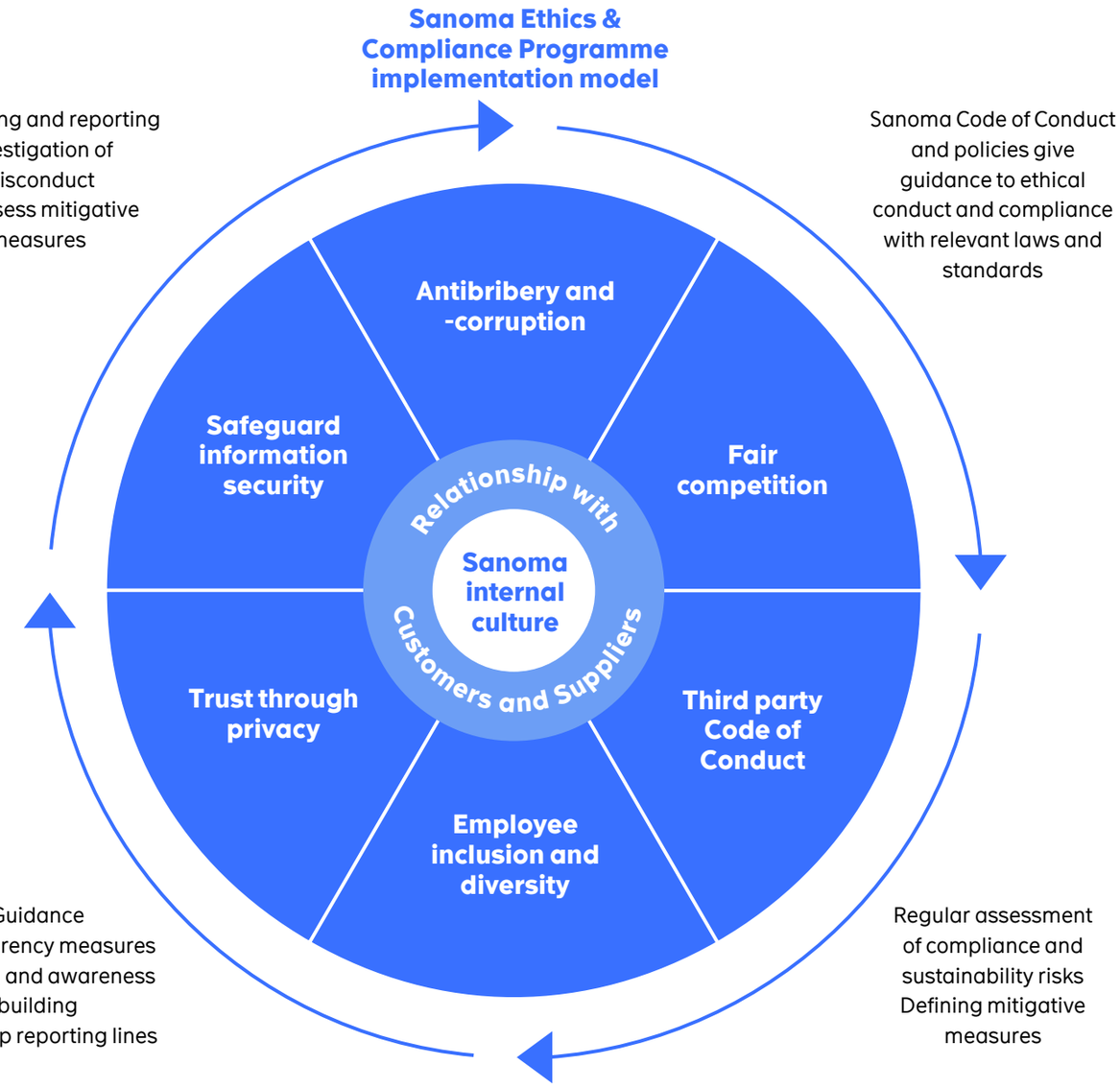
See all our sustainability and ESG performance figures ▶

Ethics and compliance programme

In our business, we follow laws and regulations applicable in our operating countries, ethical guidelines set in our Sanoma Code of Conduct as well as Sanoma's internal policies and standards. The Sanoma Code of Conduct (the Code) outlines our shared ethical standards for employees and business partners, acting as an umbrella for all policies and standards within Sanoma. In addition to our Code and Corporate Governance Framework, topic-specific policies guide our actions. Each policy has a specified owner in the organisation. Once a year the Code and all policies are reviewed by the policy owners as a part of a centrally organised policy review round. In case of updates or new policies, the Sanoma Board of Directors approves all new policies and amendments to existing policies.

All employees are required to apply Sanoma's Code of Conduct and policies in full in their day-to-day conduct and business decisions. Annually, our target is that all new employees complete our mandatory Code of Conduct e-learning in their first month of employment. It includes dedicated sections for general ethics, anti-bribery and corruption rules, competition law, privacy, security and compliance with supplier relationship management. The Code of Conduct e-learning was updated in 2021 and therefore, has been also used as a refreshener e-learning for all existing employees in 2022. From 2022 onwards, existing employees are annually reminded of ethics and principles of the Code through a mandatory refreshener Code of Conduct e-learning.

In 2022, 98% (2021: 97%) of employees completed the Sanoma Code of Conduct e-learning. In newly acquired companies, the e-learnings take place typically within 3–6 months after the acquisition is completed. The completion rate of the Code refresher e-learning was 93% in the businesses where it was rolled out.



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

In addition to compliance-related role-based trainings, our businesses have dedicated Compliance business sponsors and local Compliance officers, whose job is to act as a first line of support on compliance topics, and to create awareness of policies and reporting lines through awareness building campaigns. In 2022, Sanoma conducted an internal compliance risk assessment survey, to identify potential compliance risks and ensure sufficient mitigative measures are in place to prevent such risks from occurring. Examples of such mitigative measures are role based trainings and awareness building efforts. In 2023, we plan to integrate compliance risk assessments as a regular part of Sanoma's Enterprise Risk Management procedures.

Anti-bribery and corruption

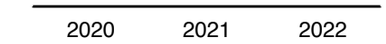
Sanoma's Anti-Bribery and Corruption Policy gives specific rules and monetary limits for received and given gifts (EUR 75), and entertainment and hospitality (EUR 100), and sets out the process to seek further approval through a separate gift and hospitality tool if necessary. When it comes to public officials, gifts of any value must not be offered to or accepted from them unless approved by a management team member. Our Audit Committee receives regular updates on Sanoma's compliance program and compliance activities, including anti-corruption. Our annual Code of Conduct e-learning, mandatory to all employees, includes training on anti-bribery & corruption. All employees have access to our Anti-Bribery and Corruption Policy and related guidance is enrolled through our Local Compliance Officers network and internal communications. In 2022, the communications teams have implemented awareness campaigns and initiatives through-out the year on topics such as safe culture to speak-up, gifts and hospitality rules around holiday seasons, and information security related campaigns.

Zero tolerance for misconduct

Violations of the Code, or any related policy or law, are encouraged to be reported through various reporting channels. We strive to build a culture where people feel at ease to bring up any form of misconduct. Cases are reported via several channels (e-mail, top management, HR, internal audit), which indicates trust among the organisations. Sanoma offers an externally hosted, independent whistle-blowing hotline which enables Sanoma Group employees, customers and business partners to report suspicions of misconduct confidentially and anonymously. With this early warning system, we foster high business ethics, maintain customer and public trust, and reduce risks for misconduct. Sanoma has a zero-tolerance policy on retaliation for reporting misconduct.

During 2022, in total 16 (2021: 9) potential non-compliance cases were reported to the Sanoma Compliance and Ethics Working Group in confidence. All cases were investigated and reported to the Audit Committee of the Board responsible for the oversight. 8 out of 16 of the allegations were found to be partially or completely true. 3 out of these 8 cases were related to discrimination. All proven cases were handled with care and respecting the privacy of the parties. Misconduct led to disciplinary, legal, or other actions. By early 2023, all 16 alleged incidents had been resolved and cases were closed.

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



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Supply chain and third party sustainability

We are committed to responsible business practices and ethics throughout our supply chain. Sanoma´s supplier spend was EUR 758 million in 2022. We have over 12,000 suppliers ranging from small local content providers to large corporations. About 7% of these suppliers have an annual spend above EUR 100,000 and are considered key suppliers from a managed spend point of view. To ensure business continuity, compliance and sustainability throughout our supply chain, we evaluate our suppliers during the selection process and in addition, carry out continuous monitoring and risk assessments during supplier co-operation. In addition, we collaborate closely with our suppliers to develop sustainability throughout supply chain.

Supplier Code of Conduct

Our Supplier Code of Conduct (the Supplier Code) sets out the ethical standards and responsible business principles our suppliers are required to comply with and expected to also apply to their employees, affiliates and sub-contractors. The Supplier Code is an integral part of our standard contractual procurement framework, including supplier selection, evaluation and performance appraisal. The Supplier Code is based on recognised international standards, principles and best practices related to respecting the Ten Principles of the UN Global Compact on human rights, labour conditions, environment and anti-corruption. The supplier selection for new suppliers follows Sanoma's strategic sourcing process, which incorporates the Supplier Code as a mandatory step in supplier evaluation. Our target is that annually all new suppliers sign our Supplier Code of Conduct. Tracking is done via Sanoma´s centralised contract lifecycle management system by evaluating new suppliers above 100,000 EUR spend for the reporting year. In 2022, 86% of new key suppliers above EUR 100,000 spend signed our Supplier Code of Conduct. In addition to the Supplier Code, we require suppliers using data on Sanoma´s behalf to comply with the data protection and information security requirements. Also, our Paper Procurement standard is embedded into our paper and print suppliers agreements. The Paper Procurement standard includes environmental criteria related to the use of certified wood fibre and recommendations for suppliers to use environmental and quality management systems.

Identifying and managing supplier and other third party related risks

Ensuring a sustainable supply chain begins with selecting suppliers that meet our requirements. Our Know Your Counterparty (KYC) process identifies possible risks and non-compliance of doing business with the third parties. Systematic KYC checks on chosen existing and new vendors are carried out by Group Procurement. The KYC tool is also available for Sanoma employees internally to screen thoroughly not just suppliers, but any third party Sanoma intends to partner or do business with. The tool identifies possible third party non-compliance and includes human rights, anti-bribery, corruption, sanctions regulations and due diligence checks. In some circumstances, we may also take a decision to restrict or discontinue business activity involving, directly or indirectly, countries or persons subject to selective or targeted sanctions programmes and other higher risk matters of concern. In cases of medium or high risk, the tool refers employees to consult the Legal department.

In addition to conducting risk assessments as part of our supplier selection, we carry out continuous risk assessments covering our existing supplier base. Risk assessments are an integral part of our supplier management activities. We monitor them to reveal and predict possible shortcomings in supplier performance and compliance. We also screen selected key suppliers for sustainability-related questions, especially focusing on data and climate-related issues in 2022.

In 2022, we hosted a Sustainability Day to key paper and print suppliers to introduce our climate-related and environmental targets and requirements and discuss with suppliers how to cooperate in mitigating GHG emissions. During 2023 and beyond, we are focused on building long-term cooperation and transparency with our supplier base to reduce greenhouse gas (GHG) emissions and to increase fact-based decision making as a basis for our climate action.

With suppliers that process our personal data, we continued extensive risk assessments and supplier engagement in 2022 to ensure focus on management of privacy risks, especially pertaining to transfers of personal data outside the EEA.

In 2022, Sanoma acquired Sanoma Italy and Stark Germany and we have invested in integrating the newly acquired companies supplier base to Sanoma's processes, screening all existing and new suppliers with our Know Your Counterparty tool.

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Responsible taxpayer

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

Our total tax contribution in 2022 was EUR 98 million (2021: 89) in taxes borne and EUR 170 million (2021:149) in taxes collected. Taxes collected include tax and tax-like payments that we have collected on behalf of the government, including, for example, value added tax.

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

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

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

Sanoma has a pending tax dispute in Finland regarding the treatment of value added tax of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway in 2015-2021. While the dispute is ongoing, the VAT amounts paid are excluded from the presented total taxes borne and collected. More information on p. 188 (5.5 Contingent liabilities).

Taxes borne,
m€

Total
98 m€

- Corporate income tax
- Real estate taxes
- Employer taxes

Taxes collected,
m€

Total
170 m€

- Net VAT
- Withholding taxes
- Employees social security

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Economic value distributed

Our financial position supports sustainable business development and the economic added value we have towards society. At the end of 2022, we employed more than 5,000 full-time equivalents (FTE) employees and paid almost EUR 356 million (2021: 351) in employee wages and benefits. More than half of our employees are in Finland and the rest in other European countries, with particularly high representation in the Netherlands, Spain, and Poland.

Community investments

In 2022, there was no new donation reserve proposed to the Annual General Meeting. The Board of Directors used its discretion and donation reserve from earlier years in supporting the Red Cross and several other initiatives with donations to help the relief work in Ukraine. This is the last year donations were made on behalf of Sanoma, and in future years, Sanoma will continue supporting communities through other types of cooperative initiatives related to for example literacy, media literacy and equal access to education. Consistent with our ethical standards and Donations and Sponsorships Policy, we transparently report about our cooperation with NGOs and do not make donations to political movements or representatives nor to purposes that are unethical or illegal. We comply with applicable laws and regulations in making donations and ensure that there is no misuse or corrupt purposes. In total, donations and community investments amounted to EUR 88,000 (2021: 1,027,000).

List of policies and guidelines guiding Sanoma's responsible business practices can be found on p. 81 (Sustainability policies and guidelines). Topic-specific risks are disclosed in the Board of Directors' Report on p. 107 (Risks and risk management).

Economic value distributed in 2022, m€

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2022
■ We maintain rigorous ethical standards and responsible business practices ■ We constantly develop responsibility in our supply chain ■ Our good financial performance and position support sustainable development	■ All employees complete our mandatory Code of Conduct e-learning	■ Code of Conduct e-learning completion rate: 98% (2021: 97%)
	■ All new Sanoma suppliers sign our Supplier Code of Conduct	■ Share of new key suppliers that have signed the Supplier Code of Conduct: 86%[1] (2021: N/A)

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

See all our sustainability and ESG performance figures ▶

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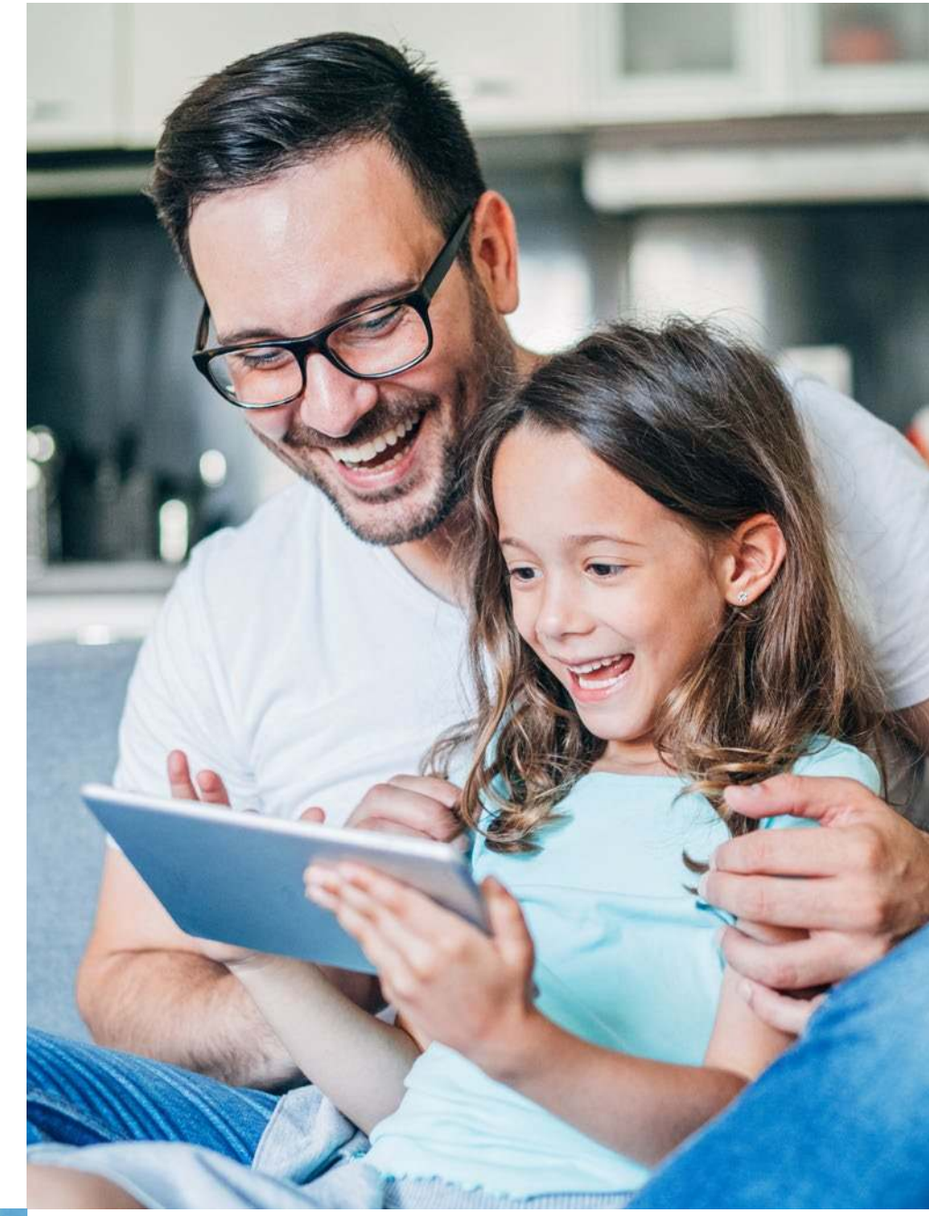
Sustainability reporting and metrics

Reporting scope and practices

Our Sustainability report is based on Global Reporting Initiative (GRI) Standards covering material aspects identified in our materiality review and stakeholder engagement, explained on p. 81–84. Comparison to the GRI Standards can be found in the GRI Content Index. Any restrictions and omissions to the rules are reported in the GRI Content Index. The GRI Content Index also includes our United Nations (UN) Global Compact disclosure and explains which indicators are used to measure our performance in upholding the principles on human rights, labour standards, environmental friendliness and anti-corruption. We also include the Sustainability Accounting Standard Board's (SASB) Media & Entertainment, Advertising & Marketing and Education sectors Sustainability Accounting Standards into our reporting. The numerical data related to the GRI and SASB Standards have been third party assured by PWC. The Independent Assurance report can be found on p. 85.

Reporting follows the same rules as Sanoma's financial reporting for the financial year 2022. All of our business units are included in the reporting from Learning and Sanoma Media Finland as well as the Sanoma Group functions. This report includes continuing operations only. For the newly acquired Sanoma Italy and Stark Germany data is only reported for 1 September – 31 December 2022 excluding the GHG emissions calculations and human resources data related to new employees, employee's turnover and performance appraisal. On 3 January 2022, Sanoma sold its printing house Savon Paino in Varkaus. All data related to printing houses has been restated to exclude Savon Paino data. All financial and employee-related data have been collected via Sanoma's internal reporting systems. Employee-related data has been provided by Human resources and we continue to develop our Human resources data system. Environmental data has been collected internally from printing houses` reporting systems, facilities management and procurement.

See all our sustainability and ESG performance figures ▶



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Greenhouse gas emissions reporting

Sanoma calculates its emissions in accordance with the international Greenhouse Gas (GHG) Protocol. All relevant Co2 emissions have been included in Sanoma´s calculation. Figures are reported as tCO_2 equivalents. Sanoma's calculation model has been developed in cooperation with external partners. Sanoma calculates GHG emissions using an organisational control of financial control. This means that we include in our GHG inventory all operations that we have the ability to direct via financial and operational policies with a view of gaining economic benefit. All Sanoma companies with majority ownership (over 50%) have been considered in the calculations. A list of the Sanoma-owned companies can be found on p. 198. Methods of collecting GHG emissions data both from Sanoma's systems and from suppliers are constantly being improved. In 2022, Sanoma expanded calculations to all relevant Scope 3 categories and recalculated also 2021 GHG emissions, which has been set as new base year for future emissions reductions comparison. Also, following Sanoma´s restatement policy, base year 2021 emission calculation have been restated to exclude sold companies (Savon Paino) and include estimated emissions of acquired companies (Pearson Italy and Stark Germany, part of Sanoma Group as of 31 August 2022). Acquired companies' emissions were estimated based on reported emissions and share of revenue from previous parent group. In 2022 calculations, to ensure comparability, the impact of inflation has been evaluated when calculating emissions based on spend data.

Our Greenhouse Gas Protocol reporting includes:

- **Direct Scope 1 emissions:** Fuel consumption from owned & controlled vehicles and generator used for reserve power. Road transport emission factors used from UK Government Defra GHG Conversion Factors and fuel emissions factors from Statistics Finland.
- **Indirect Scope 2 emissions (location- and market-based):** Energy consumption (electricity and heating) from owned and leased facilities, printing houses, and warehouses. Emissions factors country-specific electricity averages and marked-based electricity emission factors. International heat emission factors are from the Ecoinvent database. Location-based figures have been calculated using average country-specific emission factors. Residual mix used only in market-based method. Sanoma follows market-based method in its Scope 2 reductions. Energy consumption for small facilities in Finland were excluded. The total sum of these facilities' energy consumption accounts for approximately 1% of total energy consumption.
- **Indirect Scope 3 emissions:**
  - **Category 1: Purchased goods and services** GHG emissions from materials in own printing houses and in printing Sanoma's products by print suppliers. Includes distribution emissions from for forest to paper mill due to Sanoma using paper profile data declared by paper suppliers. For magazines and book printing suppliers' data collected as allocated energy and materials consumption from the production of our supply. Own printing houses energy consumption reported under Scope 2. Includes also cloud-based data usage as well as service providers (consulting, marketing, freelancers, TV production and broadcasting) emissions. Calculation method hybrid. Emissions factors supplier-spesific factors, Defra GHG Conversion Factors and spend-based emissions factors from Exiobase.
  - **Category 2: Capital goods** Includes capital goods bought by the organization (classified as CapEx in accounting): machinery, furnitures, new vehicles.
  - **Category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)** Includes upstream emissions from scope 1 and 2 energy consumption.
  - **Category 4: Upstream transportation and distribution** Includes emissions from vehicles and ships distributing our materials to both owned printing houses and to our printing suppliers. Calculation method are tonnekilometer and distance-based method. Road and sea transport emission factors supplier-specific or from Defra GHG Conversion Factors.
  - **Category 5: Waste generated in operations** Includes emissions from waste generated in our own and controlled operations, referring to our printing houses and in owned and leased office properties and warehouses. Calculation method waste-type specific method. Waste treatment emission factors from Defra GHG Conversion Factors.
  - **Category 6: Business travel** Includes emissions from travelling reported using data from travel claims and travel agency data. Calculation method combination of fuel- and distance-based method. Calculation method combination of fuel- and distance-based method. Business travel emission factors from Defra GHG Conversion Factors database.
  - **Category 7: Employee commuting** Includes emissions calculated from employee travel pattern surveys done for each operating country and Sanoma's headcount.

- **Category 9: Downstream transportation and distribution** Includes delivering our products to customers in both our businesses. In Learning, from printing supplier to warehouse and warehouse to customers. In Sanoma Media Finland, newspapers from owned printing house to customer and magazines from printing supplier to warehouse and from warehouse to customer. Warehouse energy emission included in Scope 2. Calculation method are tonnekilometer and distance-based method. Road transport, air and train travel emission factors from Defra GHG Conversion Factors.
- **Category 11: Use of sold products** Includes emissions both from data network use and consumer device use during the use phase of digital products (television media, websites, software applications). Emissions from data centre use already included in Scope 3 category 1. Emission from distribution of broadcast television content in Category 11 were excluded. Total sum of this exclusion estimated to account for approximately 1% of Scope 3 emission.
- **Category 12: End of life treatment of sold products** Includes emission from end-of-life treatment of sold products: newspapers, magazines, books and purchased packaging. Calculation method waste-type specific method. Waste treatment emission factors from Defra GHG Conversion Factors

- **Other emissions:**
  - **Nelonen Media Live events emissions:** Reported separately due to the nature of the calculations. GHG emissions have been calculated for each event using a separate emissions calculation model developed and assured by an external partner.
  - **Biogenic emissions:** Biofuels in vehicles. Emission factor source UK Government Defra GHG Conversion Factors.
- **Excluded from Sanoma's GHG emissions calculation:** Exclusions to Sanoma's GHG emission calculation follow the Greenhouse Gas (GHG) Protocol guidance and have been estimated using the GHG protocol Scope 3 Evaluator tool to identify relevant categories for GHG emission reporting.
  - **Category 8: Upstream leased assets** This category is not relevant for Sanoma since we do not have relevant leased assets that have not been reported under other categories. All leased facilities energy included in Scope 2. Leased vehicles calculated in Scope 1.
  - **Category 10: Processing of sold products** This category is not relevant for Sanoma since we do not sell intermediate products that would require processing. Main products sold are books, newspapers, magazines and digital products.
  - **Category 13: Downstream leased assets** This category is not relevant for Sanoma since we do not have downstream leased assets.
  - **Category 14: Franchises** This category is not relevant as Sanoma has no franchises.
  - **Category 15: Investments** Not relevant since Sanoma is not an investor but a media and educational services company.

Sustainability and ESG performance figures

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

Employee metrics

GRI METRICS GENERAL DISCLOSURE					
GRI 2 General Disclosures		**2020**	**2021**	**2022**	**Notes**
2-7	Persons under employment contract, total	4,564	5,359	5,611	
	Average number of employees (FTE)	4,255	4,885	5,018	
	Permanent employees	4,015	4,797	5,053	
	Temporary employees	549	562	557	
2-30	Percentage of total employees covered by collective bargaining agreements, weighted average	59%	68%	69%	

2-7 Employees

Sanoma	**Employees in total, amount**	**Employees in total, percentages**	**Permanent employees**	**Temporary fixed term employees**	**Full-time employees**	**Part-time employees**	**On-call employees (non-guaranteed hours)**
Total	5,611	100%	5,053	557	4,588	728	294
Female	3,118	56%	2,755	362	2,409	507	202
Male	2,492	44%	2,298	195	2,179	221	92
Finland	2,795	50%	2,415	380	2,284	224	287
Poland	712	13%	652	60	693	19	0
Spain	753	13%	743	10	710	37	6
The Netherlands	663	12%	581	82	355	308	0
Italy	162	3%	160	2	148	14	0
Belgium	194	3%	193	1	137	57	0
Sweden	86	2%	82	4	86	0	0
Germany	127	2%	112	15	64	63	0
Norway	82	1%	81	1	80	2	0
France	14	0%	12	2	12	2	0
United Kingdom	14	0%	14	0	14	0	0
Denmark	8	0%	8	0	5	2	1
Sanoma Media Finland	2,458	44%	2,093	364	1,962	213	282
Sanoma Learning	3,016	54%	2,833	183	2,494	515	7
Others (Sanoma Group)	137	2%	127	10	132	0	5

GRI METRICS SOCIAL DISCLOSURE

GRI 401 Employment		2020	2021	2022	Notes
401-1	New employee hires, of which	514	616	963	Items affecting change explained on p. 32.
	Sanoma Media Finland	332	361	570	
	Sanoma Learning	151	204	348	
	Others (Sanoma Group)	31	51	45	
	Female, of which	-	365	504	
	Less than 25 years	-	-	86	Data reported from 2022 onwards.
	25-29 years	-	-	118	
	30-39 years	-	-	148	
	40-49 years	-	-	95	
	50-59 years	-	-	47	
	More than 60 years	-	-	10	
	Male, of which	0	251	459	
	Less than 25 years	-	-	72	Data reported from 2022 onwards.
	25-29 years	-	-	82	
	30-39 years	-	-	125	
	40-49 years	-	-	112	
	50-59 years	-	-	51	
	More than 60 years	-	-	17	
	Employee turnover	453	617	892	Items affecting change explained on p. 32.
	Sanoma Media Finland	299	378	460	
	Sanoma Learning	125	210	392	
	Others (Sanoma Group)	29	29	40	
	Female, of which		318	502	
	Less than 25 years	-		53	Data reported from 2022 onwards.
	25-29 years	-		63	
	30-39 years	-		136	
	40-49 years	-		130	
	50-59 years	-		83	
	More than 60 years	-		37	
	Male, of which		299	390	
	Less than 25 years	-		59	Data reported from 2022 onwards.
	25-29 years	-		59	
	30-39 years	-		114	
	40-49 years	-		70	
	50-59 years	-		49	
	More than 60 years	-		39	
	Total employee turnover, permanent staff, percentage	9.9%	11.5%	15.9%	
	Average employee turnover, percentage	10.6%	11.5%	16.5%	

GRI METRICS SOCIAL DISCLOSURE					
GRI 403 Occupational health and safety		**2020**	**2021**	**2022**	**Notes**
403-9 403-10	Number of occupational accidents resulting in lost days in Sanoma owned printing plants, total	9	4	4	Sanoma divested Savon Paino printing house in January 2022. Data for 2020 and 2021 has not been restated. In addition, in 2022 there was one work-related accident that did not result in lost days.
	Work-related fatalities	0	0	0	
	Number high-consequence work-related injuries (excluding fatalities)	0	0	1	
	The number of recordable work-related injuries				
	Accident at work	7	3	3	
	Accident while commuting to work	2	1	1	
	High-potential incidents and close calls			17	
	Number of hours worked	406,800	388,800	327,600	
	Rate of fatalities as a result of work-related injury	0	0	0	
	Rate of high-consequence work-related injuries (excluding fatalities)			3.1	
	Rate of recordable workrelated injuries	17.2	7.7	9.2	
	Sick absence, days total	25,817	38,760	54,668	
	Percentage of annual working days lost due to sickness absences	2.4%	3.1%	4.3%	
GRI 404 Training and education		**2020**	**2021**	**2022**	**Notes**
404-3	Percentage of employees receiving regular performance and career development reviews, total	90%	96%	90%	Calculated based on weighted average of number of employees in each personnel group. Data from largest operating companies.
	Female	-	97%	91%	
	Male	-	96%	94%	
	Directors and Senior Mgmt	-	96%	97%	
	Managers with subordinates	-	99%	96%	
	Employees	-	96%	92%	
Years of service, percentage		**2020**	**2021**	**2022**	**Notes**
	Less than 1 year	12%	11%	12%	
	1-4 years	32%	31%	28%	
	5-9 years	18%	17%	18%	
	10-19 years	23%	23%	24%	
	20-29 years	9%	11%	12%	
	Over 30 years	7%	7%	6%	

GRI METRICS SOCIAL DISCLOSURE					
GRI 405 Diversity and equal opportunity		**2020**	**2021**	**2022**	**Notes**
405-1	**Personnel by employee category and gender**				
	Personnel	4,562	5,358	5,611	
	Female	2,506	2,927	3,118	
	Male	2,056	2,431	2,493	
	Board of directors	10	9	9	
	Female	2	3	3	
	Male	8	6	6	
	Executive management team	4	4	4	
	Female	2	2	2	
	Male	2	2	2	
	Directors and senior mgmt	98	188	176	
	Female	30	73	73	
	Male	68	115	103	
	Managers with subordinates	516	571	578	
	Female	233	257	257	
	Male	283	314	321	
	Employees	3,950	4,601	4,857	
	Female	2,223	2,597	2,788	
	Male	1,727	2,004	2,069	

GRI METRICS SOCIAL DISCLOSURE

Human resources by employee category and gender, percentage	2020	2021	2022	Notes
Directors and senior mgmt	2%	4%	3%	
Managers with subordinates	11%	11%	10%	
Employees	87%	86%	87%	
All employees				
Female	55%	55%	56%	
Male	45%	45%	44%	
Board of Directors				
Female	20%	33%	33%	
Male	80%	67%	67%	
Executive Management Team				
Female	50%	50%	50%	
Male	50%	50%	50%	
Directors and Senior mgmt				
Female	31%	39%	41%	
Male	69%	61%	59%	
Managers with subordinates				
Female	45%	45%	44%	
Male	55%	55%	56%	
Employees				
Female	56%	56%	57%	
Male	44%	44%	43%	

GRI METRICS SOCIAL DISCLOSURE

Age distribution by Personnel Group	2020	2021	2022	Notes
Directors and Senior Mgmnt				
Less than 25 years			0	Data reported from 2022 onwards.
25-29 years			1	
30-39 years			14	
40-49 years			72	
50-59 years			69	
More than 60 years			20	
Managers with subordinates				
Less than 25 years			0	Data reported from 2022 onwards.
25-29 years			6	
30-39 years			102	
40-49 years			254	
50-59 years			169	
More than 60 years			47	
Employees				
Less than 25 years			127	Data reported from 2022 onwards.
25-29 years			466	
30-39 years			1,386	
40-49 years			1,455	
50-59 years			1,065	
More than 60 years			357	

GRI METRICS SOCIAL DISCLOSURE

	Age distribution by Personnel Group, percentage	2020	2021	2022	Notes
	Directors and Senior Mgmnt				
	Less than 25 years			0%	Data reported from 2022 onwards.
	25-29 years			1%	
	30-39 years			8%	
	40-49 years			41%	
	50-59 years			39%	
	More than 60 years			11%	
	Managers with subordinates				
	Less than 25 years			0%	Data reported from 2022 onwards.
	25-29 years			1%	
	30-39 years			18%	
	40-49 years			44%	
	50-59 years			29%	
	More than 60 years			8%	
	Employees				
	Less than 25 years			3%	Data reported from 2022 onwards.
	25-29 years			10%	
	30-39 years			29%	
	40-49 years			30%	
	50-59 years			22%	
	More than 60 years			7%	

405-1 Diversity and Equal Opportunity, Diversity of governance bodies by age and gender		Male	Female	Notes
405-1	Under 30 years old	0%	0%	
	Between 30 and 49 years old	11%	11%	
	Over 50 years old	56%	22%	
	Total	**67%**	**33%**	

Environmental and climate metrics

GRI METRICS ENVIRONMENTAL DISCLOSURE						
GRI 301 Materials used by weight and volume		**2020**	**2021**	**2022**	**Change, Year-on-Year**	**Notes**
301-1	Paper purchased by Sanoma, tonnes					
	Newsprint paper	33,727	38,053	30,293	-20%	
	Magazine paper	6,915	6,427	5,976	-7%	
	Book paper	17,028	20,255	34,580	71%	
	Total	57,670	64,735	70,849	9%	
	Certified paper used in Sanoma, percentage	85%	95%	94%		
GRI 301 Materials used in Sanoma owned printing facilities		**2020**	**2021**	**2022**	**Change, Year-on-Year**	**Notes**
301-1	**Materials used in Sanoma owned printing houses, tonnes**					
301-2	Paper	36,481	40,246	36,553	-9%	2020-2021 data restated to exclude Savon Paino printing house sold by Sanoma 3.1.2022.
	Ink	680	844	810	-4%	
	Printing plates	202	205	194	-5%	
	Wetting water additive	58	67	62	-7%	
	Recycled input materials used in Sanoma owned printing houses					
	Paper waste, percentage	6.4	6.3	6.3		2020-2021 data restated to exclude Savon Paino printing house sold by Sanoma 3.1.2022.
	Water consumption in Sanoma owned printing houses, m^3					
	Amount of water used in Sanoma owned printing facilities, m^3	15,199	14,668	14,408	-1.8%	2020-2021 data restated to exclude Savon Paino printing house sold by Sanoma 3.1.2022.
GRI 302 Energy		**2020**	**2021**	**2022**	**Change, Year-on-Year**	**Notes**
302-1	Total energy consumption within the organization, MWh	46,834	49,003	43,310	-12%	
	Electricity	26,507	29,899	25,632	-14%	
	Heating and cooling	20,328	19,105	17,678	-7%	
	Fuels (reserve power), liters	5,400	90,230	6,059	-93%	
	Share of carbon neutral energy consumption, percentage	-	-	57%		
	Share of carbon neutral electricity consumption, percentage	-	54%	92%		
	Energy intensity, MWh/person/year	10.3	9.1	8.0	-16%	
306 Waste		**2020**	**2021**	**2022**	**Change, Year-on-Year**	
306-3	Waste generated by Sanoma, tonnes	5,077	7,306	5,361	27%	
306-4	**Waste in Sanoma owned printing houses**					
306-5	All waste, tonnes	4,075	4,468	4,125	-8%	2020-2021 data restated to exclude Savon Paino printing house sold by Sanoma 3.1.2022.
	Non-hazardous waste recycled, tonnes	3,620	4,021	3,783	-6%	
	Reused waste, tonnes	313	300	232	-23%	
	Hazardous waste, tonnes	132	137	102	-25%	
	Incinerated hazardous waste, tonnes	10	10	8	-20%	

GRI METRICS ENVIRONMENTAL DISCLOSURE

GRI 305 Emissions		2021	2022	Notes
305-1	Scope 1. Direct GHG emissions, tCO_2e	3,658	3,813	2021 data for Scope 1, 2 ja 3 restated to cover 95% GHG emissions.
305-2	Scope 2. Energy indirect GHG emissions, market based, tCO_2e	5,316	4,532	
	Scope 2. Energy indirect GHG emissions, location based, tCO_2e	8,547	6,893	
305-3	Scope 3. Other indirect GHG emissions total, tCO_2e	153,452	148,737	
	Category 1. Purchased goods and services	99,350	88,553	
	Category 2. Capital goods	3,438	13,811	
	Category 3. Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	2,549	2,018	
	Category 4. Upstream transportation and distribution	7,689	6,771	
	Category 5. Waste generated in operations	183	109	
	Category 6. Business travel	1,009	1,153	
	Category 7. Employee commuting	1,287	1,278	
	Category 9. Downstream transportation and distribution	11,843	14,152	
	Category 11. Use of (digital) sold products	24,405	19,002	
	Category 12. End-of-life treatment of sold products	1,699	1,892	
305-4	Own direct and indirect (Scope 1 + 2) GHG emissions intensity, tCO_2e/employee	1.7	1.5	
	GHG emissions intensity (Scope 1, 2 + 3), tCO_2e/employee	30	28	
	GHG emissions intensity (Scope 1, 2 +3), tCO_2e/€ net sales	0.13	0.12	
305-5	Scope 1 reduction of GHG emissions compared to base year 2021, percentage	-	4.2%	
	Scope 2 reduction of GHG emissions compared to base year 2021, percentage	-	-14.7%	
	Scope 1 and 2 reduction of GHG emissions compared to base year 2021, percentage	-	-7%	
	Scope 3 categories 1, 3, 4 and 9 reduction of GHG emissions compared to base year 2021, percentage	-	-8.2%	
Other emissions	Nelonen Media Live event emissions, tCO_2e	6,009	9,812	Data not restated for 2021. 2022 calculations include three new events.
	Nelonen Media Live event emissions, emissions intensity, $kgCO_2e$/event visitor	39	71	
	Biogenic emissions	2	0	

Economic and anti-corruption metrics

GRI METRICS ECONOMIC DISCLOSURE					
GRI 201 Economic value distributed		**2020**	**2021**	**2022**	**Notes**
201-1	Economic value distributed, EUR million				
	Renenue (net sales)	1,062	1,252	1,298	
	Operating costs	357	415	458	
	Employee wages and benefits	295	351	356	
	Dividends to shareholders	83	88	89	
	Payments to providers of capital	9	9	13	
	Payments to government: income tax, real estate tax, employer charges	23	89	98	
	Community investments: direct donations	0.8	1	0.1	
Taxes , EUR million					
	Total taxes borne and collected, total, EUR million	-	238	268	
	Taxes borne, EUR million	-	89	98	
	Corporate income tax	-	36	42	
	Real estate taxes	-	1.3	0.3	
	Employer taxes	-	52	56	
	Taxes collected, EUR million	-	149	170	
	Net VAT	-	45	45	
	Excise taxes	-	0	0	
	Withholding taxes	-	72	93	
	Employees social security	-	31	32	
GRI 205 Anti-corruption		**2020**	**2021**	**2022**	**Notes**
205-2	Code of Conduct e-learning completion rate, percentage of employees	95%	97%	98%	Sanoma Italy and Stark Germany not included in figures.

Sustainable media related metrics

GRI METRICS SOCIAL DISCLOSURE					
GRI 417 Marketing and labelling		**2020**	**2021**	**2022**	**Notes**
417-3	Incidents of non-compliance concerning marketing communications, number of cases	2	2	2	
	Incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0	
	Incidents of non-compliance with regulations resulting in a warning	0	0	0	
	Incidents of non-compliance with voluntary codes (the Advertising and Marketing Communications Code)	2	2	2	
Journalistic ethical principles					
	Resolutions concerning responsible journalism practices as defined in the Guidelines for Journalists by The Council of Mass Media, number of resolutions				
	Liberating decisions	5	6	15	
	Condemnatory decisions	6	4	0	

Trustworthy data related metrics

GRI METRICS SOCIAL DISCLOSURE					
418 Customer privacy		**2020**	**2021**	**2022**	**Notes**
418-1	**Substantiated complaints concerning breaches of customer privacy and losses of customer data**				
	GDPR: Annual volume of consumer data access, deletion and portability request	62	67	80	Reporting scope Sanoma Media Finland.
	Annual number of data breaches, total	196	282	196	
	Data breaches classified by Sanoma as major	0	0	0	

Learning impact related data

GRI METRICS SOCIAL DISCLOSURE					
European Teacher Survey Results		**2020**	**2021**	**2022**	**Notes**
	Share of teachers who agree that Sanoma learning materials help students reach curriculum objectives	83%	85%	84%	
	Share of teachers who agree that our learning materials help them be more efficient in their work	70%	76%	74%	
	Share of teachers who agree that our learning materials help them engage students	55%	71%	71%	

GRI content index

Sanoma's Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards following GRI 1 Foundation and GRI 2 General mandatory disclosure standard. GRI 3 Material topics have been reported using the 2016 or newer version of each material topic standard. A list of material sustainability topics for Sanoma can be found on p. 81–84. In this GRI Content Index, we list our disclosures with reference to the GRI Standards and refer to the location of the information supported by links. It includes information on reasons for omissions or changes in our reporting scope, if necessary. It also explains which indicators measure our performance in upholding the UN Global Compacts Ten Principles on human rights, labour standards, environmental friendliness and anti-corruption and the UN Sustainable Development Goals.

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	a. Legal name: Sanoma Corporation b. Nature of ownership and legal form: Publicly listed company c. Location of headquarters: Töölönlahdenkatu 2, Helsinki, Finland d. Countries of operation: Finland, Netherlands, Poland, Italy, Belgium, Sweden, Spain, Norway, Denmark, France, Germany and UK				
	2-2 Entities included in the organization's sustainability reporting	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics, Reporting scope and practices				
	2-3 Reporting period, frequency and contact point	a. Reporting period: 1 January - 31 December 2022 b. Publication date of the report: 6 March 2023 c. Contact point: sustainability@sanoma.com				
	2-4 Restatements of information	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics, Reporting scope and practices				
	2-5 External assurance	Annual Report 2022, Sustainability Report, Independent Assurance Report				
	2-6 Activities, value chain and other business relationships	a-d. Annual Report 2022, Sustainability Report, Sustainability at Sanoma, Inclusive Learning, Sustainable Media, Responsible business practices				
	2-7 Employees	a-e. Annual Report 2022, Sustainability Report, Sustainability and ESG metrics and Valued people		✓	6	5, 8, 10
	2-8 Workers who are not employees	Annual Report 2022, Sustainability Report, Valued people	Reporting only includes qualitative assessment	✓	6	5, 8, 11, 12
	2-9 Governance structure and composition	Annual Report 2022, Sustainability Report, Sustainability at Sanoma and Corporate Governance Statement				
	2-10 Nomination and selection of the highest governance body	Annual Report 2022, Sustainability Report, Sustainability at Sanoma and Corporate Governance Statement				
	2-11 Chair of the highest governance body	Annual Report 2022, Sustainability Report, Sustainability at Sanoma and Corporate Governance Statement				

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
	2-12 Role of the highest governance body in overseeing the management of impacts	Annual Report 2022, Sustainability Report, Sustainability at Sanoma and Corporate Governance Statement				
	2-13 Delegation of responsibility for managing impacts	Annual Report 2022, Sustainability Report, Sustainability at Sanoma and Corporate Governance Statement				
	2-14 Role of the highest governance body in sustainability reporting	Annual Report 2022, Sustainability Report, Sustainability at Sanoma				
	2-15 Conflicts of interest	Annual Report 2022, Sustainability Report, Sustainability at Sanoma				
	2-16 Communication of critical concerns	Annual Report 2022, Sustainability Report, Sustainability at Sanoma				
	2-17 Collective knowledge of the highest governance body	Annual Report 2022, Corporate Governance Statement				
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2022, Remuneration Report				
	2-19 Remuneration policies	Annual Report 2022, Remuneration Report				
	2-20 Process to determine remuneration	Annual Report 2022, Remuneration Report				
	2-21 Annual total compensation ratio	Annual Report 2022, Remuneration Report				
	2-22 Statement on sustainable development strategy	Annual Report 2022, Sustainability Report, Sustainability at Sanoma				
	2-23 Policy commitments	Annual Report 2022, Sustainability Report, Sustainability at Sanoma and Responsible business practices				
	2-24 Embedding policy commitments	Annual Report 2022, Sustainability Report, Responsible business practices				
	2-25 Processes to remediate negative impacts	Annual Report 2022, Sustainability Report, Responsible business practices				
	2-26 Mechanisms for seeking advice and raising concerns	Annual Report 2022, Sustainability Report, Responsible business practices				
	2-27 Compliance with laws and regulations	Annual Report 2022, Sustainability Report, Sustainability at Sanoma and Financial Statement, Note 5.5 Contingent liabilities section Disputes and litigations		✓		
	2-28 Membership associations	Sanoma.com				17
	2-29 Approach to stakeholder engagement	Annual Report 2022, Sustainability Report, Sustainability at Sanoma				17

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
	2-30 Collective bargaining agreements	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics		✓		
Material topics Topic specific content is reported regarding aspects identified as material.						
GRI 3: Material topics 2021	3-1 Process to determine material topics	Annual Report 2022, Sustainability Report, Sustainability at Sanoma		✓		
	3-2 List of material topics	Annual Report 2022, Sustainability Report, Sustainability at Sanoma and Key stakeholder groups, engagement and material topics		✓		
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Responsible business practices		✓		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics	Reporting i-ii.	✓		8
	201-2 Financial implications and other risks and opportunities due to climate change	Annual Report 2022, Sustainability Report, Task Force on Climate-related Financial disclosure (TCFD)				13
	201-3 Defined benefit plan obligations and other retirement plans	Annual Report 2022, Financial statement and Remuneration Report				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Responsible business practices		✓		
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Annual Report 2022, Sustainability Report, Responsible business practices		✓	10	16
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Vital environment		✓		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics	Reporting scope Sanoma owned printing houses.	✓		9, 12
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Vital environment		✓		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics		✓	7, 8	13
	302-3 Energy intensity	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics		✓	7, 8	13

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
	302-4 Reduction of energy consumption	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics		✓	8, 9	
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Vital environment		✓		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics		✓	7, 8	13
	305-2 Energy indirect (Scope 2) GHG emissions	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics		✓	7, 8	13
	305-3 Other indirect (Scope 3) GHG emissions	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics		✓	7, 8	13
	305-4 GHG emissions intensity	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics		✓	7, 8	13
	305-5 Reduction of GHG emissions	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics		✓	8, 9	13
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Vital environment		✓		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics and Vital environment		✓	8	12
	306-2 Management of significant waste-related impacts	Annual Report 2022, Sustainability Report, Vital environment			8	12
	306-3 Waste generated	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics and Vital environment		✓	8	12
	306-4 Waste diverted from disposal	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics	Reporting only a-c.	✓	8	12
	306-5 Waste directed to disposal	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics	Reporting only a.	✓	8	12
Supplier Environmental Assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Vital environment		✓		
GRI 308: Supplier Environmental Assessment 2016	308-1 Key paper suppliers screened using environmental criteria	Annual Report 2022, Sustainability Report, Vital environment	Only new suppliers in M-files covered by metrics.	✓	8	12, 13
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Valued people		✓		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics	a-b. Not reported by region.	✓	6	5, 8
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Annual Report 2022, Sustainability Report, Valued people	Reporting covers largest companies.			

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
Labor/Management Relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Valued people				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Annual Report 2022, Sustainability Report, Valued people	Reporting covers largest companies.			
Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Valued people		✓		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Annual Report 2022, Sustainability Report, Valued people				8
	403-2 Hazard identification, risk assessment, and incident investigation	Annual Report 2022, Sustainability Report, Valued people				8
	403-3 Occupational health services	Annual Report 2022, Sustainability Report, Valued people				8
	403-4 Worker participation, consultation, and communication on occupational health and safety	Annual Report 2022, Sustainability Report, Valued people				8
	403-5 Worker training on occupational health and safety	Annual Report 2022, Sustainability Report, Valued people				8
	403-6 Promotion of worker health	Annual Report 2022, Sustainability Report, Valued people				8
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Annual Report 2022, Sustainability Report, Valued people				8
	403-8 Workers covered by an occupational health and safety management system	Annual Report 2022, Sustainability Report, Valued people	Management system not audited.	✓		8
	403-9 Work related injuries	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics	Reporting scope Sanoma owned printing houses. Sick absence reported as total amount of sick absence days for all Sanoma operations.	✓		8
	403-10 Work related ill health	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics	Reporting scope Sanoma owned printing houses.	✓		8

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
Training and Education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Valued people		✓		
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Annual Report 2022, Sustainability Report, Valued people				
	404-3 Percentage of employees receiving regular performance and career development reviews	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics and Valued people	Reporting covers largest companies.	✓		8
Diversity and Equal Opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Valued people		✓		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics		✓	6	5, 10
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Responsible business practices		✓		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Annual Report 2022, Sustainability Report, Responsible business practices and Consolidated Financial Statements, Note 5.5	Topic-spesific compliance is described under each sustainability strategy section.	✓		8
Marketing and Labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Sustainable media		✓		
GRI 417: Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics and Sustainable media	Reported as number of non-compliance cases according to the Advertising and Marketing Communications Code.	✓		12
Customer Privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Trustworthy data		✓		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annual Report 2022, Sustainability Report, Sustainability and ESG metrics and Trustworthy data		✓		12

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Externally assured	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDGs)
Other own indicators						
Inclusive learning						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Inclusive learning		✓		
Inclusive learning	Learning outcomes: Share of teachers who agree that Sanoma learning materials help students reach curriculum objectives	Annual Report 2022, Sustainability Report, Inclusive learning		✓		4
	Teacher efficiency: Share of teachers who agree that our learning materials help them be more efficient in their work	Annual Report 2022, Sustainability Report, Inclusive learning		✓		4
	Student engagement: Share of teachers who agree that our learning materials help them engage students	Annual Report 2022, Sustainability Report, Inclusive learning		✓		4
Sustainable media						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Sustainable media		✓		
Sustainable media	Compliance with professional practices as defined in the Guidelines for Journalists by The Council for Mass Media (CMM)	Annual Report 2022, Sustainability Report, Sustainable media		✓		8, 16
	Compliance with age-limits and protecting vulnerable audiences as defined by guidance of the National Audiovisual Institute	Annual Report 2022, Sustainability Report, Sustainable media		✓		8, 16
Valued people						
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2022, Sustainability Report, Valued people		✓		
Valued people	Results of the Employee Engagement Survey	Annual Report 2022, Sustainability Report, Valued people		✓		8

OUR BUSINESSES IN BRIEF

SUSTAINABILITY

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

FINANCIALS

GOVERNANCE

Sustainability Accounting Standards Board content index

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

Code	Accounting Metric	Category	Unit of Measure	Location of information	Omissions	Externally assured
Media and Entertainment						
Media Pluralism						
SV-ME-260a.1-2	Percentage of gender and racial/ethnic group representation for (1) management, (2) professionals, and (3) all other employees	Quantitative	Percentage (%)	Annual Report 2022, Sustainability report, Sustainability and ESG performance	Sanoma does not collect information on employees' racial/ethnic origin.	✓
	Description of policies and procedures to ensuring pluralism in news media content	Discussion and Analysis	N/A	Annual Report 2022, Sustainability report, Sustainable media. As a member of the Council for Mass Media and the Union of Journalists in Finland, Sanoma Media Finlands newspapers are committed to policies and procedures of the Council for Mass Media and the Union of Journalists, ensuring pluralism in news media content.		
Journalistic Integrity & Sponsorship Identification						
SV-ME-270a.1-3	Total amount of monetary losses as a result of legal proceedings associated with libel or slander	Quantitative	EUR	Annual Report 2022, Note 5.5 Contingent liabilities section Disputes and litigations. Sanoma Group did not face any legal proceedings associated with libel or slander.		✓
	Revenue from embedded advertising	Quantitative	EUR	Annual Report 2022, Report of the Board of Directors. EUR 236 (2021: 246) million of Sanoma Media Finland revenue came from print advertising and non-print advertising. Both include embedded advertising.	Embedded advertising revenue not separately available.	✓
	Description of approach for ensuring journalistic integrity of news programming related to: (1) truthfulness, accuracy, objectivity, fairness, and accountability, (2) independence of content and/or transparency of potential bias, and (3) protection of privacy and limitation of harm	Discussion and Analysis	N/A	Annual Report 2022, Sustainability report, Sustainable media and Trustworthy data		
Intellectual Property Protection & Media Piracy						
SV-ME-520a.1	Description of approach to ensuring intellectual property (IP) protection	Discussion and Analysis	N/A	Annual Report 2022, Sustainability report, Trustworthy data and Sanoma's IP policy at sanoma.com (available only in Finnish due to the Finnish target-group)		
Activity metrics						
SV-ME-000.A	(1) Total recipients of media and the number of (2) households reached by broadcast TV, (3) subscribers to cable networks, and (4) circulation for magazines and newspapers	Quantitative	Number	Annual Report 2022, Sustainability report, Sustainable media. All TV and radio reaches in Finland are reported publicly by Finnpanel. All magazines and newspapers circulation reported publicly by Media Audit Finland. Reporting covers Sanoma's channels.	3 Subscribers to cable networks data not publicly available.	✓
SV-ME-000.B	Total number of media productions and publications produced	Quantitative	Number	Annual Report 2022, Sustainability report, Sustainable media		✓

Code	Accounting Metric	Category	Unit of Measure	Location of information	Omissions	Externally assured
Advertising and marketing						
Data Privacy						
SV-AD-220a.1-3	Discussion of policies and practices relating to behavioral advertising and consumer privacy	Discussion and Analysis	N/A	Annual Report 2022, Sustainability report, Trustworthy data and Sanoma Media Finlands Privacy policy at sanoma.com (available only in Finnish due to the Finnish target-group)		
	Percentage of online advertising impressions that are targeted to custom audiences	Quantitative	Percentage (%) by revenue	Annual Report 2022, Report of the Board of Directors. 38% (EUR 236 million) of Sanoma Media Finland revenue came from print advertising and non-print advertising. Both include embedded advertising.	Percentage of adertising impressions not available.	✓
	Total amount of monetary losses as a result of legal proceedings associated with consumer privacy	Quantitative	EUR	Annual Report 2022, Note 5.5 Contingent liabilities section Disputes and litigations. No monetary losses.		✓
Advertising Integrity						
SV-AD-270a.1-3	Total amount of monetary losses as a result of legal proceedings associated with false, deceptive, or unfair advertising	Quantitative	EUR	Annual Report 2022, Note 5.5 Contingent liabilities section Disputes and litigations. No monetary losses. Sanoma is committed to the International Chamber of Commerce (ICC) Advertising and Marketing Communications Code and reports cases of non-compliance against the ICC code.		✓
	Percentage of campaigns reviewed for adherence with the Advertising Self-Regulatory Council (ASRC) procedures, percentage of those in compliance	Quantitative	Percentage (%) by revenue	Annual Report 2022, Sustainability report, Sustainable media, Programmatic advertising reviews are conducted by automated system checks and by also regular manual checks.	Percentage by revenue data not available.	✓
	Percentage of campaigns that promote alcohol or tobacco products	Quantitative	Percentage (%) by revenue	Annual Report 2022, Sustainability report, Sustainable media. Advertising of tobacco is illegal in Finland. Commercials with alcohol are only broadcasted after 10 p.m., following the law.		✓
Workforce Diversity & Inclusion						
SV-AD-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) professionals, and (3) all other employees	Quantitative	Percentage (%)	Annual Report 2022, Sustainability report, information disclosed in Sustainability and ESG performance	Sanoma does not collect information on employees' racial/ethnic origin.	✓
Activity metrics						
SV-AD-000.A	Median reach of advertisements and marketing campaigns	Quantitative	Number	All TV and radio reach in Finland are reported publicly by Finnpanel. Digital reach is followed by the Finnish Internet Audience Measurement (FIAM) (in Finnish). Media Audit Finland follows the reach of magazines and newspapers in Finland (in Finnish). Reporting covers Sanoma's channels.	Median reach of advertisements and marketing campaigns data not available.	✓
SV-AD-000.B	Number of exposures to advertisements or marketing campaigns	Quantitative	Number	All TV and radio reach in Finland are reported publicly by Finnpanel. Digital reach is followed by the Finnish Internet Audience Measurement (FIAM) (in Finnish). Media Audit Finland follows the reach of magazines and newspapers in Finland (in Finnish). Reporting covers Sanoma's channels.	Number of exposures to advertisements or marketing campaigns data not available.	✓
SV-AD-000.C	Median frequency of exposures	Quantitative	Number	All TV and radio reach in Finland are reported publicly by Finnpanel. Digital reach is followed by the Finnish Internet Audience Measurement (FIAM) (in Finnish). Media Audit Finland follows the reach of magazines and newspapers in Finland (in Finnish). Reporting covers Sanoma's channels.	Median frequency of exposures data not available.	✓
SV-AD-000.D	Number of employees	Quantitative	Number	Annual Report 2022, Sustainability report, information disclosed in Sustainability and ESG performance		✓

Code	Accounting Metric	Category	Unit of Measure	Location of information	Omissions	Externally assured
Education						
Data Security						
SV-ED-230a.1-3	Description of approach to identifying and addressing data security risks	Discussion & Analysis	N/A	Annual Report 2022, Sustainability report, Trustworthy data and Annual report 2021, Risk Review. Sanoma has invested in data-security-related technologies and runs a Group-wide Privacy Programme that monitors development and enforcement of privacy regulations, has oversight of the implementation of the Sanoma Privacy Policy, and ensures that employees know how to apply data security and privacy practices in their daily work.		
	Description of policies and practices relating to collection, usage, and retention of student information	Discussion & Analysis	N/A	Annual Report 2022, Sustainability report, Trustworthy data. Sanoma operates as a processor of student data and follows the intruction of controllers (schools and education provider).		
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of students affected	Quantitative	Number, Percentage (%)	Annual Report 2022, Sustainability report, Trustworthy data. Sanoma operates as a processor of student data and follows the intruction of controllers (schools and education provider). We follow and report personal data breaches annually.		✓
Quality of Education & Gainful Employment						
SV-ED-260a.1-5	Graduation rate	Quantitative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
	On-time completion rate	Quantitative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
	Job placement rate	Quantitative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
	(1) Debt-to-annual earnings rate and (2) debt to-discretionary income rate	Quantitative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
	Program cohort default rate	Quantitative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
Marketing & Recruiting Practices						
SV-ED-270a.1-4	Description of policies to assure disclosure of key performance statistics to prospective students in advance of collecting any fees and discussion of outcomes	Discussion & Analysis	N/A	Not relevant. Sanoma does not operate as an education organiser.		
	Total amount of monetary losses as a result of legal proceedings associated with advertising, marketing, and mandatory disclosures	Quantitative	EUR	Annual Report 2022, Note 5.5 Contingent liabilities section Disputes and litigations. Sanoma Group did not face any legal proceedings associated.		
	(1) Instruction and student services expenses and (2) marketing and recruiting expenses	Quantitative	EUR	Not relevant for the company, Sanoma does not operate as an education organiser.		
	Revenue from: (1) Title IV funding, (2) GI Bill funding, and (3) private student loans	Quantitative	EUR	Not relevant for the company, Sanoma does not operate as an education organiser.		
Activity metrics						
SV-ED-000.A	Number of students enrolled	Quantitative	Number	Annual Report 2022, Sustainability report, Inclusive learning. Sanoma does not operate as an education organiser.		✓
SV-ED-000.B	Number of applications received for enrollment	Quantitative	Number	Not relevant. Sanoma does not operate as an education organiser.		
SV-ED-000.C	Average registered credits per student, percentage online	Quantitative	Number, Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.		
SV-ED-000.D	Number of: (1) teaching staff and (2) all other staff	Quantitative	Number	Not relevant. Sanoma does not operate as an education organiser.		

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Task Force on Climate-related Financial disclosure

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

TASK FORCE ON CLIMATE-RELATED DISCLOSURE (TCFD) SANOMA 1/2

Topic	TCFD Recommended Disclosure	Sanoma's response
Governance	■ Describe the board's oversight of climate-related risks and opportunities.	■ The Board of Directors approves all major strategic sustainability guidelines, including climate-related issues. Board reviews and monitors Group's sustainability development and performance. Sustainability is reviewed bi-annually, for example, when approving annual short-term management incentives for the Executive management (sustainability-related metrics included), when reviewing and approving the Group's Financial Statement and the Report of the Board of Directors including the non-financial information (incl. environmental and climate-related issues), and when approving annual sustainability targets as a part of Sustainability Strategy. In 2022, the Board reviewed Sanoma´s Science Based Targets for climate which were published in the Annual Report 2022. To support the Board, Audit Committee (AC) is responsible for reviewing sustainability progress and ensuring regular monitoring of the Sustainability Strategy including climate targets at least twice a year. AC is responsible for reviewing enterprise risks twice a year according to risk map reported by the management according to Sanoma´s Risk Policy. In addition, AC evaluates sustainability and climate-related risks as part of the annual risk assessment process. For example, in 2022, the Audit committee focused on specific deep dive themes (including sustainability) in two of its meetings in addition to regular agenda items. The AC for example reviewed Sanoma´s Science Based Targets.
	■ Describe management's role in assessing and managing climate-related risks and opportunities.	■ The President & CEO is responsible for overseeing, reviewing and guiding sustainability and climate-related issues, supported by the Executive Management Team (EMT). The President & CEO is also responsible for the strategic approach to climate-related issues and sustainability, managing sustainability development and monitoring how sustainability is reflected in the business units. Together with the business units, the President & CEO and the EMT develop annual strategic guidelines and targets for the Sanoma Sustainability Strategy as well as approves major sustainability projects. The EMT proposes the annual strategic guidelines to the Board for approval and reports on sustainability progress to the Audit Committee twice a year. In 2022, the EMT together with the President & CEO for example approved Sanoma´s GHG emissions reduction roadmap and updated climate targets following the Science Based Targets initiative Guidelines. The EMT also approved Sanoma´s risk and opportunity analysis following the Task-Force on Climate Related Disclosure. As a member of the Executive Management Team, the CFO supports the President & CEO in the Group's management duties and prepares matters to be discussed at Board meetings. The matters include long-term targets of the Group and its business strategy, organisational and management issues, development projects, internal control and risk management systems, including climate-related issues as part of risk management systems. Climate-related issues are a part of the Group's Sustainability Strategy, of which the CFO is responsible for as a member of the EMT, together with the President & CEO. ■ The Chief Sustainability Officer (CSO) together with Sustainability Managers and the Sustainability Team supports the Group's overall risk management process by monitoring emerging corporate responsibility risks, including those related to climate change. In cooperation with the business units, procurement and other internal and external stakeholders (for example the Chief Risk Officer CRO and the process operation manager for printing facilities), the CSO controls sustainability and climate-related risks. In addition, the CSO leads the planning and implementation of the Sanoma Sustainability Strategy and reports to the CFO. Due to the industry in which Sanoma operates, Sanoma does not consider climate-related risks as substantial financial or strategic risks at the moment. ■ The Chief Procurement Officer (CPO) is responsible for implementing the Sanoma Sustainability Strategy throughout the supply chain. 95% of Sanoma's emissions result from the supply chain and there supplier engagement and selection plays a key role in reaching Sanoma's targets. The CPO assesses and manages climate-related risks and opportunities together with the Procurement Management Team, the CSO and Sano-ma Sustainability Team. Together, Procurement and Sustainability Teams collect emission data annually from suppliers for Scope 3 emission calculations and engage with suppliers to communicate Sanoma's climate targets. In 2022, climate-related issues have been a regular agenda item on the Procurement Management Team agenda. In addition, Procurement and Sustainability Managers have cooperated to push Sanoma´s climate targets forward, to engage with suppliers and reduce emission on a monthly basis. ■ Also, our Sustainability Working Group, consisting of selected representatives across the Group, follows the implementation of the Sustainability Strategy, coordinates sustainability development and actions, and evalu-ates risks and opportunities regarding sustainability convening quarterly.

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Topic	TCFD Recommended Disclosure	Sanoma's response
Stategy	■ Describe climate-related risks and opportunities the organisation has identified over short, medium, and long term. ■ Describe impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	■ To mitigate climate risks, Sanoma has in its Sustainability strategy set concrete targets and action plans to minimise its environmental impacts related to energy and paper use and emissions. Sanoma's processes support compliance with relevant environmental legislative, regulatory and operating standards. Due to the nature of Sanoma's business, no material climate risks are expected to arise on short-term. At the same time, Sanoma identifies low-impact long-term risks related to carbon pricing mechanisms and increased severity and frequency of extreme weather events such as cyclones and floods. Our commitment to transparency means we annually participate and report on our climate-related risks and opportunities in our CDP disclosure. We publish our submission for the CDP Climate and Forest investor questionnaires each year. See Sanoma's 2022 response Sanoma.com.
	■ Describe resilience of organisation's strategy, taking into consideration different climate-related scenarios, including 2°C or lower scenario.	■ Protecting the climate and environment is one of the six key themes of the Sustainability strategy. Sanoma has set a goal to become carbon neutral across value chain by 2030. During 2022, Sanoma updated its climate targets and aligned them with the Science Based Targets initiative (SBTi), setting emission reduction targets aligned with the SBTi criteria 1.5 degree goals to limit global warming in line with the Paris Agreement. Learn more about our targets on page 42.
Risk Management	■ Describe the organisation's processes for identifying, assessing and managing climate-related risks.	■ Sanoma's Risk Management Policy defines the Group-wide risk management principles, objectives, roles, responsibilities and procedures also covering sustainability and the climate-related risks. Sanoma's formal risk management process applies to our climate-related risk assessment and includes several phases further described in the non-financial reporting included in the Report of the Board of Directors. Sanoma has set strategic and operational targets for climate action in its Sustainability strategy. In addition, we report on climate-related issues, GHG emissions and emission intensities according to Greenhouse Gas (GHG) protocol for scopes (1, 2 and 3) in our Sustainability Report 2022.
	■ Describe the company's processes for managing climate-related risks. ■ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	■ Sanoma Enterprise Risk Management Policy defines Group-wide risk management principles, objectives, roles, responsibilities and procedures, including climate-related risks. Risk management is integrated in Sanoma's management, strategic planning and internal control system, and covers all risk categories at Group, SBU and entity levels. The formal risk management process includes the following phases and applies also to our climate-related risks: 1. Setting strategic, operational, reporting and compliance objectives on the Group, SBU and business levels – for example during year 2022 Sanoma updated and sent its Science Based Targets to validation. 2. Identification and assessment of risks affecting the achievement of objectives by using a risk framework including analysing whether the risk is substantial – for example during the year 2022, as a part of the Science Based Target analysis, we analysed risks related to reaching our emission targets and the impacts of our climate strategy on Sanoma's business. 3. Defining risk management activities for key risks – for example during 2022, in our risk assessment, we analysed that due to the nature of Sanoma´s low-carbon business, no substantial financial risks are foreseen for Sanoma. At the same time, based on our overall view of the market, transition risk such as reputational risks were identified due to 360 degree stakeholder pressure towards all companies to act to reduce climate impacts. Also regulation risks were identified for example due to regulation such as the EU Taxonomy, Corporate sustainability reporting and carbon taxes. Regulation and reputation risks are evaluated by the Sanoma sustainability Team together with Sanoma´s Procurement and Risk Management Team and as a part of Sanoma's annual risk review. They are mitigated through operational policies but also our Sustainability Strategy and setting ambitious climate targets. Also minor physical risks were identified, such as the hazard risk of flooding due to temperature and sea levels rising due to climate change. Hazard risks are evaluated as a part of Sanoma's annual risk review and mitigated through operational policies, accurate process management, contingency planning and insurance. 4. Implementation of risk management activities (e.g. asset allocation, control activities, insuring, hedging or divestitures) – as a results of our climate-related risk assessment, we manage climate-related risks as a part of our Sustainability Teams activities together with Sanoma's Procurement and business units. 5. Monitoring the performance and efficiency of the risk management – to monitor our actions on climate-related issues, the Sustainability Team reports to Sanoma's Executive Management Team and to the Sanoma Audit Committee regularly. 6. Continuous improvement of risk management processes, performance and capabilities – during 2022, we continued to develop our systematic approach to monitor both climate targets and performance and related risks. 7. Reporting of updated risk assessment results with related ongoing or planned mitigation actions to the Audit Committee and further to the Board of Directors twice a year. The reporting includes identification and assessment of key risks and summary of risk management activities for each SBU, business unit, and selected subsidiaries – climate-related issues are reported to the Audit Committee and further to the Board of Directors twice a year as a part of Sanoma´s sustainability update. ■ In addition to Sanoma´s formal risk management process, Sanoma´s sustainability Team monitors climate-related risks on a regular basis in cooperation with other Group Functions such as Procurement, Compliance, Legal, Privacy and Technology, and together with the businesses. ■ Our sustainability-related risks are further described in the Report of the Board of Directors. In addition, we publish our submissions for the CDP investor questionnaire each year.

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Topic	TCFD Recommended Disclosure	Sanoma's response
Metrics and Targets	■ Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	■ Sanoma calculates its emissions according to the GHG protocol for Scopes 1, 2 and 3 and uses this information to assess climate-related risks as well as to reduce GHG emissions. In both own operations and the value chain, increasing stakeholder interest and regulation creates both risks and opportunities. 95% of Sanoma's emissions result from supply chain (Scope 3) and active supplier cooperation is key in reducing emissions. These risks mainly relate to carbon pricing mechanisms and our ability to control the use of energy and emissions of third party suppliers. In own operations, Sanoma continues to invests in energy and material efficiency as well as use of renewable energy. Sanoma uses purchased electricity in its printing and office facilities, as well as for digital services and technological solutions, and it may not be able to directly impact the mix of energy sources used. ■ A full disclosure of Sanoma´s Scope 1, 2 and 3 emissions can be found on page 41-47 and 65.
	■ Disclose Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, and related risks.	
	■ Describe targets used by organisation to manage climate-related risks and opportunities and performance against targets.	■ Vital environment is one of the six key themes of the Sustainability strategy. Sanoma has set a goal to become carbon neutral across value chain by 2030. During 2022, Sanoma updated its climate targets and aligned them with the Science Based Targets initiative (SBTi), setting emission reduction targets aligned with the SBTi criteria 1.5 degree goal to limit global warming in line with the Paris Agreement. Learn more about our targets on page 42. ■ The Chief Sustainability Officers' (CSO) and the Sustainability Team's short-term incentives are directly linked to Sanoma's Sustainability Strategy. In 2022, the team was incentivised to develop Sanoma's climate-related strategy, risk and opportunity management including updating Sanoma´s Science Based Targets. ■ In Sanoma's printing houses, those responsible for production and logistics have a short-term incentive related to paper waste. Waste is one of the production-related greenhouse gas emissions sources and therefore this incentive is directly linked to the reduction of greenhouse gas emissions.

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Sustainability policies and guidelines

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

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

UN Sustainable Development Goals we commit to	Sanoma Sustainability Strategy topic	Sanoma Sustainability Strategy goals	Material aspects	Related policies and guidelines
	Valued people We promote equality and provide an inspiring workplace with excellent opportunities to develop	■ We create an equal and inclusive workplace together	■ Diversity, equal opportunities and pay	■ Diversity and Inclusion Policy ■ Remuneration Policy ■ Sanoma Code of Conduct ■ Sanoma Supplier Code of Conduct
		■ Our people create our knowledge capital and together we promote wellbeing, training and safety	■ Wellbeing, training and safety	■ Human resources, equality and non-discrimination plans of operating companies ■ Occupational health and safety management system of Sanoma
		■ We are a great workplace and support an inspiring and sustainable company culture	■ Great place to work	■ Sanoma Code of Conduct
	Trustworthy data We use the data you trust us with to make learning and media better	■ Data supports quality learning and helps sustain independent media ■ Our privacy programme safeguards data while enabling its transparent and compliant use	■ Safe and transparent use of data	■ Sanoma Code of Conduct ■ Sanoma Supplier Code of Conduct ■ Privacy and Data Protection Policy ■ Information Security Policy ■ IPR Policy
		■ We use Artificial Intelligence responsibly and transparently	■ Ethical use of AI	■ Sanoma is developing ethical guidelines for AI
	Vital environment We will be carbon neutral by 2030 and build awareness of sustainability issues	■ We reduce emissions following our science-based reduction targets and will be carbon neutral by 2030 ■ We strive to minimise our environmental impacts across the supply chain ■ We increase our fact-based climate and environmental awareness	■ Environmental impacts of printing ■ Energy and emissions	■ Sanoma Code of Conduct ■ Sanoma Supplier Code of Conduct ■ Procurement Policy ■ Paper Procurement Guidelines ■ Paper purchases agreements ■ Environmental guidelines and ISO 14001 Standard for Sanomala and Sanoma Manu printing house ■ Facility spesific certifications ■ Travel Policy
	Responsible business practices We are committed to responsible business practices	■ We maintain rigorous ethical standards and responsible business practices ■ Our good financial performance and position support sustainable development ■ We constantly develop responsibility in our supply chain	■ Ethical business conduct	■ Corporate Governance Framework ■ Fair Competition Policy ■ Insider Policy ■ Donations Policy ■ Tax Policy ■ Remuneration Policy ■ Sanoma Code of Conduct ■ Sanoma Supplier Code of Conduct ■ Anti-Bribery and Corruption Policy

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Key stakeholder groups and material topics

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

Stakeholder group	Purpose and method of stakeholder engagement	Material sustainability topics for stakeholder group
Sanoma Learning customers	■ Co-creating learning materials with teachers and students ■ Engaging with teachers through face-to-face and online meetings, newsletters and marketing ■ Arranging and participating in customer webinars and events ■ Gathering insight and managing customer satisfaction through surveys	■ High quality learning content ■ Reliable digital learning platforms ■ Diverse learning content ■ Literacy in society ■ Respecting childrens' rights ■ Sustainability strategy and ESG performance (environmental and climate-related topics, social and economic sustainability) ■ Supply reliability, timely distribution, customer relationships
Sanoma Media Finland consumers and customers	Consumers: ■ Engaging with customers through newsletters and marketing ■ Gathering insight and managing customer satisfaction through surveys B2B customers: ■ Engaging with customers through face-to-face and online meetings, newsletter, marketing and sustainability-related training sessions ■ Arranging and participating in customer webinars and events ■ Gathering insight and managing customer satisfaction through surveys	■ Independent journalism ■ Freedom of expression ■ Diverse media content ■ Media literacy and literacy in society ■ Responsible entertainment ■ Responsible marketing and advertising practices ■ Sustainability strategy and ESG performance (environmental and climate-related topics, social and economic sustainability) ■ Customer data and privacy, cyber security, targeting, customer rights e.g. GDPR, ethical use of artificial intelligence ■ Supply reliability, timely distribution, customer relationships
Employees and freelancers	■ Performance leadership and people development ■ Employee engagement through several measures, e.g. employee feedback through quarterly Pulse and annual Employee Engagement surveys, team and individual discussions, Town hall meetings ■ Systematic support for health, safety and wellbeing ■ Several internal events and personnel infos ■ Active communication, dialogue and cooperation with internal stakeholders, including employees, line managers, employee representatives	■ Sanoma strategy and transformation, sustainability impacts and actions (environmental and climate-related topics, social and economic sustainability) ■ Mental and physical health, wellbeing and safety ■ Diversity, inclusion and equal opportunities ■ Competence development ■ Business ethics, speak up culture and human rights, e.g. Code of Conduct
Investors	■ Regular engagement through regulatory financial communications (financial reporting, stock exchange releases) ■ Conference calls, roadshows, individual or group meetings, investor events ■ Capital Markets Day, Annual General Meeting, Sustainability Day and Deed Dive sessions	■ Sustainability strategy and ESG performance ■ Climate change strategy

Stakeholder group	Purpose and method of stakeholder engagement	Material sustainability topics for stakeholder group
Supply chain partners	■ Collaborating closely with suppliers to ensure high level of safety, efficiency and quality ■ Sustainability and human rights criteria of the Supplier Code of Conduct ■ Evaluating counterparty's security and reputation risks alongside sustainability assessments ■ Collecting climate-related and materials data annually ■ Conducting external and internal audits. Helping partners to perform corrective actions in cases of non-compliances ■ Arranging sustainability focused Supplier Day for key paper and print suppliers to share information and support capacity building	■ Business ethics and human rights, e.g. Supplier Code of Conduct ■ Climate change strategy and implementation ■ Materials sourcing ■ Supply reliability, timely distribution ■ Sustainability strategy and performance (environmental and climate-related topics, social and economic sustainability)
Governmental organisations: policymakers and legislators	■ Sharing views on policies, laws and regulations with officials and legislators through public consultations, meetings, as well as part of a larger stakeholder dialogue with policymakers ■ Replying to public consultations and providing insights and analysis to government officials and politicians ■ Participating in the work of industry associations	■ Learning business related policy and legislation topics (curriculum, high quality learning content, reliable digital learning platforms, diverse learning content) ■ Media business related policy and legislation topics (independent journalism, freedom of expression, diverse media content, media literacy and literacy in society, responsible entertainment, marketing and advertising practices) ■ Sustainability strategy and performance (environmental and climate-related topics, social and economic sustainability)
Non-governmental organizations and industry associations	■ Dialogue with stakeholders, such as NGOs, related to the role of media and learning in society as well as the role of literacy and media literacy ■ Developing media and learning industry practices	■ Learning business related topics (high quality learning content, reliable digital learning platforms, literacy in society, diverse learning content) ■ Media business related policy and legislation topics (independent journalism, freedom of expression, diverse media content, media literacy and literacy in society, responsible entertainment, marketing and advertising practices) ■ Customer data and privacy, cyber security, targeting, customer rights e.g. GDPR, ethical use of artificial intelligence
Local communities, universities and research organisations	■ Engaging and meeting with authorities and local city representatives related to especially learning ■ Supporting NGO's with donations to support literacy, media literacy and equal access to education as well as the victims of the war in Ukraine	■ Sustainability strategy and performance (environmental and climate-related topics, social and economic sustainability)

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Independent practitioner's limited assurance report

To the Management of Sanoma Corporation

We have been engaged by the Management of Sanoma Corporation (hereinafter also the "Company") to perform a limited assurance engagement on selected sustainability information for the reporting period 1 January 2022 to 31 December 2022, disclosed in the Company's Annual and Sustainability Report 2022 (hereinafter the Selected sustainability information).

Selected sustainability information

The selected sustainability information within the scope of assurance covers the economic, social and environmental sustainability indicators as identified "within scope of the limited assurance" in the GRI content index and SASB content index, which are included in the Company's Annual Report 2022.

Management's responsibility

The Management of Sanoma Corporation is responsible for preparing the Selected sustainability information in accordance with the Reporting criteria as set out in the Company's reporting instructions described in the Company's Annual and Sustainability Report 2022, the GRI Standards of the Global Reporting Initiative, Sustainability Accounting Standards Board's (SASB) Media & Entertainment, Advertising & Marketing and Education Sector Standards, and the Company's own reporting indicators (collectively Reporting criteria).

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

Practitioner's independence, other ethical requirements and quality control

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

PricewaterhouseCoopers Oy applies International Standard on Quality Control (ISQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

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

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

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

- Interviewing senior management of the Company.
- Conducting three video interviews with Sanoma's two printing houses and real estates in Finland and Sanoma operations in Italy.
- Interviewing employees responsible for collecting and reporting the selected information on sustainability indicators at the Group level.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.
- Considering the disclosure and presentation of the Selected sustainability information.

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Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Sanoma Corporation's Selected sustainability information for the reporting period 1 January 2022 to 31 December 2022 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

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

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

Helsinki, 3rd March 2023

PricewaterhouseCoopers Oy

Mikael Niskala
Partner
ESG Reporting & Assurance

Samuli Perälä
Partner, Authorised Public Accountant

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Strategic review

Sanoma continued its successful transformation and growth strategy in 2022. In August, Sanoma acquired Pearson's local K12 businesses in Italy and Germany. With the acquisition, Sanoma entered the large and growing Italian K12 learning services markets, which increased the number of its operating countries to twelve and strengthened its position as one of the global leaders in K12 education. In addition, the company's learning service offering in certain niche areas was expanded with smaller acquisitions in the Netherlands and Poland. In 2022, more than 50% of the Group's net sales and more than 70% of earnings were attributable to the stable and resilient learning business.

In Learning, a long-term strategic project to harmonise the digital platform offering progressed well during the year. On top of enhanced efficiency in developing and introducing better digital solutions to the market, the harmonisation will further enhance the user experience and accessibility of the products. During the year, significant investments in learning content development were also made. A major part of them was driven by the curriculum renewal in Spain that started in 2022, and will continue in 2023–2024. Both investments are expected to bring benefits and support organic growth in the coming years.

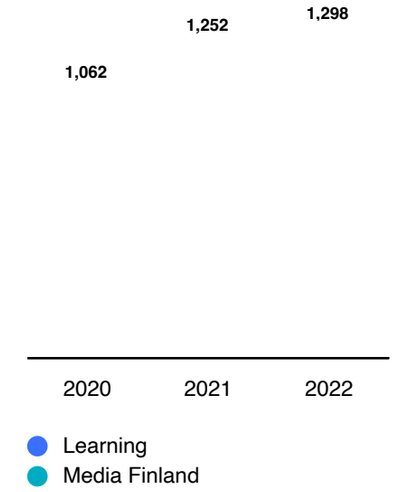
In Media Finland, successful transformation from print to digital continued both in the B2C and B2B businesses. During the year, there was clear growth in the number of visits to all digital news platforms, especially Ilta-Sanomat, and the digitally active subscription base of both Helsingin Sanomat and the regional news media titles. The second half of 2022 was characterised by a moderate slowdown in the economy due to inflationary pressures caused by the Ukraine war and the energy crisis, which was visible especially in B2B advertising demand. Media Finland has a reasonably balanced business portfolio, with 51% of net sales attributable to the relatively stable B2C, mainly subscription, business and 49% to the B2B business in 2022. Within B2B, print advertising represented only 25% of net sales.

Sustainability is deeply rooted into the purpose of Sanoma's learning and media businesses which have a positive impact on the lives of millions of people every day. During the year, the company focused in particular on enhancing its climate strategy by sending it for validation to the Science Based Target initiative. Further focus was on enhancing diversity, equality and inclusion (DE&I). The company conducted a DE&I survey among all employees and started a training programme on the topic.

During the year, Sanoma announced its strategic ambition to grow the Group's net sales to over EUR 2 billion by 2030, with at least 75% coming from the learning business. Growth levers include organic growth in-line with Sanoma Learning's long-term target of 2–5% p.a. and growth through acquisitions within K12 learning business. Sanoma may consider funding also through equity if it would create value for all shareholders.

More information on acquisitions in 2022 in chapter Acquisitions and divestments. More information on sustainability in Sanoma's Sustainability Report.

Net sales by SBU, m€



52%

Learning's share of Group's net sales

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Financial review

The Group's net sales grew to EUR 1,298 million (2021: 1,252) mainly as a result of the acquisition of Pearson Italy and Germany. The Group's comparable net sales growth was 1% (2021: 7%).

Operational EBIT excl. PPA declined to EUR 189 million (2021: 197), corresponding to a margin of 14.6% (2021: 15.8%). Earnings were stable in Learning. The acquired Pearson business had a positive earnings impact as did the solid growth in the learning content business in all major markets except Poland. This was offset by the loss-making Dutch distribution business and inflationary costs, especially paper costs. In Media Finland, earnings declined mainly due to lower advertising sales and higher paper costs. The improvement in Other operations' earnings was mainly driven by changes in adjustments of short-term and long-term bonuses.

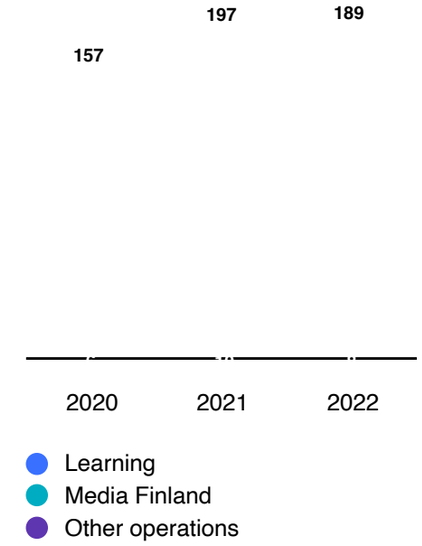
EBIT was EUR 112 million (2021: 142). The IACs increased to EUR -38 million (2021: -16). The restructuring expenses consisted mainly of transaction and integration costs of recent acquisitions as well as strategic business development costs. Impairments were related to harmonisation of digital learning platforms and rental book inventory in Spain. PPAs amounted to EUR 39 million (2021: 39).

Net financial items increased to EUR -13 million (2021: -9). Interest expenses increased mainly due to the funding to acquire Pearson Italy and Germany at the end of August and higher interest rates. The average interest rate of external loans was 1.5% (2021: 1.1%). The net financial items also included a positive EUR 3 million impact from revised valuation related to M&A liabilities in Q2 2022.

Result before taxes declined to EUR 99 million (2021: 134) due to the weaker operational result as well as higher IACs and financing costs. Income taxes declined to EUR 22 million (2021: 32) mainly due to lower earnings and changes in deferred taxes. Result for the period was EUR 77 million (2021: 101) and EUR 77 million (2021: 101) including discontinued operations.

Operational earnings per share were EUR 0.65 (2021: 0.69) and EUR 0.65 (2021: 0.69) including discontinued operations. Earnings per share were EUR 0.47 (2021: 0.62) and EUR 0.47 (2021: 0.61) including discontinued operations.

Operational EBIT excl. PPA by SBU, m€



IACS, PPAS AND RECONCILIATION OF OPERATIONAL EBIT

EUR million	2022	2021
EBIT	**112.0**	**142.4**
Items affecting comparability (IACs)		
Restructuring expenses	-27.2	-15.2
Impairments	-11.6	-4.3
Capital gains/losses	0.9	3.7
IACs total	**-37.9**	**-15.8**
Purchase price allocation adjustments and amortisations (PPAs)	**-39.3**	**-39.0**
Operational EBIT excl. PPA	**189.3**	**197.2**

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

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Financial position

At the end of December 2022, net debt amounted to EUR 823 million (2021: 616), and net debt to adjusted EBITDA ratio was 3.2 (2021: 2.4) being slightly above the long-term target of below 3.0. Net debt and leverage ratio increased as a result of the acquisition of Pearson Italy and Germany, which was completed during the third quarter and funded with a new EUR 250 million 4-year term loan. Equity ratio was 35.8% (2021: 40.6%) being within the long-term target range of 35–45%.

At the end of December 2022, the Group's equity totalled EUR 702 million (2021: 721) and the consolidated balance sheet amounted to EUR 2,104 million (2021: 1,933).

Cash flow

In 2022, the Group's free cash flow declined to EUR 112 million (2021: 140) or EUR 0.68 per share (2021: 0.86). The acquired business in Italy and Germany had a significant positive impact on the free cash flow due to the timing of the acquisition, which was near the end of its annual high season, and thus the cash and receivables included in the acquisition were on a high level. In addition, the net impact of the VAT claim pre-payments related to magazine distribution (more details below under Events during the reporting period) had a positive impact on free cash flow. Lower earnings including transaction and integration costs of recent acquisitions, together with higher working capital, increased investments particularly in learning content creation and digital learning platforms, as well as higher taxes paid for strong 2021 result, reduced free cash flow. For dividend calculation purposes, the Group's free cash flow will be adjusted for the VAT pre-payment of EUR 11 million and the operational cash flow of the acquired Italian and German businesses of EUR 58 million and thus the underlying free cash flow amounted to EUR 65 million.

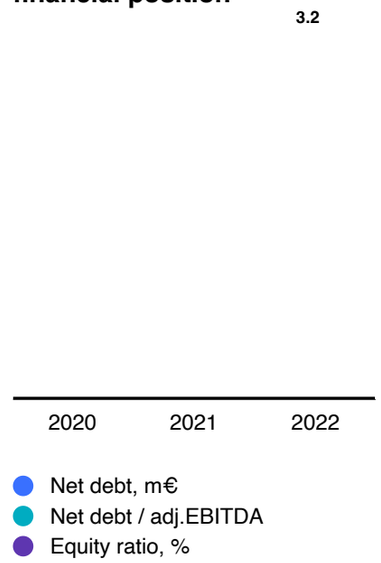
In 2022, capital expenditure included in the Group's free cash flow amounted to EUR 53 million (2021: 42) and mainly consisted of growth investments in digital platforms and ICT in Learning as well as maintenance investments.

Acquisitions and divestments

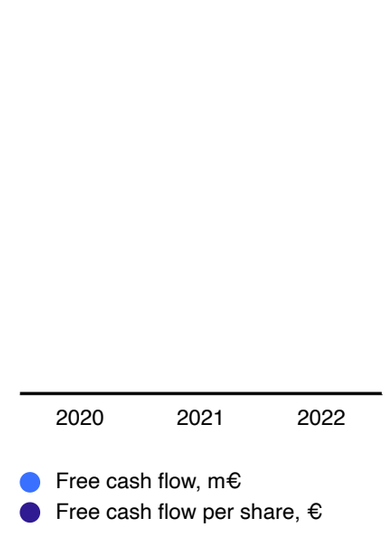
On 4 October, Sanoma divested Eduarte, a Dutch student administration system provider for vocational education, in line with the strategy to harmonise its digital offering across the learning business. Net sales of the divested business were EUR 9 million in 2021 and the company employed 45 people who transferred to the buyer with the divestment.

On 7 June 2022, Sanoma announced the acquisition of Pearson's local K12 learning content business in Italy and its small exam preparation business in Germany. Net sales of the acquired businesses were EUR 117 million and adjusted EBITDA was EUR 30 million in 2021. The agreed enterprise value is EUR 190 million, corresponding to a multiple of 6.4x (EV / adjusted EBITDA 2021). The acquisition marks Sanoma's entry into Italy, one of the largest K12 learning services markets in Europe. The acquired businesses have 251 employees and they became employees of Sanoma Learning at the closing of the acquisition. The transaction was completed on 31 August 2022 and EUR 5 million of transaction costs were booked as IACs in the third quarter. After closing, the acquired businesses are reported as part of Sanoma Learning SBU.

Development of financial position



Free cash flow



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On 3 January 2022, Sanoma sold its newspaper printing facility Savon Paino, located in Varkaus, Finland, to media company Keskisuomalainen. 36 employees of Savon Paino were transferred to Keskisuomalainen with the divestment. Printing of certain Sanoma products continue at Savon Paino with long-term contracts. The transaction did not have a material financial impact on the Group.

Information on acquisitions and divestments conducted in 2021 and earlier is available at sanoma.com.

Events during the reporting period

On 16 December, Sanoma received a payment decision from the Finnish Tax Administration regarding the tax audits at Sanoma Media Finland Oy for years 2019–2021, concerning the treatment of value added tax (VAT) of certain magazines that were printed in multiple locations in Europe, and processed in and distributed through a centralised logistic centre in Norway. Sanoma considers also the new claim wholly unjustified and will appeal from the decision. Based on the decision received, Sanoma paid EUR 11 million of VAT, penalties and interests at year end 2022 in order to avoid interest accumulation. No provisions related to the matter were made. The decision is in line with the earlier decision concerning years 2015–2018 by the Finnish Tax Adjustment Board, as a result of which Sanoma was required to pay EUR 25 million of VAT, penalties or interests in 2021. Sanoma considers the claims wholly unjustified and has appealed from the decision to the administrative court, where the process is still ongoing. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.

Starting 1 December 2022, Sanoma's share was included in the Nasdaq OMX Sustainability Finland Index. The inclusion followed Sanoma's Prime C+ rating from ISS ESG Corporate Rating.

On 7 November 2022, Sanoma signed a EUR 300 million syndicated revolving credit facility with a group of ten relationship banks. The new facility replaced the revolving credit facility of the same size, which would have expired in February 2024. The new facility has a maturity of three years and includes two one-year extension options at the discretion of the lenders. The facility will be used for general corporate purposes. At the same time, Sanoma's EUR 250 million 4-year term-loan, signed on 7 June 2022 and used for the financing of the acquisition of Pearson Italy and Germany at the end of August, was syndicated to the same banking group. As a result, the total syndicated amount was EUR 550 million.

On 21 June 2022, Sanoma announced the composition of its Shareholders' Nomination Committee, which was resolved to be established at the Annual General Meeting on 7 April 2022. The four largest shareholders have appointed the following members to the Shareholders' Nomination Committee: Juhani Mäkinen (Vice Chair of the Board, Jane and Aatos Erkko Foundation), Antti Herlin (Chair of the Board, Holding Manutas), Robin Langenskiöld (3rd largest shareholder in Sanoma) and Rafaela Seppälä (4th largest shareholder in Sanoma). In its meeting on 21 June 2022, the Committee elected Juhani Mäkinen as a Chair of the Committee and invited Pekka Ala-Pietilä, Chair of Sanoma's Board of Directors, to serve as an expert in the Committee.

On 13 June 2022, Sanoma changed its trading code from SAA1V to SANOMA and issuer code from SAA to SANOMA.

On 7 June 2022, Sanoma announced its strategic growth ambition to increase the Group's net sales to over EUR 2 billion by 2030, with at least 75% coming from the learning business. Growth levers include organic growth in-line with Sanoma Learning's long-term target of 2–5% p.a. and growth through acquisitions within K12 learning business. Sanoma may consider funding also through equity if it would create value for all shareholders. Sanoma's long-term financial targets and dividend policy, according to which Sanoma aims to pay an increasing dividend equal to 40–60% of annual free cash flow, remain unchanged.

Strategic Business Units

In 2022, Sanoma Group included two strategic business units (SBU), Sanoma Learning and Sanoma Media Finland.

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Learning

Sanoma Learning is one of the global leaders in K12 education, serving over 25 million students in 12 European countries. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education, and we aim to continue to grow our business in Europe and beyond. We develop our methodologies based on deep teacher and student insight and truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact.

KEY INDICATORS

EUR million	2022	2021	Change
Net sales	681.0	637.3	7%
Operational EBITDA[1]	212.8	213.1	0%
Operational EBIT excl. PPA[2]	131.8	133.9	-2%
Margin[2]	19.4%	21.0%	
EBIT	67.2	90.5	-26%
Capital expenditure	40.4	33.7	20%
Average number of employees (FTE)	2,717	2,599	5%

[1] Excluding IACs

[2] Excluding IACs of EUR -32.2 million in 2022 (2021: -11.1) and PPA adjustments and amortisations of EUR 32.5 million in 2022 (2021: 32.2).

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

Net sales of Learning grew to EUR 681 million (2021: 637). The acquired Pearson Italy and Germany made a EUR 37 million contribution to the net sales growth for September-December. Comparable net sales growth in Learning was 1% (2021: 7%) with the strongest growth in Spain and the Netherlands. In Spain, growth was driven by the first year of the curriculum renewal, which will continue in 2023–2024. In the Netherlands, growth was mainly attributable to an increase in content sales driven by both market demand and market share gains. Modest growth was achieved also in all other content businesses as well as in the Dutch distribution business. In Poland, net sales declined as expected following the ending of the latest curriculum renewal in 2021.

Operational EBIT excl. PPA was stable and amounted to EUR 132 million (2021: 134). The acquired Pearson business had a positive impact on earnings. Earnings in learning content businesses improved slightly in all major markets, partially offsetting the decline in Poland. The Dutch distribution business was loss-making due to inflationary cost pressures, shortage of labour, late deliveries from publishers and tight competitive situation during the third quarter high season, even though its earnings improved in the fourth quarter. Inflationary costs, especially paper, had an adverse impact on earnings.

EBIT declined to EUR 67 million (2021: 91). IACs increased to EUR -32 million (2021: -11) and mainly consisted of the transaction and integration costs of recent acquisitions as well as impairments related to harmonisation of digital platforms and rental book inventory in Spain. PPAs were EUR 33 million (2021: 32).

Capital expenditure increased to EUR 40 million (2021: 34) mainly as a result of higher growth investments in digital platforms and ICT.

Net sales by country,
m€

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Media Finland

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

KEY INDICATORS

EUR million	2022	2021	Change
Net sales	618.1	615.3	0%
Operational EBITDA[1]	150.2	155.0	-3%
Operational EBIT excl. PPA[2]	65.8	73.5	-11%
Margin[2]	10.6%	11.9%	
EBIT	54.3	60.6	-10%
Capital expenditure	8.9	4.9	83%
Average number of employees (FTE)	2,160	2,072	4%

[1] Excluding IACs

[2] Excluding IACs of EUR -4.6 million in 2022 (2021: -6.1) and PPA adjustments and amortisations of EUR 6.9 million in 2022 (2021: 6.8).

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

Net sales of Media Finland were stable and amounted to EUR 618 million (2021: 615). Sales of digital and radio advertising grew, while print and TV advertising sales declined in line with the long-term trend. This led to a decline in total advertising sales. Subscription sales were stable with continued growth in digital subscription sales and decline in print. Other sales grew, driven by events and higher paper prices applied for external printing services.

According to the Finnish Advertising Trends survey for December 2022 by Kantar TNS, the advertising market in Finland was stable year-on-year on a net basis in 2022, partially due to the strong development in outdoor advertising, in which Media Finland is not active in. Advertising grew by 5% in online excluding search and social media (10% including search and social media) and by 4% in radio. Advertising declined by 11% in magazines, by 7% in newspapers and by 3% in TV.

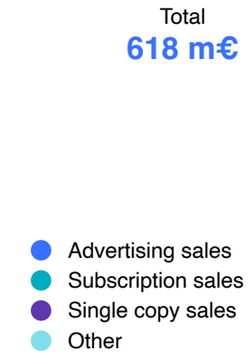
Operational EBIT excl. PPA declined to EUR 66 million (2021: 74). Earnings were mainly impacted by different sales mix with lower advertising sales and higher sales in the lower margin external printing and events businesses. In addition, higher paper costs had a negative impact on earnings despite being partially offset by savings in fixed costs resulting from continued active cost management actions.

EBIT amounted to EUR 54 million (2021: 61). IACs totalled EUR -5 million (2021: -6) and mainly consisted of costs related to strategic business development. PPAs were EUR 7 million (2021: 7).

Capital expenditure totalled EUR 9 million (2021: 5) and consisted of maintenance investments. The increase was due to the transfer of certain technology and real estate operations from Other operations to Media Finland as well as investments in adapting offices to the hybrid way of working.

Net sales by category, m€

Net sales by category, m€



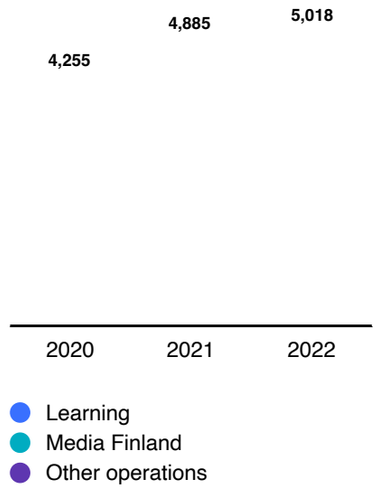
Personnel

In 2022, the average number of employees in full-time equivalents (FTE) was 5,018 (2021: 4,885). The average number of employees (FTE) per SBU was as follows: Learning 2,717 (2021: 2,599), Media Finland 2,160 (2021: 2,072) and Other operations 141 (2021: 214). The increase in Learning was mainly due to the acquisition of Pearson in Italy and Germany. The transfer of certain technology and real estate teams from Other operations to Media Finland affected the distribution of employees between these two units.

At the end of December, the number of employees (FTE) of the Group was 5,079 (2021: 4,822).

Employee benefit expenses remained relatively stable and amounted to EUR 356 million (2021: 351).

Personnel by SBU,
FTE, average



Non-financial information

As a leading and growing K12 learning company and the leading cross-media company in Finland, Sanoma plays an important role in society and has a positive impact on the lives of millions of people every day. Sustainability is inbuilt into Sanoma's businesses. Sanoma creates value in society by providing inclusive learning solutions to teachers, so that they can help all students achieve their full potential. In Finland, Sanoma provides independent and trusted media, which is essential for an open and democratic society.

Sanoma's Sustainability Strategy, published in March 2021, consists of six themes: Inclusive learning, Sustainable media, Valued people, Trustworthy data, Vital environment, and Responsible business practices. With its Sustainability Strategy, Sanoma is committed to the United Nations' Sustainable Development Goals (SDGs). Sanoma's Code of Conduct and its policies and practices are built upon global conventions and commitments and applied across the Group. All policies are approved by the Board.

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

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

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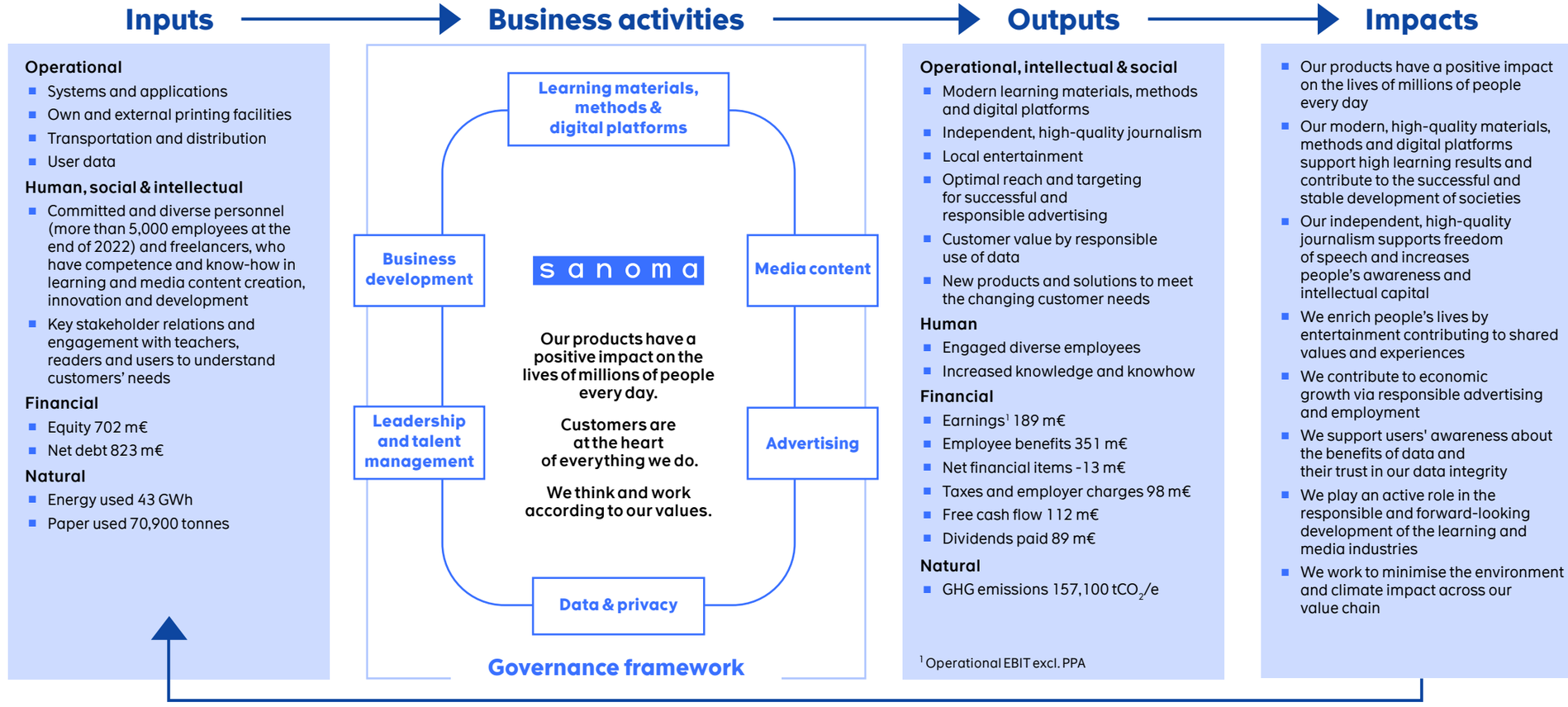
Value creation model

Our value creation model summarises Sanoma's business model as well as Sanoma's role and impacts in its value chain. Sanoma uses resources and inputs in developing, producing and distributing learning and media content and offering services. This model also describes the most material outputs of Sanoma's business operations, and their impacts on Sanoma's audiences, customers, society and other stakeholders. All figures presented are for continuing operations in 2022.



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Valued people: Social and employee matters

As a creative and technological organisation, people and their innovativeness are key to Sanoma's success. The future growth of the company is dependent on retaining and attracting talented people and supporting them in their development. Sanoma's growth strategy and the changing business environment require new skills and competences, such as the right digital competences, both from our current and future employees. The Group's strength as an employer, is that it offers meaningful work with a strong purpose and flexible working arrangements. The focus is on creating a working environment that inspires people by developing the employee experience, people's competences, and sense of belonging. The key challenges are related to ensuring balance and wellbeing in the changing working environment.

Sanoma's Diversity and Inclusion Policy sets the ambition for a diverse and inclusive workplace with fair treatment and equal opportunities, non-discrimination, equal pay for equal roles, and gender-neutral experience. The Policy is approved by the Board of Directors. In most of the Group's operating countries, equality actions are centred around local equality and non-discrimination plans.

In 2022, Sanoma took important steps in advancing diversity and inclusion (D&I). It carried out a D&I survey in collaboration with a third party and launched an online course for all employees on understanding unconscious biases and promoting inclusion on individual, team and organisational levels. In the Learning and Group organisations, a virtual training for close to one hundred leaders was provided to support them in leading by example and promoting D&I. In Media Finland, a new Leadership handbook was created and trained to managers with the ambition of driving the implementation of the leadership promises and equal practices.

Sanoma has zero tolerance for any form of discrimination, harassment or bullying at the workplace. Sanoma's Code of Conduct sets out the general principles of ethical conduct and Sanoma's responsibilities as an employer.

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

Outcomes and performance

In 2022, Sanoma employed more than 5,600 people across 12 countries. In 2022, Sanoma recruited 963 (2021: 616) new employees, while 892 (2021: 617) employees left the company, resulting in an average employee turnover of 16.5% (2021: 11.5%). The higher employee turnover was in line with the post-pandemic averages in Sanoma's operating countries. In addition, more than 250 new colleagues joined the company through the acquisition of Pearson Italy and Stark Germany in August 2022.

In addition to acquisitions and divestments, no significant workforce restructurings or redundancies took place during the year. 42% (2021: 41%) of employees have worked for Sanoma for more than ten years. The commitment to the right of freedom of association and collective bargaining is embedded into Sanoma's Code of Conduct. At the end of 2022, 69% (2021: 68%) of Sanoma employees were covered by collective bargaining agreements.

Sanoma conducts an annual Employee Engagement Survey for all its employees. In 2022, the Employee Experience Index (EEI) was stable at 7.3 (2021: 7.3). Sanoma's EEI remains above the industry benchmark level of 7.1. Sanoma's long-term target level for the EEI is 7.5.

In 2022, the EEI result made up 10% of Sanoma's short-term executive management incentives and the performance outcome on the Group level was within the target range.

RESULTS OF THE EMPLOYEE ENGAGEMENT SURVEY (EES)

	2020	2021	2022
Employee Experience Index (EEI)[1]	7.4	7.3	7.3
Response rate %	88	90	87

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

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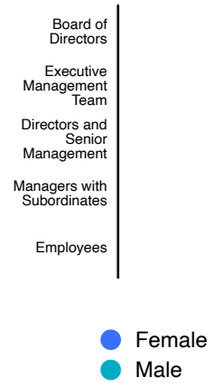
Starting from 2022, Sanoma introduced a target for gender diversity. By 2030, Sanoma aims for a 50/50 gender balance in managerial positions (i.e., managers with subordinates). In 2022, 56% (2021: 55%) of all employees were women and 44% (2021: 45%) men. 44% (2021: 45%) of team managers and 41% (2021: 39%) of directors or senior management were women. The Board has set a measurable objective regarding the representation of both genders: both genders shall be represented in the Board with the share of the under-represented gender being at least 40%. Where two candidates are equally qualified, priority will be given to the candidate of the under-represented gender. In 2022, 33% (2021: 33%) of Board members were women.

Gender diversity at Sanoma,
% at the end of 2022



Trustworthy data: Privacy and information security

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

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

In 2021–2022, specific emphasis was put on assessing how suppliers transfer data especially outside the European Economic Area, in accordance with the guidance provided by the European Data Protection Board regarding such transfers following the so called "Schrems II" decision in 2020.

There were various authority enforcement actions across the EU during 2021 and 2022 regarding consent practices for the use of cookies and similar identifiers. While these, along with the expected ePrivacy Regulation, are benefiting the national media and advertising industry in the long term by creating a level playing field for national vs international media players, in the short term, they have an impact on media cookie consent practices and require adaptations in the technical platforms and practices.

Outcomes and performance

Sanoma closely follows the number of data breaches in Sanoma Learning and Media Finland. During 2022, Sanoma had a total number of 196 (2021: 282) personal data breaches, out of which none (2021: 0) was considered a major one. Most of the breaches occurred in the media business B2C sales domain, and typically were related to a single customer's data. The number of data breaches in Media Finland decreased in 2022 due to implemented technical corrective measures and training of sales teams that helped reduce human errors. Sanoma did not receive any formal substantiated complaints, notices, orders or penalties related to personal data breaches from the regulatory authorities during 2022.

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Media consumers have the right to ask Sanoma as a data controller to provide them access to, and to correct or delete their data, if needed. Media Finland received 80 (2021: 67) consumer requests for data access, deletion and portability, out of 1.4 million subscriptions in total.

Sanoma's Code of Conduct e-learning, mandatory for all employees, contains dedicated sections for privacy and security. In addition, privacy trainings were tailored for various business roles that include more specific privacy responsibilities. 98% (2021: 97%) of all employees participated in the Code of Conduct training.

In 2022, data and privacy related targets made up 10% of Sanoma's short-term executive management incentives on target level. The performance outcome was within the target range.

Vital environment: Climate and biodiversity

Sanoma's climate strategy is an important part of its 2030 business strategy, transforming the business to meet the requirements of a low-carbon economy. In late 2022, Sanoma updated its climate targets to align with the Science Based Target initiative. Targets are currently being validated and we expect the validation results to be ready during the third quarter of 2023 at the latest.

Following the updated science-based climate targets, Sanoma aims to annually reduce CO_2-emissions from own operations by 4.2%. All in all, this means a 38% reduction by 2030 from a 2021 base year, in addition to the earlier emission reduction measures. In 2021, Sanoma already reduced its own operations' (Scope 1 & 2) emissions by more than 50% from 2020. Scope 1 covers direct emissions from owned or controlled sources, including reserve power consumption and company cars. Scope 2 covers indirect emissions from the generation of purchased energy consumed in facilities, warehouses and printing houses used by Sanoma. Scope 3 includes all other indirect emissions that occur in the company's value chain.

95% (2021: 94%) of Sanoma's greenhouse gas emissions derive from its value chain (Scope 3). With the updated science-based climate target, Sanoma aims to annually reduce Scope 3 GHG emissions also by 4.2%, corresponding to a 38% decline by 2030 from the 2021 base year. This Scope 3 target applies to categories (Scope 3 categories 1, 3, 4 and 9) that have the biggest impact on Sanoma's GHG emissions – printed products, services (e.g. as marketing, consulting, TV production services) and transportation – and account for more than 75% of Scope 3 emissions.

In addition to the Science Based emission reduction targets, Sanoma aims to be carbon neutral in all operations in 2030. This means that in 2030, Sanoma's aim is to take responsibility for the emissions that cannot be avoided by compensating.

Climate-related risks and opportunities are reported according to the Task Force on Climate-related Financial Disclosure (TCFD) framework, including a detailed description of the management of climate-related topics. Sanoma's TCFD disclosure is available in the Sustainability Report.

In addition to climate action, Sanoma acts to safeguard biodiversity with a goal that all paper qualities used by Sanoma originate from sustainable, certified sources by the end of 2023.

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

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

Outcomes and performance

In 2022, Sanoma's direct and indirect greenhouse gas (GHG) emissions totalled 157,100 tCO_2e (2021: 162,400). Scope 1 and Scope 2 GHG emissions were 5% (2021: 6%) and Scope 3 GHG emissions 95% (2021: 94%) of the total GHG emissions. Scope 1 and 2 emissions declined 7% compared to 2021. Emissions in Scope 3 categories 1, 3, 4 and 9, covered by Sanoma's Science Based targets, declined by 8.2%. Sanoma's emission intensity decline despite the growth of the business.

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The consumption of electricity, district heating and cooling in both own and leased properties declined to 43 GWh (2021: 49). The energy use declined mainly as a result of previous years' energy efficiency projects, office floorspace restructurings as well as the divestment of a printing house in Finland, Savon Paino. In total 92% (2021: 97%) of electricity and 57% (2021: 59%) of all energy used was renewable. The target is to use only renewable electricity by the end of 2023.

In 2022, the total amount on paper used declined by 9%. In Media Finland, paper usage continued to decline driven by the prevailing media trend of consumers moving from printed to hybrid and digital media products. In Learning, the use of book paper grew in-line with net sales and business growth and due to the acquisition in Italy.

At the end of 2022, 94% (2021: 95%) of paper used originated from certified sources. The share of certified fibre decreased in books and magazines, as suppliers were unable to ensure the use of only certified paper due to availability issues. In Sanoma's own printing houses, the share of certified fibre increased to 97% (2021: 94%). Sanoma's target is to use only paper made of certified wood fibre by the end of 2023. This requires further intensifying of follow-up methods.

GREENHOUSE GAS (GHG) EMISSIONS AND INTENSITY

	2021	2022	Change against base year 2021
Scope 1 and 2. Own operations direct and indirect GHG emissions total, tCO_2e	9,000	8,300	-7.0%
Scope 3. Value chain indirect GHG emissions total, categories 1, 3, 4 and 9, tCO_2e	121,400	111,500	-8.2%
GHG emission intensity in own operations: Scope 1 and 2 GHG emissions, tCO_2e/employees	1.7	1.5	-11.2%
GHG emission intensity in own and value chain: Scope 1, 2 and 3 GHG emissions, tCO_2e/employees	30.3	28.0	-7.6%
GHG emission intensity in own and value chain: Scope 1, 2 and 3 GHG emissions, gCO_2e/€ net sales	0.13	0.12	-6.7%

Emissions calculated according to the GHG protocol. Emissions calculation restated in 2021 to include acquired Pearson Italy and Stark Germany and to meet a 95% calculation coverage, as required by the Science Based Target initiative for target-setting. Learn more about Sanoma's GHG emissions calculation methodology in the Sustainability Report.

ENERGY INTENSITY

	2020	2021	2022	Change, Year-on-Year
Energy consumption of the organisation, MWh	46,800	49,000	43,300	-11%
Share of carbon neutral electricity used, %	-	97%	92%	
Share of carbon neutral energy used, %	-	59%	57%	
Energy intensity, MWh/employees	11.0	9.1	8,0	-15%

PAPER AND SHARE OF CERTIFIED FIBRE USED

	2020	2021	2022	Change, Year-on-Year
Newsprint, tonnes	33,700	38,100	30,300	-20%
Magazine paper, tonnes	6,900	6,400	6,000	-7%
Book paper, tonnes	17,000	20,300	34,600	71%
Total, tonnes	**57,700**	**64,700**	**70,900**	**9%**
Share of certified paper used	**85%**	**95%**	**94%**	

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

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

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

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

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

Sanoma's Supplier Code of Conduct sets out the responsible business principles its suppliers are required to comply with and expected to apply to their employees, affiliates, and sub-contractors. Sanoma has a Know Your Counterparty (KYC) process to identify possible risks and non-compliance in doing business with third parties.

Outcomes and performance

Sanoma's Code of Conduct e-learning is compulsory to all employees. Dedicated sections of the e-learning ensure that general ethics, anti-bribery and corruption rules, competition law, privacy, security, and compliance in supplier relationship management are familiar to employees. The Code of Conduct e-learning was updated in 2021 and completion of it was required from all employees again in 2022. From 2022 onwards, existing employees are annually reminded of ethics and principles of the Code through a mandatory Code of Conduct e-learning. In 2022, 98% (2021: 97%) of employees completed the Code of Conduct e-learning. In newly acquired companies, the e-learnings take place typically within 3–6 months after the acquisition is completed.

Our Supplier Code of Conduct (the Supplier Code) sets out the ethical standards and responsible business principles our suppliers are required to comply with and expected to also apply to their employees, affiliates, and sub-contractors. The Supplier Code is an integral part of our standard contractual procurement framework, including supplier selection, evaluation and performance appraisal. The Supplier Code is based on recognised international standards, principles and best practices on human rights, labour conditions, environment and anti-corruption. The supplier selection for new key suppliers follows Sanoma's strategic sourcing process, which incorporates the Supplier Code as a mandatory step in supplier evaluation. Tracking is done via Sanoma´s centralised contract lifecycle management system by evaluating new suppliers above 100,000 EUR spend for the reporting year. In 2022, 86% of new key suppliers above EUR 100,000 spend signed our Supplier Code of Conduct.

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EU Taxonomy disclosure

Consolidated disclosures pursuant to Art. 8 Taxonomy Regulation

The European Union's Sustainable Finance Classification System ('Taxonomy') is a system for defining environmentally sustainable economic activities. According to the Taxonomy, an economic activity is classified as environmentally sustainable if it contributes substantially to one or more of the six environmental objectives, does no significant harm (DNSH) to the other environmental objectives (i.e., complies with DNSH technical screening criteria in the delegated acts supplementing the Taxonomy Regulation) and complies with Minimum Safeguards related to the UN Guiding Principles, OECD Guidelines and ILO conventions. The six environmental objectives defined by the EU are:

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

The Taxonomy Regulation (2020/852) of the European Union entered into force in July 2020. For 2022, public interest entities are, for the first time, required to report the proportion of the Taxonomy-aligned and non-aligned activities in addition to the Taxonomy-eligible and non-eligible activities already reported in 2021. For 2022, eligibility and alignment is reported for the first two objectives, climate change mitigation and climate change adaptation, with three KPIs, turnover, capex and opex, all according to the Taxonomy accounting policies.

Under the Taxonomy, aligned and eligible activities currently focus on the most carbon-intensive industries, green energy and innovations. As a learning and media company, Sanoma's environmental footprint is not significant, and consequently only a few of its businesses are defined as Taxonomy-eligible activities and none are Taxonomy-aligned. Sanoma's Taxonomy disclosure is based on our first assessment of Taxonomy-eligibility in 2021 and first assessment of Taxonomy-alignment in 2022. The assessment was conducted in internal workshops with representatives from the businesses, sustainability, and finance operations. According to Sanoma's assessment, the following economic activities are identified as eligible under the climate change adaptation objective: 8.2 Computer programming, consultancy and related activities (digital learning businesses) and 8.3 Programming and broadcasting activities (TV and radio broadcasting business in Finland). None of the eligible activities were identified to substantially contribute to the climate change adaptation objectives and therefore none of the activities are Taxonomy-aligned according to Sanoma's analysis. None of the activities include DNSH criteria. Sanoma has reviewed and complies with the Minimum Safeguards criteria related to the Taxonomy with respect to human rights, bribery and corruption, taxation, and fair competition.

Economic activities 13.1 Creative, arts and entertainment activities (live events business in Finland) and 13.3 Motion picture, video and television programme production, sound recording and music publishing activities (Music publishing business in Finland) were also found to be potentially eligible for Sanoma, but to avoid double counting, Sanoma reports all eligible turnover, capex and opex related to Nelonen Media and these activities under economic activity 8.3. According to Sanoma's assessment, the Taxonomy's economic activity 11, Education, only refers to organising of public and private education, and thus does not cover Sanoma's K12 learning material and services business. The Taxonomy list of potentially eligible activities does not include any news media related economic activities and therefore Sanoma's news media business cannot be reported as an eligible economic activity.

Taxonomy regulation and reporting requirements will evolve in the coming years, and Sanoma will update its Taxonomy assessment according to the requirements. In 2023 Sanoma will, e.g., conduct an eligibility and alignment assessment for four currently pending environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems. According to its initial analysis, Sanoma expects the eligibility and alignment percentages to remain low as the learning and media businesses are not significantly contributing to, nor harming, the environmental objectives of the Taxonomy due to the underlying nature of the businesses.

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Taxonomy accounting policy

In the Taxonomy-eligible and Taxonomy-aligned turnover, capex and opex is only accounted once, although some taxonomy-eligible businesses would be eligible under several economic activities.

Taxonomy-eligible and aligned turnover: Turnover of Taxonomy-eligible economic activities is reported in relation to the Group's total net sales (Note 2.2), which means the turnover of products and services associated with Taxonomy-eligible economic activities is divided with the Group's consolidated net sales. The Taxonomy-eligible turnover includes net sales of activity 8.3. Net sales of economic activity 8.2. is not included in the Taxonomy-eligible net sales, because this activity is not an enabling activity. Taxonomy-aligned turnover would be calculated following the same formula as eligible activities, if the activity specific substantial contribution criteria would be met.

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

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

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
EU taxonomy eligible economic activities	**Code(s)**	**Absolute turnover**	**Proportion of turnover**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy-aligned proportion of turnover, 2022**	**Taxonomy-aligned proportion of turnover, 2021**	**Category (enabling activity)**	**Category (transitional activity)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
%		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Activity 8.2 Computer programming, consultancy and related activities	J62	N/A	N/A	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	Y	0%	0%	E	
Activity 8.3 Programming and broadcasting activities	J60	0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	Y	0%	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Activity 8.2 Computer programming, consultancy and related activities	J62	N/A	N/A																	
Activity 8.3 Programming and broadcasting activities	J60	179.2	13.8%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		179.2	13.8%																	
Total (A.1 + A.2)		179.2	13.8%														0%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		1,111.8	100%																	
Total (A + B)		1,298	100%																	

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)										
Economic activities	**Code(s)**	**Absolute CapEx**	**Proportion of CapEx**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy-aligned proportion of CapEx, 2022**	**Taxonomy-aligned proportion of CapEx, 2021**	**Category (enabling activity)**	**Category (transitional activity)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
%		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Activity 8.2 Computer programming, consultancy and related activities	J62	0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	Y	0%	0%	E	
Activity 8.3 Programming and broadcasting activities	J60	0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	Y	0%	0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Activity 8.2 Computer programming, consultancy and related activities	J62	7.7	2.5%																	
Activity 8.3 Programming and broadcasting activities	J60	54.5	17.9%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		62.2	20.4%																	
Total (A.1 + A.2)		62.2	20.4%														0%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		241.8	79.6%																	
Total (A + B)		304	100%																	

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
Economic activities	**Code(s)**	**Absolute OpEx**	**Proportion of OpEx**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy-aligned proportion of OpEx, 2022**	**Taxonomy-aligned proportion of OpEx, 2021**	**Category (enabling activity)**	**Category (transitional activity)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
%		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Activity 8.2 Computer programming, consultancy and related activities	J62	0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	Y	0%	0%	E	
Activity 8.3 Programming and broadcasting activities*	J60	0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	Y	0%	0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Activity 8.2 Computer programming, consultancy and related activities	J62	12.8	30%																	
Activity 8.3 Programming and broadcasting activities*	J60	11	21%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		23.8	51%																	
Total (A.1 + A.2)		23.8	51%														0%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpeX of Taxonomy-non-eligible activities (B)		19.2	49%																	
Total (A + B)		43	100%																	

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Risks and risk management

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

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

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

Sanoma's Enterprise Risk Management Policy defines the group-wide risk management principles, objectives, roles, responsibilities and procedures also covering sustainability and climate-related risks. The President and CEO, supported by the Executive Management Team, is responsible for defining risk management strategies, procedures and setting risk management priorities. SBUs are responsible for identifying, measuring, reporting, and managing risks. The updated risk assessment results, with related ongoing or planned mitigation actions, are reported to the Audit Committee and, further, to the Board of Directors, twice a year. Risk management and internal control policies, processes, roles and responsibilities are presented in more detail in the Corporate Governance Statement 2022 and in the Sustainability section.

Strategic risks

Mergers & Acquisitions (M&A)

Sanoma's strategic aim is to grow through acquisitions primarily in Learning, but to a lesser extent also in Media Finland. In Learning, Sanoma is looking for growth opportunities in K12 learning services in new geographies and to expand its offering in the current twelve operating countries. In Media Finland, Sanoma is interested in synergistic acquisitions in the chosen strategic focus areas of news and feature, entertainment or B2B marketing solutions. However, Sanoma may not be able to identify suitable M&A opportunities or suitable targets may not be available at the right valuation. Even if suitable M&A opportunities were identified and feasible, there are several risks related to M&A transactions. M&A risks may relate to unidentified liabilities of the target companies or their assets, changes in the market conditions, the inability to ensure the right valuation and effective integration of acquisitions or that the anticipated economies of scale or synergies do not materialise. Future M&A transactions may also be financed with debt, increasing Sanoma's overall indebtedness, which may, in turn, adversely affect the availability, costs or other terms of future financing. Regulation of M&A activity by competition authorities may, among other things, also restrict or delay the Group's ability to engage in M&A transactions.

In 2022, the Group announced several transactions, including the acquisition of Pearson's local K12 learning content business in Italy and its small exam preparation business in Germany. The Pearson Italy and Germany acquisition was completed on 31 August 2022, and the acquisition is estimated to create synergies of EUR 2–3 million to be realised in full 18–24 months after closing. The success of the recent and above-mentioned acquisitions largely depends on the timely and efficient integration of the business operations, processes and ways of working. The process of integrating the acquired businesses into Sanoma's existing businesses involves uncertainties, and there can be no assurance that Sanoma will be able to integrate the businesses in the manner or within the timeframe anticipated and achieve the anticipated benefits of the acquisitions.

To focus its business on areas where it has clear competitive advantages and leading market positions, the Group has divested its non-core businesses in recent years. For example, the Group completed the divestment in Eduarte, a student administration system provider for vocational education in the Netherlands in October 2022. In January 2022, the Group also divested one of its three newspaper printing facilities, Savon Paino, located in Varkaus, Finland. Sanoma may divest additional businesses in order to further focus its operations, or for other reasons. Any future divestments may be affected by many factors, such as the availability of bank financing to potential buyers, interest rates and competitors' capacity, all of which are beyond the Group's control, and may also lead to exposure to indemnity claims. There can be no assurance that the Group will succeed profitably in the divestment of certain assets or that such divestments will be possible on acceptable terms, or at all. Such divestments may also require attention from the Group's management, taking its attention away from the management of ongoing business.

Sanoma is actively mitigating these risks by actively maintaining its industrial networks, proactively seeking potential targets, working with well-known parties in transaction processes and following its internal policies and procedures in the decision-making, organisation and follow-up concerning M&A transactions. Despite this,

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there can be no assurance that the acquisitions will be successful and that Sanoma will achieve its strategic aim of acquisition-based growth.

Changes in customer preferences, technology and industry trends

In learning, digital and hybrid (print and digital) learning materials, methods and platforms have gradually been gaining ground. The coronavirus pandemic has further amplified the growing need for remote learning tools and digital learning materials. In the learning material distribution services, this shift is being paralleled by a move from renting and selling books towards subscription-based commercial models. Both trends and/or their acceleration or slow-down may have an effect on the operational performance, financial performance and/or financial position of Learning. In addition, Learning is, by nature, subject to seasonal fluctuation, with most of the sales and earnings accrued during the second and third quarters when the new school year starts, which further increases the pressure to be able to respond to changes in a timely manner.

With the continued development of alternative forms of media, particularly digital media, the Group's media businesses and the strength of its media brands depend on its continued ability to identify and respond to constantly shifting consumer preferences and industry trends, as well as its ability to develop new and appealing products and services in a timely manner. Ongoing digitalisation is currently the driving force behind many of these changes, and the increasing use of mobile devices is changing the way people consume media, with viewing time of free-to-air television decreasing and online video consumption increasing. The demographic structure in Finland may have a further impact on these trends. The demand for advertising derived from printed media has also been in decline in recent years as advertisers shift to digital channels. However, even the digital advertising ecosystem is changing. For example, the deprecation of third-party cookies may result in changes in business models related to the sales of digital advertising.

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

Competitive environment and threat of new entrants

The learning and media markets in which the Group operates are highly competitive and include many regional, national and international companies. In media, competition is affected by the level of consolidation within the Group's markets as well as by the development of alternative distribution channels for the products and services offered by the Group. Competition may arise from large international media and telecom companies entering new geographic markets or expanding the distribution of their products and services to new distribution channels, which may have a significant effect on competition as these companies enjoy high brand awareness and often have greater financial and other resources to penetrate new markets and gain market share. In addition, new entrants in the market may be able to take advantage of alternative forms of media and new technologies faster than the Group and, therefore, gain market share from Sanoma's established businesses. In Learning, there is a similar risk stemming from large international media companies, digital entrants, educational technology companies, open educational resources and user-generated content or digital tools. Furthermore, Sanoma is exposed to competition also from traditional publishers in different countries.

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

Changes in applicable laws, regulations or the political environment

The Group's operations are subject to various laws and regulations in the countries in which the Group operates and changes in such laws and regulations could have a material effect on Sanoma's ability to conduct its business effectively. For example, changes in education-related regulation could have a material effect on Sanoma's commercial propositions, technology or content investment needs, or financial performance. Although legislation

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

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

Tightening of consumer protection-related laws may necessitate the amendment of some consumer media sales business models, such as telesales, imposing additional costs on Sanoma and having an adverse effect on profitability. For example, the Finnish national law implementing the Omnibus Directive (EU) 2019/2161 became applicable as of 1 January 2023. Furthermore, the deterioration of publishers' and broadcasters' copyright protection or increase in legal obligations (such as reporting or monetary obligations) towards original authors of copyright protected works affects the Group's ability to provide its customers with new products and services and may increase costs or impact the valuation of balance sheet items related to acquiring and managing copyrights.

Data is an increasingly essential part of Sanoma's business, putting privacy and consumer trust at the core of the Group's daily operations. Regulatory changes and new guidance by authorities or regulatory enforcement actions regarding the use of consumer or cookie data for commercial purposes could, therefore, have an adverse effect on Sanoma's ability to utilise data in its business. For example, the proposed regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications and repealing Directive 2002/58/EC (Regulation on Privacy and Electronic Communication) may require consent for telesales for subscriptions and may also have a negative impact on cookie-related usage and thus demand for digital advertising. This would have an effect on business to consumer media sales and business to business advertising both in news and video-on-demand (VOD) businesses.

The Group may also be faced with the risk of overregulation on the European or national levels, or different, potentially tighter national interpretations of the EU-level regulation in its operating countries. In particular, this risk is seen to relate to sustainability, compliance, intellectual property rights, data protection, digital transformation, consumer protection and accessibility.

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

General economic and market conditions

The general economic and political conditions in Sanoma's operating countries and overall industry trends could influence Sanoma's business activities and operational performance. In addition to the recently increasing global risks, including geopolitical unrest, the cost and supply of global commodities such as energy, and high inflation, general economic conditions may be affected by various additional events that are beyond Sanoma's control, such as natural disasters and pandemics. For example, the COVID-19 pandemic has, in general caused a reduction in business activity and financial transactions, lockdowns, quarantines, labour shortages, supply chain interruptions, additional precautionary activities, additional costs and overall economic and financial market instability. Although Sanoma's diversified and well-balanced business portfolio to a certain extent mitigates this type of risk, it may cause disruptions to Sanoma, its employees, markets, suppliers and customers, any of which could have a material adverse effect on Sanoma's business, operating model, financial condition and/or results of operations.

In general, political risks associated with the performance of Learning relate to the development of public and private education spending especially during curriculum renewals. Sanoma faces political risks particularly in Poland and Spain, where changes in the political landscape could have a material effect on Learning, as described above. Moreover, changes in the overall economic environment can affect Learning's cost base, particularly the cost and availability of paper and printing, as well as of personnel. Such changes could also affect demand in segments where it is the parents or students themselves, rather than the government or schools, who pay for learning materials such as by increasing the demand for second-hand books. Such segments constitute a minority of Learning's business.

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

Changes in the geopolitical situation in Finland, such as Russia's attack and war in Ukraine and Finland's application for a membership in the North Atlantic Treaty Organisation (NATO), could have an indirect impact on the business operations and financial performance of Sanoma's businesses in Finland.

Sanoma's diverse business portfolio and actions to manage the risks and costs related to prevailing and expected economic conditions, partially mitigate these risks. In 2022, approx. 52% (2021: 51%) of Sanoma's net sales was derived from learning, approx. 22% (2021: 23%) from single copy or subscription sales, approx. 4% (2021: 5%) from print advertising, approx. 14% (2021: 15%) from non-print advertising and approx. 7% (2021: 6%) from other sales.

Operational risks

Changes in the economic conditions

Changes in the general economic conditions may be reflected in Sanoma's operational and financial performance. Cost inflation, especially salary inflation and continuing high paper prices, is expected to continue to have an impact on Sanoma's operating costs. The availability of newsprint paper, the paper quality most used by Sanoma, has remained at its normal level since the second quarter of 2022, but could be negatively impacted by the availability and prices of energy, particularly gas in Central Europe. Weakening confidence among Finnish consumers, impacted by the war in Ukraine as well as increasing inflation and interest rates, may have an adverse impact on the demand for Media Finland's products and services. In addition, the weakening of the euro against main currencies, including the U.S. dollar, may increase the cost of the goods and services Sanoma buys in currencies other than euro (e.g. hosting and TV content) and poses a risk to Sanoma's financial performance, albeit part of the currency transaction risk is hedged with forward contracts. Sanoma has been able to partially mitigate these impacts on its financial performance through, for example, costs management actions; however higher operating expenses are expected to have an adverse impact on earnings also in 2023.

Data and privacy risks

Data is an increasingly essential part of Sanoma's products and services in both Learning and Media Finland. The Group holds large volumes of personal data, including that of employees, customers and, in its assessment businesses, students and citizens. Sanoma is subject to the General Data Protection Regulation ((EU) 2016/679, "the GDPR"), which sets strict requirements for implementing data subject rights, and for companies to demonstrate their accountability for complying with the regulation. Non-compliance with the GDPR in Sanoma's business and operations, or potential inadequacy of the data protection processes and practices may cause problems, difficulties or additional costs to Sanoma. Any infringement of the GDPR could adversely affect Sanoma's reputation. Furthermore, under the GDPR, a national data protection authority is vested with the power to impose corrective actions, such as temporary or definitive bans on processing, and to impose administrative fines for breaches of the GDPR up to EUR 20 million or 4% of the total worldwide annual turnover of a company. The Directive on privacy and electronic communications 2002/58/EC also imposes requirements for online data collection and use. There have been various authority enforcement actions across the EU during 2021 regarding consent practices for the use of cookies and similar identifiers. While these, along with the expected ePrivacy Regulation, are benefiting the media and advertising industry in the long term by creating a level playing field for small media players, in the short term they could also have a negative impact on media through additional costs. Although Sanoma runs a privacy programme that monitors development and enforcement of privacy regulations, there can be no assurance that such measures will be successful in ensuring compliance with privacy laws, which could lead to penalties, significant remediation costs and reputational damage to Sanoma.

In addition, Sanoma is exposed to potential data breaches resulting from unauthorised or accidental loss of or access to personal data managed by Sanoma or by third parties processing data on Sanoma's behalf. For example, Sanoma's or its third-party suppliers' systems could be vulnerable to unauthorised access, misuse, breaches due to employee error or malfeasance, computer viruses,

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attacks by hackers or other similar threats. Data is key in the development of Sanoma's products and services, as it enables content and learning services to be better tailored to the needs of customers, such as by providing individualised learning paths and even more compelling media content. Continuing the use of data in the future is dependent on maintaining the trust of customers, and potential data breaches could significantly undermine this trust.

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

Information and Communications Technology (ICT)

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

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

Risks related to third parties

A wide network of third parties in a wide variety of countries plays an integral role in Sanoma's daily operations. Third-party suppliers in Sanoma's value chain include, among others, technology solution and service providers, paper, print and logistics suppliers as well as content providers for both Learning and Media Finland. Therefore, risks relating to the availability, price, quality, security and delivery schedules of third-party suppliers are material for Sanoma's operations. These include during recent years the increased use of external cloud-based services, the functioning of which is strongly dependent on the usability and accessibility of global internet connections. The expanding global supply chain risks that are a combination of, for example, geopolitics, the post-pandemic situation, the economic environment, high inflation and production factors may result in much tighter supply market conditions and availability concerns.

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

In addition, certain advertising and marketing efforts are executed with the help of third parties. The advertising technology ecosystem consists of players, such as Google and Facebook, that have dominant market power, which may lead to an imbalance between their rights and liabilities in agreements entered into with Sanoma.

Sanoma's daily business is dependent on its ability to identify sources of supply that meet Sanoma's standards and identified business, technology and sustainability requirements, although Sanoma is not dependent on individual suppliers. To mitigate third-party related risks, Sanoma follows the guiding principles of supplier risk

management set out in the Group's Procurement Policy, Supplier Code of Conduct and legal framework, and the most significant suppliers are selected through competitive bidding and qualification processes. Suppliers and other third parties are subject to a Know Your Counterparty (KYC) process to identify any risks related to anti-bribery, sanctions regulations and other issues. With suppliers most relevant for Sanoma's business continuity, Sanoma has set up steering practices and supplier engagement to jointly mitigate the identified risks, such as by increasing the paper inventory and agreeing on steps to avoid problems with newspaper delivery. If any of the key suppliers had to be replaced abruptly, it could cause temporary business interruptions and even increase costs.

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

Intellectual Property Rights (IPRs)

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

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

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

Operational disruption to the Group's business may be caused by a major disaster and/or external threats that could restrict its ability to supply products and services to its customers, including potential disruptions such as internet or energy availability in the Group's main operating countries. The Group is exposed to various health and safety and environmental risks, such as natural disasters and hazards following climate change, that are beyond Sanoma's control and that could cause business interruption and result in significant costs. External threats including but not limited to pandemics, such as COVID-19, terrorist attacks, strikes and weather conditions, could affect the Group's businesses and employees, disrupting daily business activities. Also, any failure to maintain high levels of safety management could result in physical injury, sickness or liability to Sanoma's employees, which could, in turn, result in the impairment of Sanoma's reputation or inability to attract and retain skilled employees.

Despite Sanoma's operational policies, efficient and accurate process management and contingency planning, there can be no assurance that these will be sufficient in preventing any of the above-mentioned risks, or recovering from such risks. To mitigate potential hazard physical risks, Sanoma has continuity and disaster recovery plans in place for its critical systems and operations, but there can be, however, no assurance that these will be sufficient in preventing such risks impacting Sanoma negatively. Sanoma's insurance programme provides coverage for insurable hazard risks, subject to insurance terms and conditions, but there can be no assurances that Sanoma's insurance coverage would adequately cover all or any of such costs, if such an incident were to occur, which could result in significant costs.

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Non-financial risks

Talent attraction and retention

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

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

Climate change-related risks

Sanoma's most significant environmental impacts derive from greenhouse gas emissions caused by the energy and materials used in its value chain. The availability and price of forest commodities and energy pose a risk for Sanoma and changes in them may potentially have an adverse impact on the Group's business and financial performance. Sanoma is also exposed to a risk of increasing pricing of energy due to carbon taxes both in its own operations and in the supply chain. The effects of climate change are wide-ranging and may bring, for example, considerable social uncertainty, although Sanoma's business is not highly carbon intensive and climate change risks are not estimated to have material financial impacts.

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

Risks related to human rights, anti-corruption and bribery

Sanoma operates in twelve European countries and is committed to conducting business in a legal and ethical manner in compliance with local and international laws and regulations applicable to its business as well as its Code of Conduct. Nevertheless, there is a risk that Sanoma's employees or business partners may act in a way that violates human rights or anti-corruption and bribery laws and regulations or they may act unethically.

In Learning, Sanoma's business partners mainly include municipalities, other governmental units and schools, while Media Finland, for example, uses many third-party content providers.

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

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Financial risks

Funding and liquidity risks

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

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

Interest rate risks

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

As a result of the floating rate loans, a significant rise in interest rates would lead to an increase in financial expenses limiting for example the Group's ability to pay dividends. A failure to manage interest rate risk may have an adverse effect on the Group's financial condition.

Currency risks

The majority of the Group's cash flow from operations is denominated in euros. However, the Group is exposed to some transaction risk resulting from cash flows generated from sales and expenses denominated in other currencies. Group companies are responsible for monitoring and hedging material transaction risks related to their business operations in accordance with the Group's Treasury Policy. The majority of the Group's transaction risk in 2022 was related to the procurement of IT services and TV programming rights, both denominated in U.S. dollars, the strengthening of which could significantly increase the Group's operating costs. The Group has selectively entered into forward contracts as a means of hedging against significant transaction risks. Internal funding transactions within the Group are mainly carried out in the functional currency of the subsidiary. Group Treasury is responsible for monitoring and hedging the currency risks related to intra-group loans. Derivative instruments are used to hedge future cash flows, hence changes in their value will offset changes in the value of cash flows at the time they are paid or received. The materialisation of any of these risks could have a materially adverse effect on the Group's earnings and cash flow directly, and there can be no assurance that the hedging of these risks is sufficient.

The Group is also exposed to translation risk resulting from converting the income statement and balance sheet items of foreign subsidiaries into euros. A significant change in exchange rates may also have an effect on the value of the businesses in Poland, Norway and Sweden. The Group did not hedge against translation risk in 2022, in accordance with the Group's treasury policy approved by the Board of Directors.

Credit risks

The Group's credit risks are related to its business operations, that is, the risk of the Group not being able to collect the payments for its receivables. The possible weakening of the economy, such as due to high inflation, the impacts of the war in Ukraine or other geopolitical unrest, may increase the Group's credit risk, although potential concentrations of credit risk are offset by the Group's diversified operations and the fact that no individual customer or group of customers is material to the Group. In Learning, credit risk of certain customers with a high-risk profile is partially covered by credit insurance. The Group's

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operational units are responsible for managing credit risks related to their businesses.

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

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

As of 31 December 2022, the Group's consolidated balance sheet included EUR 1,551 million (2021: 1,426) in goodwill, immaterial rights and other intangible assets compared to consolidated equity of EUR 702 million (2021: 721), respectively. A majority of the balance of goodwill, immaterial rights and other intangible assets are related to Learning. In accordance with the International Financial Reporting Standards (IFRS), instead of goodwill being amortised regularly, it is tested for impairment on an annual basis or more frequently if there is any indication of impairment. The impairment losses on goodwill, immaterial rights and other intangible assets for continued and discontinued operations for the year ended 31 December 2022 totalled EUR 8 million (2021: 5). Changes in business fundamentals could lead to further impairment, thus, impacting negatively Sanoma's equity and equity-related ratios. Further, as Sanoma's strategic aim is to grow through acquisitions, material amounts of goodwill, immaterial rights and other intangible assets might be recorded on Sanoma's balance sheet and may be impaired in the future in connection with the completions of acquisitions.

The Group is exposed to seasonal fluctuation

The Group's businesses are exposed to seasonal fluctuation. For example, the Group's learning business has, by its nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically loss-making. The acquisitions of Pearson Italy and Germany, as well as Santillana in Spain, have further increased the importance of the third quarter, when the new school year starts, for the business. In the media business, net sales and earnings are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published each quarter, which varies annually. TV advertising in Finland is usually strongest in the second and fourth quarters. The events business in Finland is typically focused on the second and third quarters.

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

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

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

For example, the Finnish tax administration has performed tax audits in Sanoma Media Finland Oy covering the years 2015–2021. In April 2021, the Finnish Tax Adjustment Board accepted a claim based on tax audits at Sanoma Media Finland in years 2015–2018 about the treatment of VAT of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway. Sanoma considers the claims completely unjustified and has appealed from the decisions. On 1 July 2021, Sanoma paid the required VAT, the related penalty and interests of EUR 25 million in order to avoid further interest accumulation. Sanoma considers this payment to be a deposit with the tax authority while the dispute is ongoing and consequently reports the amount paid as a receivable. In August 2021, the tax authorities made an ex officio decision on a corporate income tax adjustment as a consequence of value-added tax adjustment and refunded EUR 3 million of corporate income tax to Sanoma. Sanoma considers this refund to be a liability towards the tax authority while the dispute is ongoing and consequently reports the amount received as

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a liability. In December 2022, Sanoma received a payment decision from the Finnish Tax Administration regarding the tax audits at Sanoma Media Finland Oy for years 2019–2021, concerning the same business model and a similar distribution arrangement as described above. The decision is in line with the earlier decision concerning years 2015–2018 by the Finnish Tax Adjustment Board. Sanoma considers also the new claim fully unjustified and has appealed from the decision. Based on the decision received, Sanoma paid EUR 11 million of VAT, penalties and interests in December 2022 in order to avoid further interest accumulation. Sanoma considers this payment to be a deposit with the tax authority while the dispute is ongoing and consequently reports the amount paid as a receivable. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected. The Administrative Court's decision regarding the years 2015–2018 is pending, as well as Finnish tax adjustment board's decision regarding the years 2019–2021. In case the decision of the Administrative Court is negative, the case will be appealed to the Supreme Administrative Court. In case of a negative decision of the Administrative Court, the net amount of 2015–2021 VAT claims, approximately EUR 30 million, currently recognised as receivable in the balance sheet, would be expensed as items affecting comparability (IACs).

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

Outlook for 2023

In 2023, Sanoma expects that the Group's reported net sales will be EUR 1.35–1.4 billion (2022: 1.3). The Group's operational EBIT excl. PPA is expected to be EUR 150–180 million (2022: 189).

Regarding the operating environment, Sanoma expects that:

- The economies in the Group's operating countries, particularly in Finland, will experience a mild recession.
- The advertising market in Finland will decline slightly, with most of the decline during the first half of the year.

Corporate Governance

Separate Corporate Governance Statement 2022 and Remuneration Report 2022 can be found here.

Decisions of the Annual General Meeting 2022

Sanoma Corporation's Annual General Meeting (AGM) was held on 7 April 2022 in Helsinki. The AGM was held based on the so-called temporary act so that the shareholders of the Company and their proxy representatives participated in the meeting and exercised the shareholder's rights only by voting in advance as well as by submitting counterproposals and asking questions in advance.

The meeting adopted the Financial Statements, the Board of Directors' Report and the Auditor's Report for the year 2021 as well as discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2021. In addition, the meeting made an advisory decision on the adoption of the Remuneration Policy and the Remuneration Report of the governing bodies.

The AGM resolved that a dividend of EUR 0.54 per share shall be paid. The dividend was paid in two instalments. The first instalment of EUR 0.27 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 11 April 2022. The payment date for this instalment was 20 April 2022.

The second instalment of EUR 0.27 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 28 October 2022. The payment date for this instalment was 4 November 2022.

The AGM resolved that the number of the members of the Board of Directors shall be set at nine. Pekka Ala-Pietilä, Julian Drinkall, Rolf Grisebach, Anna Herlin, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, Sebastian Langenskiöld and Rafaela Seppälä were re-elected as members. Pekka Ala-Pietilä was elected as the Chair of the Board and Nils Ittonen as the Vice Chair. The term of all Board members ends at the end of the AGM 2023.

The AGM resolved that the monthly remuneration payable to the members of the Board of Directors shall remain unchanged. The meeting fees of the Board of Directors were resolved to be increased as follows:

- For members of the Board of Directors who reside outside Finland: the meeting fee remains EUR 1,000 / Board meeting where the member was present;
- For members of the Board of Directors who reside in Finland: no separate fee is paid for attending Board meetings;

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- For the Chairs of Board Committees: the meeting fee is increased to EUR 3,500 / Committee meeting participated;
- For members of Committees who reside outside Finland: the meeting fees are increased to EUR 2,500 / Committee meeting where the member was present and EUR 1,500 / Committee meeting participated; and
- For members of Committees who reside in Finland: the meeting fee is increased to EUR 1,500 / Committee meeting participated.

The AGM resolved that a Shareholders' Nomination Committee is established for the Company and its Charter was adopted. The Committee is established until further notice until otherwise decided by the General Meeting of the shareholders and it consists of up to four members who represent the Company's four largest shareholders who, on 31 May preceding the next year's Annual General Meeting, hold the largest number of votes calculated of all shares in the Company. The composition of the Shareholders' Nomination Committee and a Chair elected by the Committee from among its members were announced on 21 June 2022 (more information is available in chapter Events after the reporting period). The term of all members of the Committee expires annually upon the appointment of the next Shareholders' Nomination Committee (to be appointed after the next Annual General Meeting following the appointment).

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.

Board authorisations

The AGM authorised the Board of Directors to decide on the repurchase of a maximum of 16,000,000 of the Company's own shares (approx. 9.8% of all shares of the Company) in one or several instalments. The shares shall be repurchased with funds from the Company's unrestricted shareholders' equity, and the repurchases shall reduce funds available for distribution of profits. The authorisation will be valid until 30 June 2023 and it terminates the corresponding authorisation granted by the AGM 2021.

The AGM authorised the Board of Directors to decide on issuance of new shares and the conveyance of the Company's own shares held by the Company (treasury shares) and the issuance of option rights and other special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Companies Act. Option rights and other special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Companies Act may not be granted as part of the Company's incentive programme. The Board will be entitled to decide on the issuance of a maximum of 16,000,000 new shares (approx. 9.8% of all shares of the Company) as well as conveyance of a maximum of 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 2023 and it will replace the corresponding authorisation granted by the AGM 2021.

Changes in the management

On 21 December 2021, Alex Green was appointed Chief Financial Officer of Sanoma as of 1 March 2022. Sanoma's former CFO & COO Markus Holm continued to work for Sanoma until 1 July 2022 with a focus on the hand-over and strategic development projects.

Executive Management Team

As of 31 December 2022, Sanoma's Executive Management Team consists of the following members: Susan Duinhoven, President and CEO; Alex Green, CFO; Pia Kalsta, CEO of Sanoma Media Finland and Rob Kolkman, CEO of Sanoma Learning.

Related party transactions

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

Sanoma reports related party transactions in accordance with IFRS. More information on transactions with related parties is available in Financial Statements 2022, Note 6.1.

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Annual General Meeting 2023

Sanoma's Annual General Meeting 2023 will be held on Wednesday, 19 April 2023 at 14:00 EET at Sanomatalo (Töölönlahdenkatu 2, 00100 Helsinki). The shareholders of the Company and their proxy representatives can also exercise the shareholder's rights by voting in advance as well as by submitting counterproposals and asking questions in advance in accordance with the instructions set out in the Notice to the Annual General Meeting of the Company published on 10 February 2023.

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

Dividend proposal

On 31 December 2022, Sanoma Corporation's distributable funds were EUR 456 million, of which profit for the year made up EUR 123 million. Including the fund for invested unrestricted equity of EUR 210 million, the distributable funds amounted to EUR 665 million. The Board of Directors proposes to the Annual General Meeting that:

- A dividend of EUR 0.37 per share shall be paid for the year 2022. The dividend shall be paid in three instalments. The first instalment of EUR 0.13 per share shall be paid to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the dividend record date 21 April 2023. The payment date for this instalment is 28 April 2023. Record date for the second instalment of EUR 0.13 per share will be decided by the Board of Directors in September, and the payment date will be in September 2023. Record date for the third instalment of EUR 0.11 per share will be decided by the Board of Directors in October, and the payment date will be in November 2023.
- The amount left in equity shall be EUR 605 million.

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

Shares and shareholders

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

Share capital

At the end of December 2022, Sanoma's registered share capital was EUR 71 million (2021: 71), and the total number of shares was 163,565,663 (2021: 163,565,663), including 387,895 (2021: 679,614) of its own shares. Own shares represented 0.2% (2021: 0.4%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 163,177,768 (2021: 162,886,049).

In March 2022, Sanoma delivered a total of 291,719 (2021: 210,363) of its own shares (without consideration and after taxes) as part of its long-term share-based incentive plans.

Share trading and performance

At the end of December 2022, Sanoma's market capitalisation was EUR 1,602 million (2021: 2,219) with Sanoma's share closing at EUR 9.82 (2021: 13.62). In January–December 2022, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 12.56 (2021: 14.54), with a low of EUR 9.48 (2021: 12.80) and a high of EUR 14.78 (2021: 17.12).

In January–December 2022, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 156 million (2021: 237). The trading volume of 12 million shares (2021: 16) equalled an average daily turnover of 49,000 shares (2021: 65,000). The traded shares accounted for some 8% (2021: 10%) of the average number of shares. Sanoma's share turnover, including alternative trading venues, CBOE DXE, Turquoise and Frankfurt, was 15 million shares (2021: 16). Nasdaq Helsinki represented 83% (2021: 80%) of the share turnover. (Source: Euroland)

Ownership structure and shareholders

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

Sanoma had 23,695 (2021: 23,308) registered shareholders at the end of December 2022.

On 31 December 2022, the combined holdings in the Company's shares of the members of the Board of Directors, the President and CEO, and the bodies they control (as referred to in Chapter 2, Section 4 of the Finnish Securities Market Act) accounted for 7.1% (2021: 7.1%) of all shares and votes. More information on management shareholding and remuneration is available in Note 6.3.

MAJOR SHAREHOLDERS 31 DECEMBER 2022

	Shareholders	Shares	% of shares
1	Jane and Aatos Erkko Foundation	39,820,286	24.35
2	Herlin Antti	19,816,800	12.12
	Holding Manutas Oy	19,785,000	12.10
	Herlin Antti	31,800	0.02
3	Langenskiöld Robin	12,273,371	7.50
4	Seppälä Rafaela	10,273,370	6.28
5	Helsingin Sanomat Foundation	4,701,570	2.87
6	Ilmarinen Mutual Pension Insurance Company	4,250,800	2.60
7	Varma Mutual Pension Insurance Company	2,792,136	1.71
8	Elo Mutual Pension Insurance Company	1,996,000	1.22
9	Noyer Alex	1,903,965	1.16
10	Aubouin Lorna	1,852,470	1.13
11	The State Pension Fund	1,760,000	1.08
12	Foundation for Actors' Old-Age Home	1,700,000	1.04
13	Evli Finnish Small Cap Fund	1,023,096	0.63
14	Stiftelsen för Åbo Akademi	1,000,000	0.61
15	OP-Finland Small Firms Fund	810,508	0.50
16	Samfundet Fokhälsan I Svenska Finland	764,389	0.47
17	Langenskiöld Christoffer	645,996	0.39
18	Langenskiöld Sebastian	645,963	0.39
19	Langenskiöld Pamela	645,963	0.39
20	Oy Etra Invest Ab	550,000	0.34
	20 largest shareholders total	**109,226,683**	**66.78**
	Nominee registered	**20,449,371**	**12.50**
	Other shares	**33,889,609**	**20.72**
	Total	**163,565,663**	**100.00**

SHAREHOLDERS BY NUMBER OF SHARES HELD 31 DECEMBER 2022

Number of shares	Number of shareholders	%	Number of shares	%
1–100	8,421	35.54	401,187	0.25
101–500	8,527	35.99	2,338,528	1.43
501–1,000	2,853	12.04	2,233,827	1.37
1,001–5,000	3,041	12.83	6,676,152	4.08
5,001–10,000	424	1.79	3,007,103	1.84
10,001–50,000	313	1.32	6,128,391	3.75
50,001– 100,000	50	0.21	3,492,557	2.14
100,001–500,000	41	0.17	8,574,295	5.24
500,001 +	25	0.11	130,634,174	79.87
Total	**23,695**	**100.00**	**163,486,214**	**99.95**
In the joint book-entry account			79,449	0.05
Number of shares issued			**163,565,663**	**100.00**

HOLDINGS BY SECTOR 31 DECEMBER 2022

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Events after the reporting period

On 2 February 2023, the Shareholders' Nomination Committee proposed to the Annual General Meeting 2023 that Pekka Ala-Pietilä, Julian Drinkall, Rolf Grisebach, Anna Herlin, Mika Ihamuotila, Nils Ittonen, Denise Koopmans and Sebastian Langenskiöld be re-elected as members of the Board of Directors. Rafaela Seppälä has informed that she does not stand for re-election to the Board. Consequently, the Nomination Committee proposes that Eugenie van Wiechen be elected as a new member of the Board. In addition, the Shareholders' Nomination Committee has proposed that Pekka Ala-Pietilä be elected as the Chair and Nils Ittonen as the Vice Chair of the Board of Directors. The proposed Board members have all given their consent to being elected. The term of all the Board members ends at the end of the Annual General Meeting 2024. The Shareholders' Nomination Committee also proposed that the monthly remuneration payable as well as the meeting fees of the members of the Board of Directors remain unchanged.

Key impacts of the war in Ukraine

Sanoma remains shocked and appalled by the continuing war and atrocities in Ukraine. So far, the war has had a limited direct impact on Sanoma's businesses. In February 2022, Sanoma discontinued sourcing of newsprint paper from Russia and has managed to organise a complementary supply mainly from Central Europe and Finland. Sanoma has also discontinued co-operation with a smaller Russian technology provider. Sanoma expects that the changing economic environment will have some impact on its operating costs and customer demand. This is reflected in the Outlook for 2023. More information on Sanoma's short-term risks and uncertainties is available in chapter Risks and risk management.

Alternative performance measures and discontinued operations

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

Unless otherwise stated, all income statement-related quarterly and FY figures presented in this report cover continuing operations only. Figures related to balance sheet and cash flow cover both continuing and discontinued operations. Sanoma's continuing operations include Learning and Media Finland, which are also Sanoma's reporting segments. There are no discontinued operations in the Group in 2022. In 2021, discontinued operations included certain Learning operations that were under strategic review.

Definitions of key IFRS indicators and APMs are available after the Report of the Board of Directors. Reconciliations are available in chapter Reconciliation of certain key figures. More information on the discontinued operations result and cash flow in 2021 is available in Note 3.2.

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Key indicators and share indicators

Key indicators

EUR million	2022	2021	2020	2019	2018
Net sales [1]	1,298.3	1,251.6	1,061.7	912.6	891.4
Operational EBITDA [1]	355.4	361.0	309.9	276.8	244.7
% of net sales [1]	27.4	28.8	29.2	30.3	27.4
Operational EBIT excl. PPA [1]	189.3	197.2	156.5	137.6	122.8
% of net sales [1]	14.6	15.8	14.7	15.1	13.8
Items affecting comparability in EBIT [1]	-37.9	-15.8	135.9	-22.5	-9.6
Purchase price allocation adjustments and amortisations (PPAs) [1]	39.3	39.0	22.3	10.5	6.5
EBIT [1]	112.0	142.4	270.1	104.5	106.7
% of net sales [1]	8.6	11.4	25.4	11.5	12.0
Result before taxes [1]	99.2	133.8	261.0	82.7	94.2
% of net sales [1]	7.6	10.7	24.6	9.1	10.6
Result for the period from continuing operations [1]	77.0	101.4	237.8	64.8	72.6
% of net sales [1]	5.9	8.1	22.4	7.1	8.1
Result for the period	77.0	101.2	247.1	13.3	125.6
% of net sales	5.9	8.1	23.3	1.5	14.1
Balance sheet total	2,103.6	1,932.5	2,048.3	1,997.9	1,519.0
Capital expenditure	52.9	41.7	42.5	31.7	32.0
% of net sales	4.1	3.3	3.7	2.5	2.4
Free cash flow	111.7	139.7	94.8	131.3	108.9
Return on equity (ROE), %	11.2	14.7	40.7	2.2	22.1
Return on investment (ROI), %	7.7	10.2	24.0	5.4	18.1
Equity ratio, %	35.8	40.6	37.4	30.5	44.7
Net gearing, %	117.3	85.5	93.1	144.2	55.3
Interest-bearing liabilities	864.4	668.8	775.3	817.9	356.7
Non-interest-bearing liabilities	537.1	542.8	560.4	644.5	550.9
Net debt	823.4	616.4	660.7	794.7	337.8
Net debt / Adj. EBITDA	3.2	2.4	2.6	2.7	1.4
Average number of employees (FTE) [1]	5,018	4,885	4,255	3,551	3,404
Number of employees at the end of the period (FTE) [1]	5,079	4,822	4,806	3,937	3,410

[1] Figures contain only continuing operations.

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Share indicators

EUR	2022	2021	2020	2019	2018
Earnings/share, continuing operations [1]	0.47	0.62	1.46	0.39	0.44
Earnings/share	0.47	0.61	1.51	0.07	0.76
Earnings/share, diluted, continuing operations [1]	0.47	0.61	1.45	0.39	0.43
Earnings/share, diluted	0.47	0.61	1.51	0.07	0.76
Operational earnings/share, continuing operations [1]	0.65	0.69	0.58	0.50	0.49
Operational earnings/share	0.65	0.69	0.67	0.80	0.84
Free cash flow per share	0.68	0.86	0.58	0.81	0.67
Equity/share	4.26	4.38	4.23	3.25	3.73
Dividend/share [2]	0.37	0.54	0.52	0.50	0.45
Dividend payout ratio, % [2]	79.2	87.9	34.4	707.0	59.1
Operational dividend payout ratio, % [2]	56.8	77.9	77.9	62.5	53.4
Market capitalisation, EUR million [3]	1,602.4	2,218.5	2,240.1	1,539.7	1,379.7
Effective dividend yield, % [2]	3.8	4.0	3.8	5.3	5.3
P/E ratio	21.0	22.2	9.1	133.6	11.1
Adjusted number of shares at the end of the period [3]	163,177,768	162,886,049	163,036,686	163,016,523	162,504,370
Adjusted average number of shares [3]	163,130,613	163,165,194	163,041,596	162,933,737	163,084,958
Lowest share price	9.48	12.80	6.84	7.96	8.01
Highest share price	14.78	17.12	14.00	10.44	11.47
Average share price	12.56	14.54	10.15	9.03	9.28
Share price at the end of the period	9.82	13.62	13.74	9.45	8.49
Trading volumes, shares	12,404,976	16,289,472	29,310,738	19,098,115	39,317,670
% of shares	7.6	10.0	18.0	11.7	24.1

[1] Figures contain only continuing operations.
[2] Year 2022 proposal of the Board of Directors.
[3] The number of shares does not include treasury shares.

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Definitions of key indicators

KPI		Definition	Reason to use
Comparable net sales (growth)	=	Net sales (growth) adjusted for the impact of acquisitions and divestments	Complements reported net sales by reflecting the underlying business performance and enhancing comparability between reporting periods
Items affecting comparability (IACs)	=	Gains/losses on sale, restructuring incl. transaction and integration costs of acquisitions or efficiency program expenses and impairments that exceed EUR 1 million.	Reflects the underlying business performance and enhances comparability between reporting periods
Operational EBITDA	=	Operating profit + depreciation, amortisation and impairments - IACs	Measures the profitability before non-cash based depreciation and amortisation, reflects the underlying business performance and enhances comparability between reporting periods
Purchase price allocation adjustments and amortisations (PPAs)	=	Purchase price allocation amortisations and cost impact of the inventory fair value adjustments	A component used in the calculation of KPI's (incl Operational EBIT excl PPA)
Operational EBIT excl. PPA	=	EBIT– IACs – Purchase price allocation (PPA) adjustments and amortisations	Measures the profitability excl. acquisition-related PPA adjustments and amortisations, reflects the underlying business performance and enhances comparability between reporting periods
Equity ratio, %	=	$\frac{\text{Equity total}}{\text{Balance sheet total - advances received}} \times 100$	One of Sanoma's long-term financial targets, measures the relative proportion of equity to total assets
Free cash flow	=	Cash flow from operations - capital expenditure	Basis for Sanoma's dividend policy
Free cash flow/share	=	$\frac{\text{Free cash flow}}{\text{Weighted average number of shares on the market}}$	Basis for Sanoma's dividend policy
Net debt	=	Interest-bearing liabilities (short or long term liabilities which have separately determined interest cost) - cash and cash equivalents	Measures Sanoma's net debt position
Net debt/adj. EBITDA	=	The adjusted EBITDA used in this ratio is the 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash flow basis	One of Sanoma's long-term financial targets, provides investors information on Sanoma's ability to service its debt
Net financial items	=	Financial income - Financial expenses	Measures Sanoma's net financial items
Earnings/share (EPS)	=	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company}}{\text{Weighted average number of shares on the market}}$	Measures Sanoma's result for the period per share

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Definitions of key indicators

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

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Reconciliation of certain key figures

Reconciliation of operational EBIT excl. PPA

EUR million	2022	2021
EBIT	**112.0**	142.4
Items affecting comparability (IACs) and PPA adjustments and amortisations[1]		
Learning		
Impairments	-11.6	-3.1
Capital gains/losses	0.5	
Restructuring expenses	-21.1	-8.0
PPA adjustments and amortisations	-32.5	-32.2
Media Finland		
Impairments		-0.6
Capital gains/losses	0.4	
Restructuring expenses	-5.0	-5.5
PPA adjustments and amortisations	-6.9	-6.8
Other operations		
Impairments		-0.6
Capital gains/losses		3.7
Restructuring expenses	-1.1	-1.7
Items affecting comparability (IACs) and PPA adjustments and amortisations total	**-77.2**	-54.9
Operational EBIT excl PPA, continuing operations	**189.3**	197.2
Depreciations of buildings and structures	-26.6	-24.9
Depreciation of rental books	-11.5	-16.0
Amortisation of film and TV broadcasting rights	-54.2	-54.0
Amortisation of prepublication rights	-31.6	-25.5
Other depreciations, amortisations and impairments	-53.2	-47.3
Items affecting comparability in depreciation, amortisation and impairments	11.1	3.8
Operational EBITDA	**355.4**	361.0

EUR million	2022	2021
Items affecting comparability (IACs) and PPA adjustments and amortisations in discontinued operations		
Restructuring expenses		-0.6
Total		-0.6

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

Reconciliation of operational EPS

EUR million	2022	2021
Result for the period attributable to the equity holders of the Parent Company	**76.2**	100.2
Items affecting comparability	37.9	16.4
Tax effect of items affecting comparability	-7.8	-3.6
Operational result for the period attributable to the equity holders of the Parent Company	**106.3**	113.0
Weighted average number of shares on the market	163,130,613	163,165,194
Operational EPS	**0.65**	0.69

Reconciliation of net debt

EUR million	31 Dec 2022	31 Dec 2021
Non-current financial liabilities	599.4	432.2
Current financial liabilities	100.1	75.0
Non-current lease liabilities	119.6	133.5
Current lease liabilities	45.3	28.1
Cash and cash equivalents	-41.0	-52.4
Net debt	**823.4**	616.4

Reconciliation of adjusted EBITDA

EUR million	2022	2021
12-month rolling operational EBITDA	355.4	360.5
Impact of acquired and divested operations	17.2	0.0
Impact of programming rights	-54.3	-57.1
Impact of prepublication rights	-55.4	-41.6
Impact of rental books	-7.5	-6.3
Adjusted EBITDA	**255.4**	255.4

Reconciliation of comparable net sales growth

EUR million	2022	2021
Group		
Net sales	1.298.3	1.251.6
Impact of acquired and divested operations	-39.8	-4.4
Comparable net sales	**1.258.5**	1.247.3
Learning		
Net sales	681.0	637.3
Impact of acquired and divested operations	-37.8	-2.4
Comparable net sales	**643.2**	634.9
Media Finland		
Net sales	618.1	615.3
Impact of acquired and divested operations	-2.0	-2.0
Comparable net sales	**616.1**	613.3

Reconciliation of return on equity (ROE), %

EUR million	2022	2021
Result for the period	77.0	101.2
Equity total (average of monthly balances)	688.0	690.0
Return on equity. %	**11.2**	14.7

Reconciliation of return on investment (ROI), %

EUR million	2022	2021
Result before taxes	99.2	132.7
Interest and other financial items	18.0	15.3
Result before taxes excl. interests and other financial items	117.2	148.0
Balance sheet total (average of monthly balances)	2,103.5	2,036.6
Non-interest-bearing liabilities (average of monthly balances)	-582.4	-585.5
Balance sheet total - non-interest-bearing liabilities (average of monthly balances)	1,521.1	1,451.2
Return on investment. %	**7.7**	10.2

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Consolidated income statement

EUR million	Note	2022	2021
NET SALES	2.1, 2.2	**1,298.3**	1,251.6
Other operating income	2.3	21.0	23.7
Materials and services	2.5	-458.0	-417.2
Employee benefit expenses	2.4, 6.2, 6.3	-356.2	-350.9
Other operating expenses	2.5	-177.2	-158.8
Share of results in joint ventures	4.7	0.5	0.5
Depreciation, amortisation and impairment losses	2.6, 3.3, 3.4, 4.6	-216.5	-206.6
EBIT		**112.0**	142.4
Share of results in associated companies	4.7	-0.4	0.4
Financial income	2.7	9.5	8.3
Financial expenses	2.7	-22.0	-17.2
RESULT BEFORE TAXES		**99.2**	133.8
Income taxes	2.8	-22.2	-32.4
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS		**77.0**	101.4
DISCONTINUED OPERATIONS			
Result for the period from discontinued operations	3.2		-0.2
RESULT FOR THE PERIOD		**77.0**	101.2

EUR million	Note	2022	2021
Result from continuing operations attributable to:			
Equity holders of the Parent Company		76.2	100.5
Non-controlling interests		0.7	0.9
Result from discontinued operations attributable to:			
Equity holders of the Parent Company			-0.2
Non-controlling interests			
Result attributable to:			
Equity holders of the Parent Company		76.2	100.2
Non-controlling interests		0.7	0.9
Earnings per share for result attributable to the equity holders of the Parent Company:	2.9		
Earnings per share, EUR, continuing operations		0.47	0.62
Diluted earnings per share, EUR, continuing operations		0.47	0.61
Earnings per share, EUR, discontinued operations			0.00
Diluted earnings per share, EUR, discontinued operations			0.00
Earnings per share, EUR		0.47	0.61
Diluted earnings per share, EUR		0.47	0.61

In 2021, discontinued operations included certain Learning operations that were under strategic review.

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Statement of comprehensive income[1]

EUR million	2022	2021
Result for the period	77.0	101.2
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Change in translation differences	2.3	-0.6
Items that will not be reclassified to profit or loss		
Defined benefit plans	-6.9	18.1
Income tax related to defined benefit plans	1.3	-3.7
Other comprehensive income for the period, net of tax	-3.3	13.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**73.6**	114.9
Total comprehensive income attributable to:		
Equity holders of the Parent Company	72.9	114.0
Non-controlling interests	0.7	0.9

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

Consolidated balance sheet

Assets

EUR million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2.3, 2.5, 3.4	49.2	57.1
Right-of-use assets	3.4	156.5	155.2
Investment property	2.3, 2.5, 4.6	5.2	5.2
Goodwill	3.3	812.1	753.3
Other intangible assets	3.3	739.0	672.8
Equity-accounted investees	4.7	4.1	3.3
Other investments	4.8	3.7	3.8
Deferred tax receivables	2.8	10.7	9.4
Non-current receivables	4.2, 4.9	20.8	31.5
NON-CURRENT ASSETS, TOTAL		**1,801.3**	1,691.6
CURRENT ASSETS			
Inventories	4.1	71.2	35.7
Income tax receivables		10.4	16.6
Contract assets	2.2	0.6	0.4
Trade and other receivables	4.3	179.1	135.7
Cash and cash equivalents	5.3	41.0	52.4
CURRENT ASSETS, TOTAL		**302.3**	240.8
ASSETS, TOTAL		**2,103.6**	1,932.5

Equity and liabilities

EUR million	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
EQUITY	5.4, 6.2		
Share capital		71.3	71.3
Treasury shares		-5.2	-7.5
Fund for invested unrestricted equity		209.8	209.8
Translation differences		-17.3	-19.6
Retained earnings		436.5	459.7
Total equity attributable to the equity holders of the Parent Company		**695.1**	713.6
Non-controlling interests		7.0	7.2
EQUITY, TOTAL		**702.1**	720.9
NON-CURRENT LIABILITIES			
Deferred tax liabilities	2.8	121.4	127.4
Pension obligations	4.9	4.1	5.9
Provisions	4.4	0.1	0.5
Financial liabilities	5.1	599.4	432.2
Lease liabilities	5.1	119.6	133.5
Contract liabilities	2.2	2.5	2.5
Trade and other payables	4.5	2.8	4.1
NON-CURRENT LIABILITIES, TOTAL		**850.0**	706.2
CURRENT LIABILITIES			
Provisions	4.4	1.7	1.1
Financial liabilities	5.1	100.1	75.0
Lease liabilities	5.1	45.3	28.1
Income tax liabilities		12.9	25.3
Contract liabilities	2.2	139.3	152.3
Trade and other payables	4.5	252.2	223.7
CURRENT LIABILITIES, TOTAL		**551.5**	505.4
LIABILITIES, TOTAL		**1,401.5**	1,211.6
EQUITY AND LIABILITIES, TOTAL		**2,103.6**	1,932.5

Changes in consolidated equity

		Equity attributable to the equity holders of the Parent Company							
EUR million	**Note**	**Share capital**	**Treasury shares**	**Fund for invested unrestricted equity**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
Equity at 1 Jan 2021	5.4	**71.3**	**-4.3**	**209.8**	**-19.0**	**431.7**	**689.5**	**19.7**	**709.2**
Result for the period						100.2	100.2	0.9	101.2
Other comprehensive income					-0.6	14.4	13.8		13.8
Total comprehensive income					**-0.6**	**114.6**	**114.0**	**0.9**	**114.9**
Purchase of treasury shares			-5.0				-5.0		-5.0
Share-based compensation	6.2					0.3	0.3		0.3
Shares delivered	6.2		1.7			-1.7			
Dividends paid						-84.8	-84.8	-0.6	-85.5
Total transactions with owners of the company			**-3.2**			**-86.3**	**-89.5**	**-0.6**	**-90.1**
Acquisitions and other changes in non-controlling interest						-0.4	-0.4	-12.8	-13.1
Total change in ownership interest						**-0.4**	**-0.4**	**-12.8**	**-13.1**
Equity at 31 Dec 2021		**71.3**	**-7.5**	**209.8**	**-19.6**	**459.7**	**713.6**	**7.2**	**720.9**
Equity at 1 Jan 2022	5.4	**71.3**	**-7.5**	**209.8**	**-19.6**	**459.7**	**713.6**	**7.2**	**720.9**
Result for the period						76.2	76.2	0.7	77.0
Other comprehensive income					2.3	-5.6	-3.3		-3.3
Total comprehensive income					**2.3**	**70.6**	**72.9**	**0.7**	**73.6**
Share-based compensation	6.2					-0.4	-0.4		-0.4
Shares delivered	6.2		**2.3**			-2.3			
Dividends paid						-88.1	-88.1	-1.0	-89.1
Reclassification of translation differences						-3.2	-3.2		-3.2
Total transactions with owners of the company			**2.3**			**-94.0**	**-91.7**	**-1.0**	**-92.6**
Acquisitions and other changes in non-controlling interest						0.2	0.2	0.0	0.2
Total change in ownership interest						**0.2**	**0.2**	**0.0**	**0.2**
Equity at 31 Dec 2022		**71.3**	**-5.2**	**209.8**	**-17.3**	**436.5**	**695.1**	**7.0**	**702.1**

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Consolidated cash flow statement

EUR million	Note	2022	2021
OPERATIONS			
Result for the period		77.0	101.2
Adjustments			
Income taxes	2.8	22.2	31.5
Financial expenses	2.7	22.0	17.2
Financial income	2.7	-9.5	-8.3
Share of results in equity-accounted investees	4.7	-0.2	-0.9
Depreciation, amortisation and impairment losses		216.5	206.6
Gains/losses on sales of non-current assets		-3.3	-4.3
Other adjustments		2.1	-0.2
Adjustments total		249.9	241.7
Change in working capital			
Change in trade and other receivables		46.5	-15.0
Change in inventories		-6.4	9.9
Change in trade and other payables, and provisions		-35.7	-5.6
Acquisitions of broadcasting rights, prepublication costs and rental books		-111.2	-105.1
Dividends received		0.6	0.6
Interest paid		-11.9	-10.2
Other financial items		-1.3	-3.4
Taxes paid		-42.8	-32.7
CASH FLOW FROM OPERATIONS		**164.6**	181.4
INVESTMENTS			
Capital expenditure		-52.9	-41.7
Operations acquired	3.1	-204.9	-5.7
Joint ventures and associated companies acquired	4.7		-0.7
Proceeds from sale of tangible and intangible assets		1.4	8.8
Operations sold	3.1	7.7	
Sales of other investments		0.0	0.6
Loans granted		-3.2	-0.6
Repayments of loan receivables		0.4	0.0
Interest received		0.8	0.1
CASH FLOW FROM INVESTMENTS		**-250.7**	-39.1
CASH FLOW BEFORE FINANCING		**-86.2**	142.3
FINANCING			
Purchase of treasury shares			-5.0
Change in loans with short maturity	5.1	69.7	-15.4
Drawings of other loans	5.1	250.3	199.4
Repayments of other loans	5.1	-124.7	-250.2
Payment of lease liabilities	5.1	-30.5	-30.4
Acquisitions of non-controlling interests	3.1	-1.0	-15.2
Dividends paid		-89.1	-87.9
CASH FLOW FROM FINANCING		**74.6**	-204.7
Change in cash and cash equivalents according to cash flow statement		**-11.6**	-62.3
Effect of exchange rate differences on cash and cash equivalents		0.2	0.1
Net increase(+)/decrease(-) in cash and cash equivalents		**-11.4**	-62.2
Cash and cash equivalents at 1 Jan		52.4	114.6
Cash and cash equivalents at 31 Dec	5.3	**41.0**	52.4

Includes continuing and discontinued operations.

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1.1 Corporate information

Sanoma is learning and media company. In 2022, Sanoma Group included two operating segments which are its two strategic business units Sanoma Learning and Sanoma Media Finland. This is aligned with the way Sanoma manages the businesses. Sanoma Learning is one of the global leaders In K12 education serving over 25 million students in 12 countries. Its learning products and services enable teachers to develop the talents of every child to reach their potential. Sanoma Learning offers printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education, and it aims to grow the business. Sanoma Learning develops its methodologies based on deep teacher and student insight and truly understanding their individual needs. By combining educational technologies and pedagogical expertise, Sanoma Learning creates learning products and services with the highest learning impact. Sanoma Media Finland is the leading cross-media company in Finland, reaching 97% of all Finns weekly. It provides information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. Sanoma Media Finland has leading brands and services, like Helsingin Sanomat, Ilta-Sanomat, Aamulehti, Me Naiset, Aku Ankka, Nelonen, Ruutu, Supla and Radio Suomipop. For advertisers, it is a trusted partner with insight, impact and reach.

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

On 9 February 2023, Sanoma's Board of Directors approved these financial statements to be disclosed.

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

1.2 Basis of preparation of financial statements

Sanoma has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) while adhering to related IAS and IFRS standards, effective at 31 December 2022, as well as SIC and IFRIC interpretations. IFRS refers to the approved standards and their interpretations applicable within the EU under the Finnish Accounting Act and its regulations in accordance with European Union Regulation No. 1606/2002. The notes to the consolidated financial statements are in accordance with Finnish Accounting Standards and Finnish Limited Liability Companies Act.

Financial statements are presented in millions of euros, based on historical cost conventions unless otherwise stated in the accounting policies. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

1.3 Accounting policies

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

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

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

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Consolidation principles

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

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

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

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

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

The contingent consideration shall be classified as a liability or as equity. The contingent consideration classified as a liability is measured at fair value on the acquisition date and subsequently on each balance sheet date. Changes in the fair value are presented in income statement.

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

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

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

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

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Foreign currency items

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

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

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

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

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

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

Government grants

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

Assets held for sale and discontinued operations

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

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

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

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

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

Goodwill and other intangible assets

Acquired subsidiaries are consolidated using the acquisition method, whereby the cost is allocated to the acquired assets and liabilities assumed at their fair value on the date of acquisition. Goodwill represents the excess of the cost over the fair value of the acquired company's net assets. Goodwill reflects e.g. expected future synergies resulting from acquisitions.

Goodwill is not amortised but it is tested for impairment annually or if there are some triggering events.

The identifiable intangible assets are recognised separately from goodwill if the assets fulfil the related recognition criteria - i.e. they are identifiable, or based on contractual or other

legal rights- and if their fair value can be reliably measured. Intangible assets are initially measured at cost and amortised over their expected useful lives. In Sanoma, expected useful lives can be determined for intangible rights. With regard to the acquisition of new assets, the Group assesses the expected useful life of the intangible right, for example, in light of historical data and market position, and determines the useful life on the basis of the best knowledge available on the assessment date.

The Group recognises the cost of broadcasting rights to TV programmes under intangible assets and their cost is amortised based on broadcasting runs. The prepublication costs of learning materials and solutions are recognised in intangible assets and amortised over the useful lives. In cash flow, acquisitions of broadcasting rights and prepublication costs are part of cash flow from operations.

The known or estimated amortisation periods for intangible assets with finite useful lives are:

Publishing rights	2–20 years
Software licenses	2–10 years
Copy- and trademark rights	2–20 years
Customer relationships	3–20 years
Software projects	3–10 years
Online sites	3–10 years
Prepublication costs	3–8 years

Amortisation is calculated using the straight-line method. Recognising amortisation is discontinued when an intangible asset is classified as held for sale.

Goodwill and other intangible assets are described in more detail in Note 3.3.

Impairment testing

The carrying amounts of assets are reviewed whenever there is any indication of impairment. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or groups of assets. Those CGUs for which goodwill has been allocated are tested for impairment at least once a year. Intangible assets with indefinite useful lives are also tested at least annually.

The test assesses the asset's recoverable amount, which is the higher of either the asset's fair value less cost of disposal or value in use based on future cash flows. In Sanoma, impairment tests are principally carried out on a cash flow basis by determining the present value of estimated future cash flows of each CGU. If the carrying amount of the CGU exceeds its recoverable amount, an impairment loss is recorded in the income statement. Primarily, the impairment loss is deducted from the goodwill of the cash-generating unit and after that it is deducted proportionally from other non-current assets of the cash-generating unit. The useful life of the asset is re-estimated when an impairment loss is recognised.

If the recoverable amount of an intangible asset has changed due to a change in the key expectations, previously recognised impairment losses are reversed. However, impairment losses are not reversed beyond the amount the asset had before recognising impairment losses. Impairment losses recognised for goodwill are not reversed under any circumstances.

Impairment testing is described in more detail in Note 3.3.

Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any impairment losses. The cost includes any costs directly attributable to acquiring the item of PPE. Any subsequent costs are included in the carrying value of the item of PPE only if it is probable that it will generate future benefits for the Group and that the cost of the asset can be measured reliably. Lease premises' renovation expenses are treated as other tangible assets in the consolidated balance sheet. Ordinary repairs and maintenance costs are expensed as incurred.

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The depreciation periods of PPE are based on the estimated useful lives and are:

- Buildings and structures 5–50 years
- Machinery and equipment 2–20 years
- Rental books 5 years
- Other tangible assets 3–10 years

Depreciation is calculated using the straight-line method. Land areas are not depreciated. Recognising depreciation is discontinued when the PPE is classified as held for sale.

The residual value and the useful life of an asset are reviewed at least at the end of each financial year and if necessary, they are adjusted to reflect the changes in expectations of financial benefits.

Gains and losses from disposing or selling items of PPE are recognised in the income statement and they are reported in other operating income or expenses.

Investment property

A property is classified as investment property if the Group mainly holds the property to earn rental yields or for capital appreciation. Investment property is initially measured at cost and presented as a separate item on the balance sheet. Investment properties include buildings, land and investments in shares of property and housing companies not in Sanoma's own use. Based on their nature, such shareholdings are divided into land or buildings.

The fair value of investment properties is presented in the notes to the consolidated financial statements. Fair values are determined by using the yield value method or using the information on equal real estate business transactions in the market. Also outside surveyor has been used when determining the fair value. The risk of the yield value method takes into account, among others, the term of the lease period, other conditions of the lease, the location of the premises and the nature of releasability as well as the development of environment and area planning.

Leases

At inception of a contract, an entity assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of property, plant and equipment, where the Group is the lessee, are recognised as assets and liabilities for the lease term. The cost of right-of-use asset comprises the amount of initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives and any initial direct costs incurred by the lessee. The asset is depreciated during the lease term or, if shorter, during its useful life.

In leases of premises there are extension and termination options. The entity considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Lease term is reassessed if there's a significant event or change in circumstances that is within the control of the lessee and affects whether the lessee is reasonably certain to exercise option not previously included in lease term or not to exercise an option previously included in the lease term.

The lease liability is valued at the present value of the unpaid rents at the valuation date (commencement date of the lease). Rental costs include fixed rents and variable rents that depend on changes in the index or price level specified in the agreement. Sanoma applies the practical expedient and will not separate non-lease component from lease components and will instead account for each lease component and any associated non-lease components as a single lease component. Other variable rents included in the lease are treated as an expense for the period. Rents are discounted at the internal rate of the lease. If the internal rate is not readily determinable, the company's additional credit interest rate is used.

In income statement leasing costs are classified as depreciation and interest. Lease payments are apportioned between the interest expenses and the repayment of lease liabilities. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In cash flow statement the cash payments for the interest portion of the lease liability are presented in cash flow from operations. Cash payments for the principal portion of the lease liability are shown in cash flow from financing. The right-of-use assets and lease liabilities are presented separately in the balance sheet. The cash payments for the principal portion of the lease liability, which are paid in the next 12 months, are shown in current lease liabilities in balance sheet.

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Sanoma applies the exemption for short-term leases (lease term 12 months or shorter than 12 months) and for leases for which underlying asset is of low value and continues to recognise those leases straight-line basis as an expense. In cash flow statement short-term lease payments and payments for leases of low-value assets are included in cash flow from operations.

The lease payments received for operating leases are shown under other operating income. The Group has no leases classified as finance leases in which it is a lessor.

Inventories

Inventories are stated at the lower of cost and net realisable value, using the average cost method. The cost of finished goods and work in progress includes the purchase price, direct production wages, other direct production costs and fixed production overheads to their substantial extent. Net realisable value is the estimated selling price, received as part of the normal course of business, less estimated costs necessary to complete the product and make the sale.

Financial assets

Group's financial assets are classified as subsequently measured at amortised cost and at fair value through profit or loss.

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Sanoma has only one business model for debt instruments which is a business model whose objective is to hold assets in order to collect contractual cash flows. Financial assets are not reclassified subsequently to their initial recognition unless the Group changes its business model for managing financial assets. All equity instruments are measured at fair value.

Transaction costs are included in the initial carrying value of the financial assets if the item is not classified as a financial asset at fair value through profit or loss. Derecognition of financial assets takes place when Sanoma has lost the contractual right to the cash flows from the asset or it has transferred the essential risks and benefits to third parties.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. In Sanoma financial assets measured at amortised cost include loan receivables, trade receivables and cash. According to IFRS 9 an entity shall recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. Sanoma has adopted the general expected credit loss model for debt instruments carried at amortised cost. For trade receivables, Sanoma applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivable. Sanoma uses provision matrix as a practical expedient for measuring expected credit losses for trade receivables. Loss rates are defined separately for different geographic regions, type of business and types of customers (B2B and B2C). Loss rates are based on past information on actual credit loss experience, adjusted by current information and future expectations on economic conditions where deemed necessary.

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on an investment that is subsequently measured at fair value through profit or loss is recognised in the financial items in the income statement. In Sanoma financial assets measured at fair value through profit or loss include other equity investments and derivatives.

Cash and cash equivalents

Cash and cash equivalents include bank accounts and short-term deposits with a maturity of less than three months. Bank overdrafts are shown under current financial liabilities on the balance sheet.

Financial liabilities

Sanoma's financial liabilities are classified either as financial liabilities at amortised cost or as financial liabilities at fair value through profit or loss. Financial liabilities are classified as short-term liabilities unless the Group has an unconditional right to postpone settling of the liability at least with 12 months from the end of the reporting period. The financial liability or a part of it can be derecognised only when the liability has ceased to exist, meaning that the obligations identified by the agreement have been fulfilled, abolished or expired. If the

Group issues a new debt instrument and uses the received reserves to repurchase earlier issued debt instrument (whole or part) with not substantially different terms, any costs or fees incurred adjust the carrying amount of the new liability and are amortised over the remaining term of the issued instrument. A gain or loss arising from the difference in contractual cash flows is recognised in the income statement at the time of the modification.

The financial debt of Sanoma Group is classified as financial liabilities at amortised cost which are initially recognised at fair value including the transaction costs directly attributable to the acquisition of the financial liability. Subsequently, these financial liabilities are measured at amortised cost using the effective interest method.

In Sanoma Group, financial liabilities at fair value through profit or loss include derivatives that do not comply with the conditions for hedge accounting. Both the unrealised and realised gains and losses arising from the changes in fair values of the derivatives are recognised in the financial items in the income statement on the period the changes arise.

Derivatives

Sanoma may use derivative instruments, such as forward foreign exchange contracts and interest rate swaps, in order to hedge against fluctuations in foreign exchange or interest rates. Sanoma does not apply hedge accounting.

Derivatives are initially recognised at fair value on the date of entering to a hedging agreement and they are subsequently measured at their fair value on each balance sheet date. The fair value of foreign exchange contracts is based on the contract forward rates in effect on the balance sheet date. Derivative contracts are shown in other current receivables and liabilities on the balance sheet. Both the unrealised and realised gains and losses arising from changes in fair values of the derivatives are recognised in the financial items in the income statement on the period the changes arise.

Risk management principles of financial risks are presented in more detail in Note 5.2.

Fair value hierarchy

Financial assets and liabilities measured at fair value are divided into three levels in the fair value hierarchy. In level 1, fair values are based on quoted prices in active markets. In level 2, fair values are based on valuation models for which all inputs are observable, either directly or indirectly. For assets and liabilities in level 3, the fair values are based on input data that is not based on observable market data.

Income taxes and other taxes

The income tax charge presented in the income statement is based on taxable profit for the financial period, adjustments for taxes from previous periods and changes in deferred taxes. Tax on taxable profit for the period is based on the tax rate and legislation effective in each country. Income taxes related to transactions impacting the profit or loss for the period are recognised in the income statement. Tax related to transactions or other items recognised in other comprehensive income or directly in equity, are recognised accordingly in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are recorded principally on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, using tax rates effective on the balance sheet date. Changes in the applicable tax rate are recorded as changes in deferred tax in the income statement. Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

No deferred tax liability on undistributed retained earnings of subsidiaries has been recognised in that respect, as such distribution is not probable within the foreseeable future. The most significant temporary differences relate to depreciation differences, defined benefit pension plans, subsidiaries' tax losses carried forward and the fair value measurement of assets acquired in business combinations.

The amount of current and deferred tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The recorded receivable and payable amounts are adjusted where it is not considered probable that a tax authority will accept an uncertain tax treatment used by the Group in an income tax filing. The amounts recorded are based on the most likely amount or the expected value, depending on which method the Group expects to better predict the resolution of the uncertainty.

Deferred tax assets and deferred tax liabilities are offset in the balance sheet if Sanoma has a legal right to set off current tax assets against liabilities and they relate to the same tax authority.

If Sanoma has been the subject of tax adjustment claims which it considers unjustified, it considers a possible payment relating to claims to be deposits with the tax authority if they give the company a right to obtain future economic benefits, either by receiving a cash

refund or by using the payment to settle the tax liability. Consequently items paid in relation to these claims are reported as receivables in the balance sheet during the period when the legal proceedings are ongoing and the case has not been finally settled.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of this obligation can be made.

A restructuring provision is recognised when the Group has prepared a detailed restructuring plan and started to implement that plan or announced the matter.

Share-based payments

The share-based incentive plans introduced at Sanoma offer the Group's management an opportunity to receive Sanoma shares after a vesting period of two to three years, provided that the conditions set for receiving the shares are met. Shares in the Restricted Share Plans are delivered to the participants provided that their employment with Sanoma continues uninterrupted throughout the duration of the plan until the shares are delivered. In addition to the continuous employment condition, vesting of the Performance Shares is subject to meeting (partially or fully) the Group's performance targets set by the Board for annually commencing new plans.

The possible reward is paid as a combination of shares and cash. The cash component is dedicated to cover reward-related taxes and tax-related costs.

Share-based payments that are settled net in shares after withholding taxes are accounted for in full as equity-settled arrangements despite the fact that the employer pays in cash the taxes related to the rewards on behalf of the participants.

The fair value for the equity settled portion has been determined at grant using the fair value of Sanoma share as of the grant date less the expected dividends paid before possible share delivery. The fair value for the cash settled portion is remeasured at each reporting date until the possible reward payment. The fair value of the liability will thus change in accordance with the Sanoma share price. Liabilities arising from share-based payments represent estimate of the employers' social costs relating to the payable rewards. The fair value is charged to personnel expenses until vesting.

A more detailed description of the share-based payments is provided in Note 6.2.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes the amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Revenue recognition is described in more detail in Note 2.2.

Research and development expenditure

Research expenditure is expensed as incurred.

Development expenditure refers to costs that an entity incurs with the aim of developing new products or services for sale, or fundamentally improving the features of its existing products or services, as well as extending its business. Development expenses are mainly incurred before the entity begins to make use of the new product/service for commercial or profitable purposes. Development expenditure is either expensed as incurred or recorded as other intangible asset if it meets the recognition criteria.

Pensions

The Group's pension schemes in different countries are arranged in accordance with local requirements and legislation. Pension schemes are classified into two categories: defined contribution plans and defined benefit plans. The Group has both defined contribution and defined benefit plans and the related pension cover is managed by both pension funds and insurance companies.

Contributions under defined contribution plans are expensed as incurred, and once they are paid to insurance companies the Group has no obligation to pay further contributions. All other post-employment benefit plans are regarded as defined benefit plans.

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The present value of Sanoma Group's obligation of defined benefit plans is determined separately for each scheme using the projected unit credit method. Within the defined benefit plan, pension obligations or pension assets represent the present value of future pension payments less the fair value of the plan assets and potential past service cost. The present value of the defined benefit obligation is determined by using discount interest rates that are based on high-quality corporate bonds or government bonds whose duration essentially corresponds with the duration of the pension obligation. Pension expenses under the defined benefit plan are recognised as expenses for the remaining working lives of the employees within the plan based on the calculations of authorised actuaries.

Remeasurements of the net defined benefit liability are recognised immediately in other comprehensive income.

1.4 Adoption of new and amended standards and interpretations

The Group has applied the same accounting policies as in the Financial Statements 2021, except for the effect of changes required by the adoption of the following new standards, interpretations and amendments to standards and interpretations as of 1 January 2022:

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use. Amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments do not have material effect on the Group's financial statements.

IASB and IFRIC have issued certain new standards and interpretations, which are not yet effective, and the Group has not applied these requirements before the effective date. These standards and amendments are not expected to have material Impact on the Group's financial statements.

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Net sales

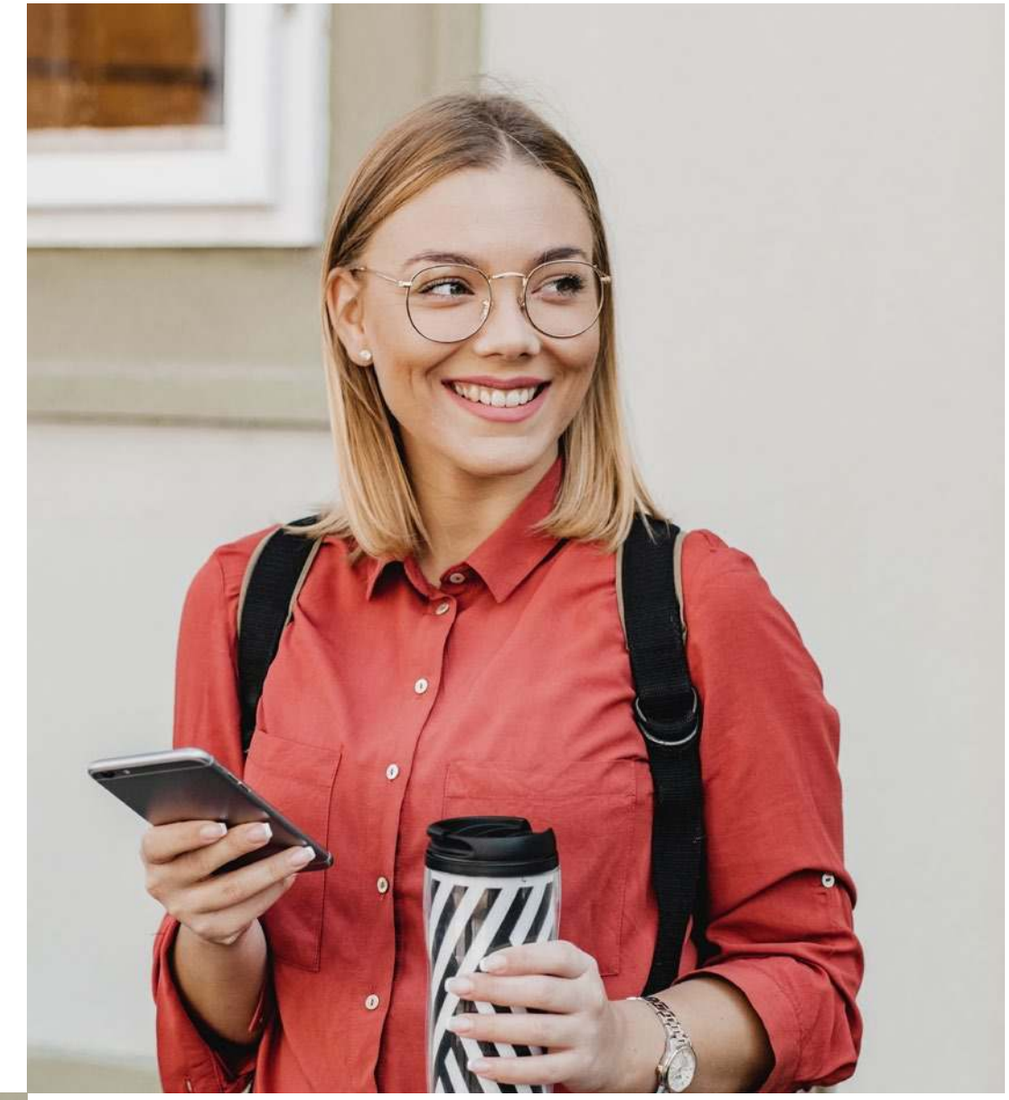
1,298m€

EBIT

112m€

EPS

0.47€



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2.1 Operating segments

In 2022, Sanoma Group included two operating segments which are its two strategic business units Sanoma Learning and Sanoma Media Finland. This is aligned with the way Sanoma manages the businesses.

Learning

Sanoma Learning is the leading European learning company serving over 25 million students in 12 countries. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education, and we aim to continue to grow our business in Europe and beyond. We develop our methodologies based on deep teacher and student insight and truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact.

Media Finland

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

Other operations/eliminations

In addition to the Group eliminations, the column Other operations/eliminations includes non-core operations, head office functions and items not allocated to segments.

SEGMENTS 2022

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
External net sales	681.0	617.3		1,298.3
Internal net sales	0.0	0.8	-0.8	
NET SALES	681.0	618.1	-0.8	1,298.3
Depreciation, amortisation and impairment losses	-124.5	-91.3	-0.7	-216.5
EBIT	67.2	54.3	-9.4	112.0
OPERATIONAL EBIT EXCL PPA[1]	131.8	65.8	-8.4	189.3
Share of results in associated companies		-0.4		-0.4
Financial income			9.5	9.5
Financial expenses			-22.0	-22.0
RESULT BEFORE TAXES				99.2
Income taxes				-22.2
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS				77.0
RESULT FOR THE PERIOD				77.0
Capital expenditure	40.4	8.9	3.6	52.9
Goodwill[2]	869.8	110.0	-167.7	812.1
Equity-accounted investees		4.0	0.0	4.1
Segment assets	1,757.4	423.4	-140.9	2,039.9
Other assets				63.7
TOTAL ASSETS				2,103.6
Segment liabilities	270.4	206.3	-73.9	402.8
Other liabilities				998.6
TOTAL LIABILITIES				1,401.5
Free cash flow from continuing operations[1]	80.8	49.1	-18.2	111.7
Free cash flow[1]				111.7
Average number of employees (full-time equivalents)	2,717	2 160	141	5,018

[1] Non-audited
[2] Other operations/elimination column includes adjustment of goodwill related to legal restructuring of Learning.

Operational EBIT excl PPA is adjusted by items affecting comparability.

SEGMENTS 2021

EUR million	Learning	Media Finland	Other operations/ eliminations	Total
External net sales	637.3	614.4		1,251.6
Internal net sales	0.0	0.9	-0.9	
NET SALES	637.3	615.3	-0.9	1,251.6
Depreciation, amortisation and impairment losses	-114.0	-89.0	-3.6	-206.6
EBIT	90.5	60.6	-8.8	142.4
OPERATIONAL EBIT EXCL PPA[1]	133.9	73.5	-10.2	197.2
Share of results in associated companies		0.4		0.4
Financial income			8.3	8.3
Financial expenses			-17.2	-17.2
RESULT BEFORE TAXES				133.8
Income taxes				-32.4
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS				101.4
Result for the period from discontinued operations				-0.2
RESULT FOR PERIOD				101.2
Capital expenditure	33.7	4.9	3.0	41.6
Goodwill [2]	813.7	107.3	-167.7	753.3
Equity-accounted investees		3.3	0.0	3.3
Segment assets	1,573.5	429.3	-149.7	1,853.2
Other assets				79.3
TOTAL ASSETS				1,932.5
Segment liabilities	213.6	225.8	-49.4	390.1
Other liabilities				821.5
TOTAL LIABILITIES				1,211.6
Free cash flow from continuing operations[1]	99.4	53.7	-12.9	140.2
Free cash flow from discontinued operations[1]				-0.5
Free cash flow[1]				139.7
Average number of employees (full-time equivalents)	2,599	2,072	214	4,885

[1] Non-audited
[2] Unallocated/elimination column includes adjustment of goodwill related to legal restructuring of Learning.

Operational EBIT excl PPA is adjusted by items affecting comparability.

The accounting policies for segment reporting do not differ from the accounting policies for the consolidated financial statements. The decisions concerning assessing the performance of operating segments and allocating resources to the segments are based on segments' EBIT and operational EBIT excl PPA. Sanoma's President and CEO acts as the chief operating decisionmaker.

Segment assets do not include cash and cash equivalents, interest-bearing receivables, tax receivables and deferred tax receivables. Segment liabilities do not include financial liabilities, tax liabilities and deferred tax liabilities. Capital expenditure includes investments in tangible and intangible assets. Transactions between segments are based on market prices.

INFORMATION ABOUT GEOGRAPHICAL AREAS 2022

EUR million	Finland	The Netherlands	Other EU countries	Other countries	Total
External net sales	676.7	223.4	380.7	17.5	1,298.3
Non-current assets	479.4	479.5	798.4	14.8	1,772.2

INFORMATION ABOUT GEOGRAPHICAL AREAS 2021

EUR million	Finland	The Netherlands	Other EU countries	Other countries	Total
External net sales	671.8	209.5	350.9	19.3	1,251.6
Non-current assets	496.9	506.4	639.2	10.2	1,652.7

External net sales and non-current assets are reported based on where the company is domiciled. Non-current assets do not include financial instruments, deferred tax receivables and assets related to defined benefit plans.

The Group's revenues from transactions with any single external customer do not amount to 10% or more of the Group's net sales.

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2.2 Net sales

Nature of goods and services

The following is a description of principal activities - separated by operating segments - from which the Group generates its revenue. Sanoma Group includes two operating segments, which are its strategic business units Sanoma Learning and Sanoma Media Finland. For more detailed information about operating segments, see Note 2.1.

Learning segment

Learning is the leading European learning company serving over 25 million students in 12 countries. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education, and we aim to grow our business. We develop our methodologies based on deep teacher and student insight and truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact.

Sales are primarily generated through the sale of educational books and granting access to online learning platforms. In most cases, customer contracts include a combination of books, CDs and access to platforms. In these cases educational books and the access to the online platform are considered distinct and therefore identified as separate performance obligations. The consideration is allocated between the separate performance obligations based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the identifiable products and services. For items that are not sold separately by the Group, the stand-alone selling prices are estimated using the adjusted market assessment approach.

Products and services	Nature of products and services, timing of satisfaction of performance obligations and significant payment terms
Educational books	**Educational books** include revenue from publishing books for primary, secondary and vocational education. Revenue is recognised when the books are delivered to the customer (point-in-time). Revenue from books with a right of return is presented after deducting the estimated returns. Books are usually billed upon delivery and paid before the end of the year.
Access to online learning platforms	**Access to online learning platforms** can either be sold separately or in combination with educational books. Revenue of access to online learning platforms is recognised over the period (over-time) the customer has access to the platform (usually during a school year). Access services are usually paid in advance in monthly, quarterly or annual instalments.
Access to online teacher solutions and school management systems	**Access to online teacher solutions and school management systems** includes revenue of access to online platforms and applications for which revenue is recognised over the period (over-time) that the customer has access to the platform.
Other	**Other sales** mainly include physical distribution of learning materials. For learning materials sold, the revenue is recognised when they are delivered to the customer. For rental learning books, revenue is recognised over the period (over-time) that the customer rents the book. Other sales also include consultancy services in testing and assessment activities. This is considered a separate performance obligation which is recognised in revenue over time when the service is delivered. Testing and assessment services are billed and paid on a monthly basis.

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Media Finland segment

Sanoma Media Finland is the leading cross-media company in Finland, reaching 97% of all Finns weekly. We provide information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. We have leading brands and services, 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.

Sanoma Media Finland principally generates consumer revenue from providing consumer magazines, newspapers, events, online services and SVOD (Subscription video on demand) and AOD (Audio on demand). Through combining media content and customer data, advertising revenue is generated by providing successful marketing solutions for our clients. The typical length of customer contracts is 12 months or less.

Print sales are generated primarily from circulation sales, both subscriptions and single copy sales. In addition, print sales include advertising sales. Non-print sales are generated from subscriptions for online news, SVOD and AOD as well as advertising sales generated through TV, VOD, radio, online and mobile channels. Also revenue generated from events (both consumer income and other B2B revenue) is included in non-print sales.

For each customer contract, the Group accounts for individual performance obligations separately if they are distinct. A product or service is considered distinct if it is separately identifiable from other promises in the contract and if a customer can benefit from it on its own. The consideration is allocated between separate performance obligations based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the identifiable products and services. For items that are not sold separately by the Group, the stand-alone selling prices are estimated using the adjusted market assessment approach.

Products and services	Nature of products and services, timing of satisfaction of performance obligations and significant payment terms
Advertising	**Print advertising** is generated through classical pages, classified ads (small advertisements categorised by topic) or plus propositions and inserts (flyers, cards, etc). Revenue recognition is at issue date (point-in-time) of the magazine/newspaper. Revenue is the net price; discounts are subtracted. Discounts can be agency discounts, generic discounts or volume discounts. Advertising services are usually billed and paid on a weekly or monthly basis. **TV and radio advertising** mainly relates to spot advertising for both free-to-air (FTA) channels and video-on-demand (VOD) generated from contracts with media agencies. Revenue is recognised when the commercial is broadcasted (point-in-time). Advertising services are usually billed and paid on a weekly or monthly basis. **Online and mobile advertising** is generated through display sales (e.g. banners and buttons) and non-display sales, which is primarily branded content. Both display and non-display sales are recognised over-time, during the running time of the advertising campaign. Performance based revenue is generated based on number of clicks and/or fee for leads generated through the Group's websites (affiliate sales). Performance based revenue is recognised at a point-in-time. Advertising services are usually billed and paid on a weekly or monthly basis.
Subscription	**Magazine and newspaper subscriptions** include subscriptions to magazine and newspaper content in print, digital and bundle format. The subscription terms vary from a few months up to more than 12 months. A part of the subscriptions are continuous, and end only when the customer ends them. Revenue is recognised based on publication dates over the contract term (over-time). Contracts are ended after the contract term and renewals are agreed at regular prices, therefore treated as new contracts. New subscriptions are offered at full price or at a discount. Revenue is presented net of the granted discount. When a new subscription is made, the customer may be offered a free premium article. The article is considered a separate performance obligation for which the stand-alone selling price is recognised when the control of the product is transferred to the customer (point-in-time). For subscription bundles (combination of print, online and/or event), the separate products are identified as separate performance obligations. Revenue is recognised based on the issue dates of respective products during the contract term (over-time). Print subscriptions are usually paid in advance in monthly, quarterly or annual instalments. **Video and audio subscriptions** include consumer subscriptions to video-on-demand and audio-on-demand. Revenue is recognised over the length of the subscription term (over-time). Video and audio subscriptions are usually paid in advance in monthly, quarterly or annual instalments.
Single copy	**Single copy sales** relate to magazines and newspapers sold in kiosks, supermarkets and other retail channels. Retailers have a right of return for unsold copies. Revenue is recognised at the moment the products are delivered to the retailer (point-in-time), taking into account a provision for estimated returns. Single copy are usually billed and paid on a weekly or monthly basis.
Other B2C sales	**Other B2C sales** consist of product sales, income from events (consumer part), newspaper consumer announcements and other consumer income. Revenue is recognised at a point-in-time. Other B2C sales are usually billed and paid on a monthly basis..
Other B2B sales	**Other B2B sales** include printing sales, income from events (B2B part), licensing, gift cards, service sales, commission sales and distribution sales. Based on the nature of the performance obligations other B2B sales are recognised both at a point-in-time and over-time. Other B2B are usually billed and paid on a monthly basis.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products/ services lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue by the Group's two operating segments. Information on operating segments is presented in Note 2.1.

DISAGGREGATION OF REVENUE 2022

EUR million	Learning	Media Finland	Operations/ eliminations	Total
Finland	59.7	618.1	-0.8	677.0
The Netherlands	223.4			223.4
Poland	109.0			109.0
Spain	129.7			129.7
Italy	30.8			30.8
Belgium	83.7			83.7
Other companies and eliminations	44.7			44.7
Primary geographical markets	**681.0**	**618.1**	**-0.8**	**1,298.3**
Learning solutions	553.1		0.0	553.1
Advertising		235.7	-0.6	235.1
Subscription		247.4	0.0	247.4
Single copy		39.3		39.3
Other	127.9	95.8	-0.2	223.5
Major product lines/services	**681.0**	**618.1**	**-0.8**	**1,298.3**
Recognition at a point-in-time	532.4	193.0	-0.8	724.6
Recognition over-time	148.6	425.1		573.7
Timing of revenue recognition	**681.0**	**618.1**	**-0.8**	**1,298.3**

DISAGGREGATION OF REVENUE 2021

EUR million	Learning	Media Finland	Operations/ eliminations	Total
Finland	57.5	615.3	-0.9	671.9
The Netherlands	210.9			210.9
Poland	127.6			127.6
Spain	119.0			119.0
Belgium	78.1			78.1
Other companies and eliminations	44.1			44.1
Primary geographical markets	**637.3**	**615.3**	**-0.9**	**1,251.6**
Learning solutions	515.0		0.0	515.0
Advertising		245.8	-0.7	245.1
Subscription		250.5	0.0	250.5
Single copy		41.1		41.1
Other	122.3	77.9	-0.2	200.0
Major product lines/services	**637.3**	**615.3**	**-0.9**	**1,251.6**
Recognition at a point-in-time	480.2	196.4	-0.9	675.7
Recognition over-time	157.0	418.9		575.9
Timing of revenue recognition	**637.3**	**615.3**	**-0.9**	**1,251.6**

The revenue per country is based on the location of the entity that generates the revenue.

Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers.

	2022		2021	
EUR million	**Contract assets**	**Contract liabilities**	**Contract assets**	**Contract liabilities**
1 Jan	**0.4**	**154.8**	0.4	151.6
Revenue recognised that was included in the contract liability at beginning of the period		-152.3		-148.1
Increases due to cash received, excluding amounts recognised as revenue during the period		139.4		151.2
Transfers from contract assets recognised at the beginning of the period to receivables	-0.4		-0.4	
Increase in contract assets due to fulfilled performance obligations not yet invoiced	0.6		0.4	
31 Dec	**0.6**	**141.9**	0.4	154.8

The contract assets primarily relate to performance obligations that have been fulfilled, but for which invoicing has not yet taken place. The contract assets are transferred to receivables upon invoicing and therefore becoming unconditional. The contract liabilities primarily relate to advance considerations received from customers and for which revenue is recognised at the moment of fulfilling the performance obligation. Contract assets and liabilities relate to customer contracts that are generally settled within 12 months after inception of the contract, with the exception of customer contracts for digital products in Sanoma Learning, which are settled between 6 months to maximum 8 years after inception of the contract.

Information on trade receivables is further disclosed in Notes 4.2 and 4.3 Trade and other receivables and Note 5.2 Financial risk management.

Transaction price allocated to remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

UNSATISFIED PERFORMANCE OBLIGATIONS

EUR million	**2023**	**> 2023**	**Total**
Learning	77.2	2.5	79.7
Media Finland	62.1		62.1
Total	**139.3**	**2.5**	**141.9**

DISTRIBUTION OF NET SALES BETWEEN GOODS AND SERVICES, CONTINUING OPERATIONS

EUR million	**2022**	**2021**
Sale of goods	767.2	736.3
Rendering of services	530.7	513.9
Total	**1,298.3**	1,251.6

The sale of goods includes sales of magazines, newspapers and books as well as sale of other physical items.

Rendering of services consists of advertising sales in magazines, newspapers, TV, radio and online as well as sales of online marketplaces. In addition, sales of services include income from renting learning books as well as user fees for e-learning solutions and databases.

2.3 Other operating income

OTHER OPERATING INCOME, CONTINUING OPERATIONS

EUR million	**2022**	**2021**
Technology service fees		1.8
Gains on sale of property, plant and equipment	1.3	0.8
Gains on sale of Group companies and operations	0.9	
Gains on sale of investment property		3.7
Rental income from investment property	0.1	0.1
Other rental income	5.1	4.9
Government grants	0.1	0.1
Other	13.6	12.3
Total	**21.0**	23.7

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Group's other rental income is mostly related to sub-leases.

Other operating income includes EUR 4.0 million (2021: 4.5) reprography fee income and EUR 2.8 million (2021: 1.8) income related to alternative payment methods.

More information on investment property can be found in Note 4.6.

2.4 Employee benefit expenses

EMPLOYEE BENEFIT EXPENSES, CONTINUING OPERATIONS

EUR million	2022	2021
Wages, salaries and fees	-286.0	-284.5
Equity-settled share-based payments	-3.9	-4.5
Pension costs, defined contribution plans	-36.6	-34.5
Pension costs, defined benefit plans	-2.2	-2.3
Other social expenses	-27.5	-25.1
Total	**-356.2**	-350.9

Wages, salaries and other compensations for key management are presented in Note 6.3 and share-based payments are described in Note 6.2. Post employment benefits are described in Note 4.9.

2.5 Materials and services and other operating expenses

MATERIALS AND SERVICES, CONTINUING OPERATIONS

EUR million	2022	2021
Paper costs	-42.7	-28.9
Raw materials and supplies	-101.4	-102.1
Purchased transport and distribution service	-98.5	-96.9
Purchased printing	-58.5	-38.9
Sales and commission costs	-17.3	-19.6
Editorial subcontracting	-12.6	-10.6
Royalties	-43.3	-41.9
Other purchased services	-53.2	-49.5
Other	-30.5	-28.8
Total	**-458.0**	-417.2

OTHER OPERATING EXPENSES, CONTINUING OPERATIONS

EUR million	2022	2021
Operating costs of premises	-10.6	-10.0
Rents	-3.8	-4.7
Advertising and marketing	-40.6	-37.5
Office and ICT expenses	-85.7	-83.3
Professional fees	-33.5	-24.0
Travel expenses	-6.0	-3.3
Other	3.0	4.1
Total	**-177.2**	-158.8

The Group had no material research and development expenditure during the financial year or during the comparative year. In 2021 Other operating expenses include cost adjustments related to the capitalisation in PPE and intangible assets.

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Other operating expenses include the following expenses related to lease contracts.

EUR million	2022	2021
Expense relating to short-term leases	-2.1	-2.9
Expense relating to leases of low-value assets	-0.1	-0.1
Expense relating to variable lease payments not included in lease liabilities	-1.0	-1.2

AUDIT FEES

EUR million	2022	2021
Statutory audit	-1.4	-1.1
Audit related services	0.0	0.0
Tax services	0.0	0.0
Other non-audit services	-0.1	-0.1
Total	**-1.5**	-1.3

In 2022, PricewaterhouseCoopers Oy, a firm of Authorised Public Accountants, acted as Sanoma's auditor.

PricewaterhouseCoopers Oy has provided non-audit services to entities of Sanoma Group in total EUR 0.1 million (2021: 0.1) during the financial year 2022. The services for the year 2022 included auditors' statements, tax services and other services.

2.6 Depreciation, amortisation and impairment losses

DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES, CONTINUING OPERATIONS

EUR million	2022	2021
Amortisation of intangible assets		
Purchase price allocation amortisation	-39.3	-39.0
Other amortisation of intangible assets		
Prepublication rights of learning materials	-31.6	-25.5
Film and TV broadcasting rights	-54.2	-54.0
Other intangible assets	-26.2	-25.6
Total	-151.4	-144.1
Depreciation of property, plant and equipment		
Rental books	-11.5	-16.0
Other depreciation	-8.6	-8.7
Total	-20.2	-24.7
Depreciation of right of use assets		
Buildings	-26.6	-24.6
Machinery and vehicles	-6.0	-6.1
Total	-32.6	-30.7
Impairment losses	-12.4	-7.1
Total	**-216.5**	-206.6

2.7 Financial items

FINANCIAL ITEMS, CONTINUING OPERATIONS

EUR million	2022	2021
Dividend income	0.1	0.1
Interest income from financial assets measured at amortised cost	0.9	0.1
Gains on sale of other investments		0.5
Forward currency exchange contracts, change in fair value		0.3
Exchange rate gains	4.0	2.7
Other financial income	4.5	4.5
Financial income total	**9.5**	8.3
Interest expenses from financial liabilities measured at amortised cost	-10.2	-6.5
Interest expenses on leases	-4.7	-5.2
Impairment losses on other investments		-0.1
Exchange rate losses	-4.2	-3.5
Other financial expenses	-2.7	-1.9
Financial expenses total	**-22.0**	-17.2
Total	**-12.5**	-8.9

In 2022 other financial income includes a EUR 3 million (2021: 4) change in fair value of a liability related to an earlier acquisition in Learning.

2.8 Income taxes and deferred taxes

INCOME TAXES, CONTINUING OPERATIONS

EUR million	2022	2021
Income taxes on operational income	-33.9	-36.6
Income taxes from previous periods	0.1	-3.3
Withholding tax on dividends	-0.1	-0.3
Change in deferred tax	11.7	7.7
Tax expense in the income statement	**-22.2**	-32.4

INCOME TAX RECONCILIATION AGAINST LOCAL TAX RATES, CONTINUING OPERATIONS

EUR million	2022	2021
Result before taxes	99.2	133.8
Tax calculated at (Finnish) statutory rate 20%	-19.8	-26.8
Effect of different tax rates in the operating countries	-1.1	-1.6
Non-taxable income[1]	0.9	1.9
Non-deductible expenses	-2.1	-1.5
Withholding tax on dividends	-0.1	-0.3
Tax relating to previous accounting periods	0.1	-3.3
Change in deferred tax due to change in tax rate		-1.9
Effect of joint ventures and associated companies	0.0	0.2
Other items	0.0	0.8
Income taxes in the income statement	**-22.2**	-32.4
Effective tax rate	**22.4**	24.2

DEFERRED TAX RECEIVABLES AND LIABILITIES 2022

EUR million	At 1 Jan	Recorded in the income statement[1]	Operations acquired/ sold	Recorded in other comprehensive income	Translation differences and reclassifications	At 31 Dec
Deferred tax receivables						
Tax losses carried forward and unused credits	9.2	1.6	0.0		-0.6	10.2
PPE and intangible assets	2.9	0.5	15.3		-0.5	18.2
Inventories	0.1	-0.1			0.1	0.1
Trade and other receivables	0.2	-0.1				0.1
Provisions	4.1	-0.6			-0.1	3.4
Pension obligations, defined benefit plans	1.4	0.0		-0.4	0.0	1.0
Other items	1.7	-1.1			0.3	0.9
Total	19.5	0.3	15.3	-0.4	-0.8	34.0
Offsetting of deferred tax assets and liabilities	-10.1					-23.3
Total	**9.4**					**10.7**
Deferred tax liabilities						
PPE and intangible assets	132.0	-12.8	18.7		1.3	139.2
Inventories	0.0	0.0			0.0	0.0
Pension assets, defined benefit plans	5.5	-0.6		-1.7	0.0	3.1
Other items	0.0	2.1	1.9		-1.7	2.2
Total	137.6	-11.4	20.6	-1.7	-0.4	144.6
Offsetting of deferred tax assets and liabilities	-10.1					-23.3
Total	**127.4**					**121.4**

DEFERRED TAX RECEIVABLES AND LIABILITIES 2021

EUR million	At 1 Jan	Recorded in the income statement	Operations acquired/ sold	Recorded in other comprehensive income	Translation differences and reclassifications	At 31 Dec
Deferred tax receivables						
Tax losses carried forward and unused credits	7.7	1.1			0.3	9.2
PPE and intangible assets	2.8	0.3			-0.2	2.9
Inventories	0.3	0.1			-0.3	0.1
Trade and other receivables	0.2	0.1	-0.1		0.0	0.2
Provisions	3.9	-0.2			0.4	4.1
Pension obligations, defined benefit plans	1.8	0.0		-0.3	0.0	1.4
Other items	3.5	-2.1	0.4		-0.1	1.7
Total	20.2	-0.8	0.3	-0.3	0.1	19.5
Offsetting of deferred tax assets and liabilities	-2.0					-10.1
Total	18.2					**9.4**
Deferred tax liabilities						
PPE and intangible assets	139.7	-7.6			-0.1	132.0
Inventories	0.0	0.0			0.0	0.0
Pension assets, defined benefit plans	2.8	-0.6		3.4	0.0	5.5
Other items	0.4	-0.5			0.1	0.0
Total	142.9	-8.7		3.4	0.0	137.6
Offsetting of deferred tax assets and liabilities	-2.0					-10.1
Total	140.9					**127.4**

[1] Includes the change from continuing operations EUR 7.7 million and from discontinued operations EUR 0.2 million, total EUR 7.9 million.

TAX LOSSES

	Tax losses carried forward		Recognised deferred tax asset		Unrecognised deferred tax asset	
EUR million	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Expiry within five years	1.0	5.5	0.2	0.1	0.0	1.0
Expiry after five years	4.4	6.7	0.6	1.1	0.3	0.2
No expiry	55.7	39.0	9.3	7.9	4.2	0.9
Total	**61.0**	51.2	**10.2**	9.1	**4.5**	2.1

Includes continuing and discontinued operations.

The recognition of the deferred tax assets is supported by an offsetting deferred tax liabilities and where applicable by the group's estimations of future taxable profits based on the approved business plans and budgets of the subsidiary. The group continually evaluates the assesments in respect of the utilisation of the deferred tax assets.

Due to unlikely use of tax benefits in the coming years, deferred tax receivables of EUR 4.5 million (2021: 2.1) have not been recorded in the consolidated balance sheet based on management's judgement. These unrecognised receivables relate mainly to tax losses carried forward of subsidiaries.

2.9 Earnings per share

Undiluted earnings per share is calculated by dividing result for the period attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding.

EARNINGS PER SHARE

	2022	2021
Result attributable to the equity holders of the Parent Company, EUR million, continuing operations	76.2	100.5
Result attributable to the equity holders of the Parent Company, EUR million, discontinued operations		-0.2
Result attributable to the equity holders of the Parent Company, EUR million	76.2	100.2
Weighted average number of shares on the market, thousands	163,131	163,165
Earnings per share, EUR, continuing operations	0.47	0.62
Earnings per share, EUR, discontinued operations		0.00
Earnings per share, EUR	**0.47**	0.61

Diluted earnings per share is calculated by adjusting the weighted average number of shares so that share plans are taken into account.

DILUTED EARNINGS PER SHARE

	2022	2021
Profit used to determine diluted earnings per share, EUR million, continuing operations	76.2	100.5
Profit used to determine diluted earnings per share, EUR million, discontinued operations		-0.2
Profit used to determine diluted earnings per share, EUR million	76.2	100.2
Weighted average number of shares on the market, thousands	163,131	163,165
Effect of share plans, thousands	362	396
Diluted average number of shares, thousands	163,492	163,561
Diluted earnings per share, EUR, continuing operations	0.47	0.61
Diluted earnings per share, EUR, discontinued operations		0.00
Diluted earnings per share, EUR	**0.47**	0.61

Information on share plans is presented in Note 6.2. For more information on shares and shareholders, see Report of the Board of Directors, chapter Shares and shareholders.

3. Acquisitions and capital expenditure

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In 2022, Sanoma acquired Pearson's local K12 learning content business in Italy and its small exam preparation business in Germany.

M&A strategy

- In short-term, we focus on in-market acquisitions in K12 learning business
- In long-term, we continue to be open to all value creating M&A opportunities

CAPEX

Sanoma's capital expenditure (cash based) mainly consisted of growth investments in digital platforms and ICT in Learning as well as maintenance investments. In 2022, CAPEX amounted to 53 m€.

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3.1 Acquisitions and divestments

Acquisitions in 2022

In 2022, Sanoma invested EUR 217 million in business acquisitions.

On 31 August Sanoma acquired Pearson's local K12 learning content business in Italy and its small exam preparation business in Germany. The acquisition was announced on 7 June 2022. The acquired business is reported as part of Sanoma Learning SBU as of 31 August 2022.

Pearson Italy is one of the leading providers of learning materials for secondary education in the country and it has a leading position in certain subjects, including philosophy and literature. Under its strong local brands, Pearson Italy offers schools, teachers and students recognised and reputable high-quality learning materials. The acquisition also includes Pearson's small exam preparation business in Germany, which will continue to operate under the Stark brand. The acquired businesses have 251 employees, of which 161 in Italy and 90 in Germany. They became employees of Sanoma Learning as from closing.

The net sales of the acquired business included in the Group's consolidated income statement since acquisition from 31 August were approx. EUR 37 million and result for the period was approx. EUR 2 million.

Sanoma estimates that the acquisition will create synergies of EUR 2–3 million (annual run-rate). The synergies are expected to be realised in full in 18–24 months after closing and mainly relate to support functions and procurement.

The agreed cash and debt free enterprise value of the acquired business including purchase price adjustments of EUR 22.5 million amounted to EUR 212.1 million and was paid in cash at closing. The enterprise value represents an EV / adjusted EBITDA 2021 multiple of 6.4x. By adding the estimated costs for separation and integration as well as the additional investments in digital development, the multiple increases to approx. 7.2x. Sanoma has financed the acquisition with a EUR 250 million 4-year term loan facility with Nordea Bank Abp, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ). The remaining part of the term loan was used for an early repayment of an EUR 50 million term loan due in February 2023.

Sanoma estimates that the acquisition will create separation, integration and rebranding costs, to be booked as items affecting comparability (IACs), of approx. EUR 14 million during 18–24 months after closing. Sanoma has booked EUR 7 million of transaction costs as IACs in Sanoma Learning's 2022 result.

Acquisition accounting for the acquired business is disclosed in 2022 financial statements as provisional, which means that the value of the purchase price and identifiable net assets may still change. The initial purchase price of EUR 212.1 million has been allocated to identified net assets which include trademarks, customer relationships, ELT (English language teaching) distribution agreement and inventory with the remaining residual accounted for as goodwill. The goodwill is attributable mainly to assembled workforce and profit expectations of future product development, customer relationships and expansion of digital product offering.

On 28 January 2022 Sanoma Media Finland acquired radio frequencies from Huittisten Sanomalehti Oy and began broadcasting Hitmix channel in Satakunta.

On 16 March 2022 Sanoma Learning acquired Gelukskoffer Scholen B.V. in the Netherlands. The company is engaged in developing and publishing learning materials aimed at social emotional well-being of children.

On 18 March 2022 Sanoma Media Finland acquired Videolle Production Oy. Videolle is a digital video marketing office, established in 2014. The acquisition strengthens the range of services offered by Sanoma to its B2B customers. Videolle Production Oy's 24 employees joined Sanoma.

Net sales of Sanoma Group would have totaled approx. EUR 1,378 million and result before taxes for the period approx. EUR 126 million, if acquisitions had taken place at the beginning of the year 2022.

IMPACT OF BUSINESS ACQUISITIONS ON GROUP'S ASSETS AND LIABILITIES

EUR million	Italy and Germany	Other	2022	2021
Property, plant and equipment	2.0	0.0	2.0	
Right-of-use assets	6.7	0.3	7.0	0.1
Intangible assets	86.5	3.1	89.6	0.9
Other non-current assets	15.5	0.0	15.5	0.3
Inventories	34.8	0.0	34.8	
Other current assets	85.0	0.5	85.4	0.6
Assets, total	230.5	3.9	234.4	2.0
Non-current liabilities	-29.6	-1.0	-30.6	-0.2
Current liabilities	-44.3	-0.7	-44.9	-1.3
Liabilities, total	-73.9	-1.7	-75.5	-1.5
Fair value of acquired net assets	156.6	2.3	158.9	0.4
Acquisition cost	212.1	5.0	217.0	0.6
Fair value of previously held interest				0.6
Fair value of acquired net assets	-156.6	-2.3	-158.9	-0.4
Goodwill from the acquisitions	55.5	2.7	58.2	0.8

ACQUISITIONS OF NON-CONTROLLING INTERESTS

EUR million	2022	2021
Acquisition cost		10.8
Book value of the acquired interest		-0.3
Impact on consolidated equity		-11.1

CASH PAID TO OBTAIN CONTROL, NET OF CASH ACQUIRED

EUR million	Italy and Germany	Other	2022	2021
Acquisition cost	212.1	5.0	217.0	0.6
Cash and cash equivalents of acquired operations	-9.9	-0.3	-10.2	-0.2
Decrease (+) / increase (-) in acquisition liabilities		-2.0	-2.0	5.3
Cash paid to obtain control, net of cash acquired	202.2	2.7	204.9	5.7
Acquisition cost				10.8
Decrease (+) / increase (-) in acquisition liabilities		1.0	1.0	4.4
Cash paid on acquisitions of non-controlling interests		**1.0**	**1.0**	**15.2**

Acquisitions in 2021

In 2021, Sanoma invested EUR 11.4 million in business acquisitions, which were mainly acquisitions of non-controlling interests. The effect of the acquisitions since the acquisition date on the Group's net sales and operating profit was minor.

On 1 June 2021 Sanoma Media Finland increased its ownership in the festival and events company Nelonen Media Live Ltd. from 60% to 100%. The seller is the founder of N.C.D. Production Ltd. of which Sanoma acquired a majority stake in 2018.

On 1 October 2021 Sanoma Media Finland increased its ownership in Gags Media Oy from 50% to 100%.

On 13 December 2021 Sanoma acquired the rest of the shares of Iddink and increased its ownership to 100%.

Divestments 2022

On 3 January 2022 Sanoma Media Finland sold its newspaper printing facility Savon Paino to media company Keskisuomalainen. 36 employees of Savon Paino were transferred to Keskisuomalainen with the divestment.

On 4 October Sanoma sold Eduarte, a Dutch student administration system provider for vocational education to Topicus, a pan-European provider of vertical market software and platforms. Net sales of the divested business were EUR 9 million in 2021 and the company employed 45 people who transferred to the buyer with the divestment.

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IMPACT OF DIVESTMENTS ON GROUP'S ASSETS AND LIABILITIES

EUR million	2022	2021
Property, plant and equipment	1.1	
Other intangible assets	11.1	
Inventories	0.3	
Trade and other receivables	0.4	
Cash and cash equivalents	1.7	
Assets, total	**14.6**	
Deferred tax liabilities	-3.0	
Trade and other payables	-2.1	
Liabilities, total	**-5.1**	
Net assets	9.5	
Sales price	11.5	
Transaction fees paid	-1.1	
Net result from sale of operations	**0.9**	

CASH FLOW FROM SALE OF OPERATIONS

EUR million	2022	2021
Sales price	11.5	
Cash and cash equivalents of divested operations	-1.7	
Decrease (+) / increase (-) in receivables from divestment	-2.1	
Cash flow from sale of operations	**7.7**	

Divestments 2021

Sanoma had no divestments in 2021.

3.2 Assets held for sale and discontinued operations

There are no discontinued operations in the Group in 2022. In 2021, discontinued operations included certain Learning operations that were under strategic review.

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.

INCOME STATEMENT OF DISCONTINUED OPERATIONS

EUR million	2022	2021
NET SALES		0.3
Materials and services		0.0
Employee benefit expenses		-1.2
Other operating expenses		-0.2
EBIT		-1.1
Financial expenses		0.0
RESULT BEFORE TAXES		-1.1
Income taxes		0.9
RESULT FOR THE PERIOD FROM DISCONTINUED OPERATIONS		-0.2

CASH FLOWS RELATED TO DISCONTINUED OPERATIONS

EUR million	2022	2021
Cash flow from operations		-0.4
Cash flow from investments		-0.1
Cash flow from financing		0.5

3.3 Intangible assets

INTANGIBLE ASSETS 2022

EUR million	Goodwill	Immaterial rights	Prepublication rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	810.9	486.9	464.2	643.1	25.2	2,430.3
Increases		56.4	49.4	28.1	12.9	146.8
Acquisitions of operations	58.2	38.2	19.9	31.3	0.2	147.8
Decreases		-39.8	-20.4	-37.4	0.0	-97.6
Disposal of operations		0.0		-16.6		-16.6
Reclassifications		0.7	-1.5	7.5	-4.6	2.1
Exchange rate differences	0.6	-0.4	-3.2	-1.0	-0.2	-4.1
Acquisition cost at 31 Dec	869.7	542.0	508.5	655.0	33.4	2,608.6
Accumulated amortisation and impairment losses at 1 Jan	-57.7	-324.1	-369.2	-253.3		-1,004.2
Decreases, disposals and acquisitions		39.8	20.4	42.9		103.0
Amortisation for the period		-68.1	-31.6	-51.7		-151.4
Impairment losses for the period		-1.0	-0.2	-7.1		-8.2
Reclassifications			-2.6	2.5		0.0
Exchange rate differences		0.3	2.4	0.5		3.3
Accumulated amortisation and impairment losses at 31 Dec	-57.7	-353.1	-380.6	-266.1		-1,057.5
Carrying amount at 31 Dec	**812.1**	**188.9**	**127.9**	**388.9**	**33.4**	**1,551.1**

INTANGIBLE ASSETS 2021

EUR million	Goodwill	Immaterial rights	Prepublication rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	809.7	474.7	423.5	639.7	23.0	2,370.5
Increases		60.3	41.6	25.9	6.9	134.7
Acquisitions of operations	0.8			0.9		1.7
Decreases		-50.7		-23.4		-74.1
Reclassifications		2.8	0.0	-0.2	-4.7	-2.0
Exchange rate differences	0.4	-0.1	-0.9	0.2	0.0	-0.5
Acquisition cost at 31 Dec	810.9	486.9	464.2	643.1	25.2	2,430.3
Accumulated amortisation and impairment losses at 1 Jan	-57.1	-302.7	-343.9	-228.4		-932.2
Decreases, disposals and acquisitions		50.7		23.4		74.1
Amortisation for the period		-66.9	-25.5	-51.8		-144.1
Impairment losses for the period	-0.6	-1.9	-0.5	-1.9		-4.9
Reclassifications		-3.3		5.3		2.0
Exchange rate differences		0.1	0.7	0.0		0.9
Accumulated amortisation and impairment losses at 31 Dec	-57.7	-324.1	-369.2	-253.3		-1,004.2
Carrying amount at 31 Dec	**753.3**	**162.8**	**95.0**	**389.8**	**25.2**	**1,426.1**

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Immaterial rights include purchase price allocations total 166.7 million (2021: 139.6) e.g. allocations to trade marks. The prepublication rights of learning materials and solutions are internally generated intangible assets. Other intangible assets include mainly assets identified in acquisition accounting total 313.5 million (2021: 314.6), eg. purchase price allocated to customer relationships.

Excluding goodwill the Group has no intangible assets with indefinite useful lives at the end of the financial year.

Impairment losses recognised from immaterial rights and other intangibles assets

Intangible assets with definite useful lives are amortised using the straight-line method, except for the immaterial rights where the diminishing method is used for broadcasting rights and the straight-line method for other immaterial rights. At each reporting date it is assessed whether there is any indication that these intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated by determining the present value of future cash flows of the asset.

Impairment losses totalling EUR 8.2 million (2021: 4.3) were recognised from intangible assets with definite useful lives, of which EUR 7.2 million related to Sanoma Learning strategic business unit (SBU) (2021: 2.4), EUR 1.0 million related to the Sanoma Media Finland SBU (2021: 1.9) and EUR 0.0 million to impairment of corporate intangible assets (2021: 2.0).

In Sanoma Media Finland SBU, the impairment related to TV program rights. The impairments in the Sanoma Learning SBU mainly related to outdated learning solutions and ICT systems. The impairment of corporate intangible assets related to ICT legacy systems.

Allocation of goodwill and intangible assets with indefinite useful life

For the purpose of impairment testing, goodwill has been allocated to two CGUs which are operating segments/SBUs. The allocation of goodwill is as presented in the table below.

CARRYING AMOUNTS OF GOODWILL IN THE CGUS

EUR million	2022	2021
Sanoma Learning	702.1	646.0
Sanoma Media Finland	110.0	107.3
CGUs, total	**812.1**	753.3

Impairment losses recognised from goodwill

There were no impairment losses recognised from goodwill in the financial year related to continuing operations (2021: 0.6).

Methodology and assumptions used in impairment testing

Impairment testing of assets is principally carried out on a cash flow basis whereby the Value in Use is used as the recoverable amount. The recoverable amount is determined based on the present value of future cash flows of the Group's CGUs, using a post-tax WACC. Deferred and current income tax assets and liabilities (including deferred tax liabilities related to previous purchase price allocations) have been included in the carrying amount.

Calculations of the recoverable amount are based on a five-year forecast period. Cash flow estimates are based on management approved strategic plans at the time of testing, including assumptions on the development of the business environment. Actual cash flows may differ from estimated cash flows if the key assumptions do not realise as estimated.

The key assumptions in the calculations include profitability level, discount rate, long-term growth rate, as well as market positions. Assumptions are based on medium-term strategic plans and forecasts made annually in each business unit and approved by the Sanoma Executive Management Team and the Board in a separate process. Market position and profitability level assumptions are based on past experience, the assessment of the SBU and Group management of the development of the competitive environment and competitive position of each CGU, as well as the impact of Sanoma's transformation strategy and cost savings initiatives.

The terminal growth rate used in the calculations is based on management's assessment of long-term growth. The growth rate is estimated by taking into account growth projections by market that are available from external sources of information, as well as the characteristics of each CGU. The terminal growth rates used for the CGUs in the reporting and comparable period were as follows:

THE AVERAGE TERMINAL GROWTH RATE USED IN CALCULATION OF THE RECOVERABLE AMOUNT

%	2022	2021
Sanoma Learning	3.0	1.4
Sanoma Media Finland	-1.1	-1.2

Following the Finnish market changes in combination with the changes in the Sanoma Media Finland CGU portfolio (the transformation of traditional media to digital), the terminal growth rate is expected to be at the same level than last year. The terminal growth rate for the Sanoma Learning CGU is higher than last year based on review and projections of the various curriculum cycles across its Footprint markets and due to inflation development. Management has also estimated the expected effects of new reforms and potential industry developments.

THE AVERAGE DISCOUNT RATE USED IN CALCULATION OF THE RECOVERABLE AMOUNT

%	2022 Post-tax	2021 Post-tax
Sanoma Learning	9.6	5.8
Sanoma Media Finland	8.8	5.6

The CGU-specific discount rates represent the blended average cost of capital of each CGU. On an annual basis Sanoma re-assesses the WACC calculation based on updated market parameters and updates the WACC accordingly. In impairment test calculations, capital expenditure is assumed to comprise normal replacement investments, and foreign exchange rates are based on euro rates at the time of testing.

The recoverable amounts of Sanoma Learning and Sanoma Media Finland clearly exceed their carrying amounts. Any reasonably expected changes in key assumptions would not result in impairment.

3.4 Property, plant and equipment and right-of-use assets

PROPERTY, PLANT AND EQUIPMENT 2022

EUR million	Land and water	Buildings and structures	Machinery and equipment	Rental books	Other tangible assets	Advance payments	Total
Acquisition cost at 1 Jan	0.6	19.0	191.8	62.2	22.9	0.5	296.8
Increases			5.0	7.5	5.3	0.4	18.3
Acquisition of operations			0.2		1.9		2.0
Decreases		-0.2	-5.8	-4.6	-3.7		-14.2
Disposal of operations	-0.2	-10.6	-43.3		0.0	0.0	-54.1
Reclassifications		0.0	-0.3		0.8	-0.6	-0.1
Exchange rate differences	0.0	0.0	-0.2		0.0	0.0	-0.2
Acquisition cost at 31 Dec	0.4	8.2	147.5	65.2	27.1	0.2	248.5
Accumulated depreciation and impairment losses at 1 Jan	-0.1	-12.7	-178.0	-33.2	-15.6		-239.7
Decreases, disposals and acquisitions		10.1	48.4	2.6	3.4		64.5
Depreciation for the period		0.0	-6.9	-11.5	-1.7		-20.2
Impairment losses for the period			0.0	-4.2			-4.2
Reclassifications			0.7		-0.6		0.1
Exchange rate differences	0.0	0.0	0.1		0.0		0.2
Accumulated depreciation and impairment losses at 31 Dec	-0.1	-2.6	-135.7	-46.3	-14.6		-199.3
Carrying amount at 31 Dec 2022	**0.2**	**5.6**	**11.8**	**18.8**	**12.5**	**0.2**	**49.2**

PROPERTY, PLANT AND EQUIPMENT 2021

EUR million	Land and water	Buildings and structures	Machinery and equipment	Rental books	Other tangible assets	Advance payments	Total
Acquisition cost at 1 Jan	0.6	19.7	207.9	59.8	22.5	0.8	311.3
Increases		0.0	3.0	6.3	2.0	0.7	12.0
Decreases		-0.7	-19.2	-4.0	-1.6		-25.5
Reclassifications		0.0	0.0		0.1	-1.0	-0.9
Exchange rate differences	0.0	0.0	-0.1		0.0	0.0	-0.1
Acquisition cost at 31 Dec	0.6	19.0	191.8	62.2	22.9	0.5	296.8
Accumulated depreciation and impairment losses at 1 Jan	-0.1	-12.2	-190.7	-19.6	-14.7		-237.3
Decreases, disposals and acquisitions		0.5	19.0	2.5	1.6		23.6
Depreciation for the period		-0.2	-6.9	-16.0	-1.6		-24.7
Impairment losses for the period		-0.8	0.0	-0.2	-1.2		-2.2
Reclassifications		0.0	0.6		0.2		0.8
Exchange rate differences	0.0	0.0	0.1	0.0	0.0		0.1
Accumulated depreciation and impairment losses at 31 Dec	-0.1	-12.7	-178.0	-33.2	-15.6		-239.7
Carrying amount at 31 Dec 2021	**0.4**	**6.3**	**13.7**	**28.9**	**7.3**	**0.5**	**57.1**

Right-of-use assets

DEPRECIATION OF RIGHT-OF-USE ASSETS, CONTINUING OPERATIONS

EUR million	2022	2021
Depreciation for the period		
Buildings	-26.6	-24.6
Machinery	-2.9	-2.9
Vehicles	-3.1	-3.2
Total	**-32.6**	**-30.7**

CARRYING AMOUNT OF RIGHT-OF-USE ASSETS

EUR million	31 Dec 2022	31 Dec 2021
Carrying amount		
Buildings	130.8	129.2
Machinery	18.9	21.3
Vehicles	6.8	4.8
Total	**156.5**	**155.2**

Additions to the right-of-use assets in continuing operations during the 2022 financial year were EUR 30.6 million (2021: 4.0).

Carrying amount of right-of-use assets has increased by 7.0 million due to acquisitions.

The group's leasing activities

The Group leases buildings for its office space. Rental contracts are typically made for fixed periods of 5 to 15 years. Some leases include an option to extend the lease for an additional period after the end of the contract term or terminate the contract during the lease term. The Group assesses at the lease commencement whether it is reasonably certain to exercise the extension option or termination option. During the lease term the Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control. The most significant lease contracts are related to properties of Sanomala and Sanoma House.

Group leases also cars which have lease terms of three to five years. Machinery includes printing press and some IT equipment. Most leased IT equipment and machinery are leases of low value items and Group has elected not to recognise right-of-use assets and lease liabilities for these leases. Also short-term leases are reported as expense in income statement.

Lease liabilities are presented in Note 5.1.

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4.1 Inventories

EUR million	2022	2021
Materials and supplies	18.0	7.3
Work in progress	0.7	3.0
Finished products/goods	50.8	24.1
Other	1.7	1.3
Total	**71.2**	35.7

EUR 1.4 million (2021: 1.2) was recognised as impairment in the financial year. The carrying amount of inventories was written down to reflect their net realisable value.

4.2 Other receivables, non-current

EUR million	2022	2021
Financial assets at amortised cost		
Loan receivables	1.5	0.8
Other receivables	1.2	1.1
Accrued income		2.0
Advance payments	2.4	
Net defined benefit pension assets [1]	15.7	27.6
Total	**20.8**	31.5

[1] Net defined benefit pension assets, see Note 4.9

The fair values of receivables do not significantly differ from the carrying amounts of receivables.

The interests on loan receivables are based on the market interest rates and on predetermined repayment plans.

4.3 Trade and other receivables, current

EUR million	2022	2021
Financial assets at amortised cost		
Trade receivables [1]	101.7	79.1
Other receivables	8.3	7.5
Financial assets at fair value		
Derivatives [2]	0.0	0.2
Accrued income	20.2	15.2
Advance payments	4.7	2.9
Other receivables	44.2	30.6
Total	**179.1**	135.7

[1] Trade receivables, see Note 5.2
[2] Derivatives, see Note 5.2

The Group has recognised a total of EUR 2.1 million (2021: 1.2) in credit losses and change in impairment allowances on trade receivables. Information on how impairment allowance for trade receivables has been defined and impact of the corona virus pandemic as well as Ukraine war on the expected credit losses are included in Note 5.2.

The fair values of receivables do not significantly differ from the carrying amounts of receivables.

Accrued income

The most significant items under accrued income relate to normal business activities and include e.g. accruals for delivered newspapers and magazines.

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4.4 Provisions

CHANGES IN PROVISIONS

EUR million	Restructuring provisions	Other provisions	Total
At 1 Jan 2022	1.3	0.3	1.6
Exchange rate differences	0.0	0.0	0.0
Acquisition of operations		0.9	0.9
Increases	0.5	0.1	0.6
Amounts used	-0.3	-0.2	-0.5
Unused amounts reversed	-0.6	-0.2	-0.8
At 31 Dec 2022	**0.9**	**0.9**	**1.9**

CARRYING AMOUNTS OF PROVISIONS

EUR million	2022	2021
Non-current	0.1	0.5
Current	1.7	1.1
Total	**1.9**	1.6

Provisions are based on best estimates on the balance sheet date. Other provisions include provisions related to contracts with customers and other smaller provisions. Individual provisions are not material at the Group level.

4.5 Trade and other payables

EUR million	2022	2021
Non-current		
Accrued expenses	1.1	1.5
Other financial liabilities at amortised cost	1.7	2.6
Total	**2.8**	4.1
Current		
Trade payables	77.2	62.4
Other liabilities	32.1	27.6
Derivatives [1]	0.1	0.0
Accrued expenses	142.7	133.3
Advances received	0.1	0.4
Total	**252.2**	223.7
Total	**255.0**	227.8

[1] Derivatives, see Note 5.2

Accrued expenses

Accrued expenses mainly consisted of accrued personnel expenses, royalty liabilities and accruals related to common business activities.

4.6 Investment property

INVESTMENT PROPERTY 2022

EUR million	Land and water	Buildings and structures	Total
Acquisition cost at 1 Jan	5.0	0.2	5.2
Acquisition cost at 31 Dec	5.0	0.2	5.2
Accumulated depreciation and impairment losses at 1 Jan		0.0	0.0
Accumulated depreciation and impairment losses at 31 Dec		0.0	0.0
Carrying amount at 31 Dec 2022	**5.0**	**0.2**	**5.2**
Fair values at 31 Dec 2022	**13.3**	**0.2**	**13.5**

INVESTMENT PROPERTY 2021

EUR million	Land and water	Buildings and structures	Total
Acquisition cost at 1 Jan	7.7	5.9	13.6
Decreases	-2.7		-2.7
Reclassifications		-5.7	-5.7
Acquisition cost at 31 Dec	5.0	0.2	5.2
Accumulated depreciation and impairment losses at 1 Jan		-5.7	-5.7
Reclassifications		5.7	5.7
Accumulated depreciation and impairment losses at 31 Dec		0.0	0.0
Carrying amount at 31 Dec 2021	**5.0**	**0.2**	**5.2**
Fair values at 31 Dec 2021	**13.3**	**0.2**	**13.5**

The fair values of investment property have been determined by using either the yield value method or using the information on equal real estate business transactions in the market. Also outside surveyor has been used when determining the fair value. In yield method calculations investor's return requirement range is 5-30%. Investment properties are classified at fair value hierarchy level 3.

The investment property includes land areas in the City of Vantaa, village of Keimola (Finland). In 2021, Sanoma sold parcels of land from the area.

The investment property also includes land areas in the City of Vantaa, village of Vantaankoski, which are partly unplanned raw land and partly lots and parcels of land. In year 2021, a parcel of land was sold from the area.

OPERATING EXPENSES OF INVESTMENT PROPERTY

EUR million	2022	2021
Investment property, no rental income	0.0	0.0
Total	0.0	0.0

RENTAL INCOME OF INVESTMENT PROPERTY

EUR million	2022	2021
Rental income of investment property	0.1	0.1

4.7 Equity-accounted investees

INTERESTS IN JOINT VENTURES AND ASSOCIATED COMPANIES

EUR million	2022	2021
Interests in joint ventures	1.5	1.4
Interests in associated companies	2.6	2.0
Total	**4.1**	3.3

Joint ventures

The Group had no material joint ventures in the financial year or previous year. The information on Group's joint ventures has been presented as aggregated in the table below.

INTERESTS IN JOINT VENTURES

EUR million	2022	2021
Carrying amount at 1 Jan	1.4	1.2
Share of total comprehensive income	0.5	0.5
Dividends received	-0.4	-0.4
Carrying amount at 31 Dec	**1.5**	1.4

Associated companies

The Group had no material associated companies in the financial year or previous year. The information on Group's associated companies has been presented as aggregated in the table below.

INTERESTS IN ASSOCIATED COMPANIES

EUR million	2022	2021
Carrying amount at 1 Jan	2.0	1.1
Share of total comprehensive income	-0.4	0.4
Dividends received		-0.1
Increases	1.0	1.2
Other changes		-0.6
Carrying amount at 31 Dec	**2.6**	2.0

List of associated companies and joint ventures, see Note 6.4.

4.8 Other investments

EUR million	2022	2021
Other investments, non-current	3.7	3.8

Other investments mainly include investments in shares, and the Group does not intend to sell these assets. Other investments are measured at fair value and are classified at fair value hierarchy level 3.

4.9 Post-employment benefits

Sanoma Group has various schemes for personnel's pension cover that comprise both defined contribution and defined benefit pension plans. Pension schemes are arranged in accordance with local requirements and legislation. The majority of the pension plans are of defined contribution structure, where the employer contribution and resulting income charge is fixed at a set level or is set at a percentage of employee's pay. Contributions made to defined contribution pension plans and charged to the income statement totalled EUR 36.6 million (2021: 34.5).

Defined benefit pension plans in Sanoma are mainly related to Finland.

In Finland the Group has a pension fund responsible for the statutory pension cover for certain Group company, as well as for supplementary pension schemes. The pension schemes arranged by a pension fund are classified as defined benefit plans. In addition to the pension fund in Finland the Group has also other supplementary defined benefit pension schemes which are managed by insurance companies.

The supplementary pension schemes are final average pay plans, and the benefits comprise old-age, disability and surviving dependent pensions. The supplementary pension schemes entitle a retired employee to receive a monthly pension payment based on the employee's final average salary.

The Finnish defined benefit plans are administered by a pension fund that is legally separated from the Group. The pension fund is governed by a board, which is composed of employee and employer representatives. The board appoints the managing director for the pension fund, who is also a member of the board.

The board of the Finnish pension fund sets out on annual basis the strategic investment policy and plan. The Investment Committee of Sanoma Group is assisting the board and

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managing director of the pension fund. Pension fund is entitled to use external asset manager who is authorised to do investments in accordance with the investment policy. The investments are allocated mainly to instruments, which have quoted prices in active markets, like listed shares, bonds and investment funds.

Finnish voluntary defined benefit pension plans are fully and statutory pension plans partially funded.

The risks in Finnish pension plans are mainly related to the adequacy of the pension liability and investment operations. The pension liability may prove insufficient if the related insurance portfolio essentially differs from that of other pension institutions and the average lifetime exceeds the calculated assumption. A pension expense development forecast has been prepared for the pension fund in aid of risk management. The actuary of the pension fund is responsible for the solvency of the pension liability. The pension fund's key risks in investment operations include the interest rate risk, stock market risk, credit risk, currency risk and liquidity risk. Risks related to various asset classes are managed through the effective distribution of investments between asset classes. Liquidity risks are managed by making investments that can be converted into cash very rapidly.

The actuarial calculations for the Group's defined benefit pension plans have been prepared by external actuaries. In addition to pension plans, Sanoma Group has no other defined benefit plans.

Sanoma Group recognised total defined benefit costs related to all pension plans as follows:

PENSION COSTS RECOGNISED IN THE INCOME STATEMENT

EUR million	2022	2021
Current service costs	-2.0	-1.9
Net interest	0.2	0.0
Past service cost	-0.1	-0.2
Effect of settlements	0.0	
Administration costs	-0.2	-0.1
Total	**-2.2**	-2.3

Includes continuing and discontinued operations.

Per year-end the net pension liability can be specified as follows:

NET DEFINED BENEFIT PENSION LIABILITIES (ASSETS) IN THE BALANCE SHEET

EUR million	2022	2021
Net defined benefit pension liabilities	4.1	5.9
Net defined benefit pension assets	15.7	27.6
Net defined benefit pension liability (asset) total	**-11.6**	-21.7

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The reconciliation from the opening balances to the closing balances for the net defined benefit pension liability (asset) and its components is presented in the following table:

EUR million	Defined benefit obligation	Fair value of plan assets	Total
1 Jan 2021	**168.7**	**-175.1**	**-6.4**
Current year service cost	1.9		1.9
Interest cost/income	0.6	-0.6	0.0
Past service cost	0.2		0.2
Effect of settlements	-0.1	0.1	
Administration cost		0.1	0.1
Total recognised in the result for the period	2.7	-0.4	2.3
Remeasurement of the net defined benefit liability:			
Gains/losses arising from demographic assumptions	-0.2		-0.2
Gains/losses arising from financial assumptions	3.4		3.4
Experience adjustments	1.4		1.4
Return on plan assets excluding interest income		-22.9	-22.9
Total recognised in other comprehensive income	4.7	-22.9	-18.2
Contributions by the employer		0.7	0.7
Contributions by plan participants	1.3	-1.3	
Benefits paid from funds	-8.7	8.7	
Other changes	-0.2		-0.2
31 Dec 2021	**168.4**	**-190.1**	**-21.7**

EUR million	Defined benefit obligation	Fair value of plan assets	Total
1 Jan 2022	**168.4**	**-190.1**	**-21.7**
Current year service cost	2.0		2.0
Interest cost/income	1.3	-1.4	-0.1
Past service cost	0.1		0.1
Effect of settlements	-0.1	0.1	0.0
Administration cost		0.2	0.2
Total recognised in the result for the period	3.4	-1.1	2.3
Remeasurement of the net defined benefit liability:			
Gains/losses arising from demographic assumptions	0.0		0.0
Gains/losses arising from financial assumptions	-26.9		-26.9
Experience adjustments	9.3		9.3
Return on plan assets excluding interest income		24.6	24.6
Total recognised in other comprehensive income	-17.7	24.6	6.9
Contributions by the employer		1.0	1.0
Contributions by plan participants	1.7	-1.7	0.0
Benefits paid from funds	-8.6	8.6	
Other changes	-2.9	2.8	-0.1
31 Dec 2022	**144.4**	**-155.9**	**-11.6**

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A breakdown of net defined benefit liability and the split between countries is shown below.

NET DEFINED BENEFIT PENSION LIABILITIES (ASSETS) IN THE BALANCE SHEET 2022

EUR million	Finland	Belgium	Total
Present value of funded obligations	135.6	8.8	144.4
Fair value of plan assets	-150.8	-5.2	-155.9
Total	**-15.2**	**3.6**	**-11.6**

NET DEFINED BENEFIT PENSION LIABILITIES (ASSETS) IN THE BALANCE SHEET 2021

EUR million	Finland	Belgium	Total
Present value of funded obligations	155.6	12.8	168.4
Fair value of plan assets	-182.5	-7.7	-190.1
Total	**-26.8**	**5.2**	**-21.7**

The Sanoma Group's estimated contributions to the defined benefit plans for 2023 are about EUR 1.6 million.

PLAN ASSETS BY MAJOR CATEGORIES

%	2022	2021
Equity instruments	52.4	52.8
Bonds and debentures	35.6	39.7
Other items	11.1	6.9
Cash	0.9	0.7
Total	**100.0**	100.0

The fair value of plan assets included investments in Sanoma shares totalling EUR 2.8 million (2021: 3.8). None of the properties included in the plan assets are occupied by the Group.

Equity instruments consist mainly of investment funds and have quoted prices in active markets.

PRINCIPAL ACTUARIAL ASSUMPTIONS AT 31 DEC[1]

%	2022	2021
Discount rate	3.5	0.8
Expected future salary increase	3.1	2.5
Expected future pension increases	2.7	1.4

[1] Expressed as weighted averages

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligations at the reporting date were as follows:

LONGEVITIES AT 31 DEC

Years	2022	2021
Longevity at age 65 for current pensioners		
Males	21.4	21.4
Females	25.4	25.4
Longevity at age 65 for current members aged 45		
Males	23.7	23.7
Females	28.1	28.1

The weighted average duration of the defined benefit obligation at 31 December 2022 was 12.6 years (2021: 14.6).

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the percentages shown below.

SENSITIVITY ANALYSIS AT 31 DEC

	2022		2021	
%	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	-5.6	6.2	-6.3	7.1
Expected future salary increase (0.5% movement)	0.7	-0.7	0.8	-0.8
Expected future pension increases (0.5% movement)	6.0	-5.6	6.7	-6.3
Future mortality (1 year movement)	3.8	-3.6	4.1	-3.9

5. Capital structure and financial items

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823m€

Net debt

Net debt to adjusted EBITDA ratio was 3.2 (2021: 2.4) being slightly above the long-term target of below 3.0. Net debt and leverage ratio increased as a result of the acquisition of Pearson Italy and Germany.

LONG-TERM FINANCIAL TARGETS

	Target	31 Dec 2022
Net debt / adj.EBITDA	<3.0	3.2
Equity ratio	35–45%	35.8%
Dividend	Increasing dividend, 40–60% of free cash flow	93%[1]

[1] Of the underlying free cash flow

5.1 Financial liabilities and lease liabilities

EUR million	2022	2021
Non-current financial liabilities at amortised cost		
Loans from financial institutions	398.0	224.2
Bonds	199.3	198.7
Lease liabilities	119.6	133.5
Non-Current financial liabilities at fair value through profit or loss		
Other liabilities	2.1	9.3
Total	**719.0**	565.7
Current financial liabilities at amortised cost		
Loans from financial institutions	25.0	75.0
Commercial papers	69.7	
Lease liabilities	45.3	28.1
Current financial liabilities at fair value through profit or loss		
Other liabilities	5.5	0.0
Total	**145.4**	103.1
Total	**864.4**	668.8

Fair values of loans from financial institutions and other liabilities are close to their carrying values. The fair value of the bond was EUR 191.75 million on 31 December, 2022 (2021: 201.154).

RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOW ARISING FROM FINANCIAL ACTIVITIES

EUR million	Non-current financial liabilities	Current financial liabilities	Lease liabilities	Total	Non-current other liabilities	Total
1 Jan 2021	317.7	265.0	192.6	775.3	6.4	781.7
Cash flows	149.2	-215.4	-30.4	-96.6		-96.6
Acquisition of operations			0.1	0.1		0.1
Exchange rate differences			0.0	0.0	0.0	0.0
Other non-cash movements	-34.6	25.5	-0.8	-10.0	0.3	-9.7
At 31 Dec 2021	**432.2**	**75.0**	**161.5**	**668.8**	**6.6**	**675.4**
1 Jan 2022	432.2	75.0	161.5	668.8	6.6	675.4
Cash flows	175.2	19.8	-30.5	164.5	0.2	164.7
Acquisition of operations		0.3	7.0	7.3		7.3
Exchange rate differences			-0.1	-0.1		-0.1
Other non-cash movements	-8.1	5.1	27.0	24.0	-1.6	22.4
At 31 Dec 2022	**599.4**	**100.1**	**164.9**	**864.4**	**5.3**	**869.7**

Includes continuing and discontinued operations

Total cash flow for leases was EUR 38.8 million in 2022 (2021: -39.8). For more information on Group's lease activities, please see Note 3.4.

Loans from financial institutions

In 2022 the Group's loans from financial institutions consisted of three term loans: EUR 100 million drawn in 2019, which was repaid fully in September 2022, EUR 200 million drawn in December 2020, of which EUR 25 million was amortised in October 2022 and EUR 25 million is booked in current liabilities, and EUR 250 million drawn in August 2022. Loans are valued at amortised cost.

The average interest rate for loans (excluding leases) during the financial year was 1.5% (2021: 1.1%, excluding arrangement fees and leases). The interest rates of all loans are tied to Euribor.

Bonds

In March 2021, the Group issued a EUR 200 million three-year Senior Unsecured bond for institutional investors. The bond pays a fixed coupon of 0.625% and had an issue price of 99.625%. The arrangement fees and expenses relating to the issue were capitalised and will be amortised over the life of the bond, thus raising the effective interest rate to 0.929%. The maturity date of the bond is 18 March 2024.

Commercial papers

Sanoma Corporation has domestic and foreign commercial paper programmes which are used for short-term liquidity needs. Commercial papers are valued at amortised cost, and transaction costs are recognised directly as expenses due to their immaterial value. In accordance with Group Treasury Policy, outstanding commercial papers are fully backed up with a committed syndicated credit facility with banks in case of possible market disruption. There were EUR 70 million commercial papers outstanding at the end of 2022.

5.2 Financial risk management

Sanoma's treasury operations are managed centrally by the Group Treasury. Operating as a counterparty to the Group's operational units, Group Treasury is responsible for managing external financing, liquidity and external hedging operations. Centralised treasury operations focus on ensuring financing on flexible and competitive terms, optimised liquidity management, cost-efficiency of operations and efficient management of financial risks. Sanoma is exposed to interest rate, currency, liquidity and credit risks. Its risk management aims to hedge the Group against material risks. The Sanoma Board of Directors has approved the guidelines in the Group Treasury Policy.

In the long-term, to ensure financial flexibility and access to various forms of funding, Sanoma's goal is to have a capital structure where net debt/adjusted EBITDA ratio is below 3.0, and equity ratio is between 35% and 45%.

Financial risks can be mitigated with various financial instruments and derivatives whose use, effects and fair values are clearly verifiable. The Group used currency forward contracts to hedge against FX risks during the year. The Group does not apply hedge accounting.

Interest rate risks

The Group's interest rate risk is mainly related to changes in the reference rates and loan margins of floating rate loans in the Group's loan portfolio. In 2022 all loans were denominated in euros. The Group manages its exposure to interest rate risk by ensuring that the interest duration of the gross debt of the Group is within a certain time range approved by the Sanoma Board of Directors as part of the Treasury Policy. According to the Treasury Policy interest rate derivatives may also be utilised.

LOAN PORTFOLIO BY INTEREST RATE AS AT YEAR END

EUR million	2022	2021
Floating-rate loans	492.7	299.2
Fixed-rate loans	199.3	198.7
Total	**692.0**	497.9
Average duration, years	0.4	1.1
Average interest rate, %	2.6	1.2
Interest sensitivity, EUR million [1]	4.4	1.3

[1] Interest rate sensitivity is calculated by assuming a one percentage point increase in interest rates. The sensitivity represents the effect on profit before taxes.

Currency risks

The majority of the Group cash flow from operations is denominated in euros. However, the Group is exposed to some transaction risk resulting from cash flows related to revenue and expenditure in different currencies. Group companies are responsible for monitoring and hedging material transaction risks related to their business operations in accordance with the Group Treasury Policy. The majority of the transaction risk in 2022 was related to the procurement of IT services for the Group and programming rights for Nelonen Media, both denominated in US dollars. The Group has adopted forward contracts as means of hedging against significant transaction risks. Internal funding transactions within the Group are mainly carried out in the functional currency of the subsidiary. Group Treasury is responsible for monitoring and hedging the currency risks related to intra-Group loans.

If the hedged currencies weakened by 10% against the euro at the year end date, the change in the value of forward contracts would decrease financial expenses by EUR 0.01 million (2021: 0.1 decrease). If the currencies strengthened by 10% against the euro, financial expense would increase by EUR 0.01 million (2021: 0.1 increase). Derivative instruments are used to hedge future cash flows, hence changes in their value will offset changes in the value of cash flows.

The Group is also exposed to translation risk resulting from converting the income statement and balance sheet items of foreign subsidiaries into euros. Business operations outside the euro area (countries in which the currency is not pegged to the euro) account for about 11.6% (2021: 13.5%) of consolidated net sales of continuing operations and mainly consist of revenues in Polish zloty, Norwegian krone and Swedish krona. If all reporting currencies had been 10% weaker against the euro during the year, the Group net sales would have decreased by EUR 13.7 million (2021: 15.4). If all reporting currencies had been 10% stronger against the euro, the Group net sales would have increased by EUR 16.7 million (2021: 18.8). A significant change in exchange rates may also have an effect on the value of the businesses in Poland, Norway and Sweden. The Group did not hedge against translation risk in 2022, in accordance with the Treasury Policy approved by the Board.

Derivative instruments

Nominal values of derivative instruments

The nominal value of derivative instruments is EUR 15.0 million (2021: 7.8). The nominal value includes gross nominal values of all active agreements. The outstanding nominal value is not necessarily a measure or indicator of market risks

Fair values of derivative instruments

EUR million	2022	2021
Forward currency exchange contracts		
Positive fair values	0.0	0.2
Negative fair values	-0.1	0.0
Total	**-0.1**	0.2

Derivative instruments have been classified in level 2 of the IFRS fair value hierarchy. This means that fair values are based on valuation models for which all inputs are observable, either directly or indirectly.

Sanoma has entered into netting agreements with all of its derivative instrument counterparties. Including netting agreements, financial liability to banks amount to EUR 0.1 million (2021: 0.2 receivable).

Liquidity risks

Liquidity risk relates to servicing debt, financing investments and retaining adequate working capital. Sanoma aims to minimise its liquidity risk by ensuring sufficient revenues, maintaining adequate committed credit limits, using several financing institutions and forms of financing, and spreading loan repayment programmes over a number of calendar years. The Group's committed funding must be sufficient to cover all of the obligations and funding needed for the normal business operations during the following 12 months, and any outstanding commercial paper commitments. The undrawn committed credit facilities are EUR 300 million at year end. Liquidity risk is monitored daily, based on a two-week forecast, and longer-term based on calendar year. In addition, the Sanoma Group Treasury Policy sets minimum requirements for liquidity reserves. The corona virus pandemic or the war in Ukraine did not have any material impact on the funding sources or general availability of liquid funds for Sanoma in 2022.

THE GROUP'S FINANCING PROGRAMMES IN 2022

EUR million	Amount of limits	Unused credit lines
Syndicated RCF	300.0	300.0
Syndicated term loan	425.0	
Bond	200.0	
Commercial paper programmes	1,100.0	1,030.0
Current account limits		47.0

Sanoma signed EUR 200 million Term Loan with ten banks in December 2020 for the acquisition of Santillana Spain. The loan had EUR 25 million amortisation in 2022, so the loan amount is EUR 175 million at the end of 2022. The loan matures in 2024. In March 2021 Sanoma issued EUR 200 million bond. The bond expires in 2024.

Sanoma also had a EUR 550 million Syndicated Term Loan and Revolving Credit Facility with a group of nine relationship banks, signed in February 2019. The EUR 250 million Term Loan Facility had a maturity of four years, with a balance of EUR 100 million outstanding at the end of 2021. The purpose of the Term Loan was to fund the acquisition of Iddink in the Netherlands. The EUR 300 million Revolving Credit Facility had a maturity of five years and was available for general corporate purposes. During 2021 it was fully unused. In 2022 Sanoma repaid the EUR 100 million Term Loan fully. The repayment was refinanced by signing a new EUR 250 million Term Loan in June 2022 with three arranging banks. The Term Loan was used mainly for the acquisition of Pearson Italy and Germany. The acquisition closed in August 2022. After that the Term Loan was syndicated to ten relationship banks in November 2022. Simultaneously with the new Term Loan Sanoma refinanced the EUR 300 million Revoving Credit Facility by inviting the banks to participate in a new EUR 300 million Revolving Credit Facility. The RCF was signed in November 2022 and has a maturity of 3 years with two one-year extension options. The RCF was fully unused at the end of 2022.

The Group's loans from financial institutions include customary covenants related to factors such as the use of pledges and mortgages, disposals of assets and key financial ratios. In 2022 the Group fulfilled the requirements of all covenants. If Sanoma's performance and profitability would develop unfavourably, it might increase the risk of breaching the financial covenants. This could lead to early expiry of the loans and make the refinancing difficult in a situation where an agreement with the banks would not have been achieved.

FINANCIAL LIABILITIES

	2022				2021			
EUR million	**Carrying amount**	**Cashflow [1]**	**Undrawn from limits**	**Total**	**Carrying amount**	**Cashflow[1]**	**Undrawn from limits**	**Total**
Loans from financial institutions	423.0	469.1	300.0	769.1	299.2	307.9	300.0	607.9
Bonds	199.3	202.5		202.5	198.7	203.8		203.8
Commercial paper programmes	69.7	70.0		70.0				
Lease liabilities	164.9	164.9		164.9	161.5	161.5		161.5
Other interest-bearing liabilities	7.6	7.6		7.6	9.3	9.3		9.3
Trade payables and other liabilities [2]	111.1	111.1		111.1	90.3	90.3		90.3
Derivatives								
Inflow	0.0	-15.0		-15.0	-0.2	-7.9		-7.9
Outflow	0.1	15.1		15.1	0.0	7.8		7.8
Total	**975.6**	**1,025.2**	**300.0**	**1,325.2**	758.9	772.8	300.0	1,072.8

[1] The estimate of the interest liability is based on the interest level at the balance sheet date.
[2] Trade payables and other liabilities do not include accrued expenses and advances received.

MATURITY OF FINANCIAL LIABILITIES 2022

EUR million	**2023**	**2024**	**2025**	**2026**	**2027**	**2028–**	**Total**
Loans from financial institutions	40.9	164.6	58.6	204.9			469.0
Bonds	1.3	201.3					202.6
Commercial paper programmes	70.0						70.0
Lease liabilities	45.9	27.0	23.6	21.7	21.6	25.1	164.9
Other interest-bearing liabilities	5.6	1.2	0.2	0.3	0.3		7.5
Trade payables and other liabilities[1]	111.1	0.0					111.1
Derivatives							
Inflow (-)	-15.0						-15.0
Outflow (+)	15.1						15.1
Total	**274.8**	**394.1**	**82.4**	**226.8**	**21.9**	**25.1**	**1,025.2**

[1] Trade payables and other liabilities do not include accrued expenses and advances received.

MATURITY OF FINANCIAL LIABILITIES 2021

EUR million	**2022**	**2023**	**2024**	**2025**	**2026**	**2027–**	**Total**
Loans from financial institutions	78.2	77.5	152.2				307.9
Commercial paper programmes	1.3	1.3	201.3				203.8
Lease liabilities	29.1	39.7	20.7	17.9	16.0	38.3	161.5
Other interest-bearing liabilities	2.0	7.3					9.3
Trade payables and other liabilities[1]	88.1	2.2					90.3
Derivatives							
Inflow (-)	-7.9						-7.9
Outflow (+)	7.8						7.8
Total	198.5	127.9	374.1	17.9	16.0	38.3	772.8

[1] Trade payables and other liabilities do not include accrued expenses and advances received.

Credit risks

Sanoma's credit risks are related to its business operations. Sanoma Group's diversified operations significantly mitigate credit risk concentration, and no individual customer or group of customers is material to the Group. The Group's operational units are responsible for managing credit risks related to their businesses.

Sanoma applies the simplified approach permitted by IFRS 9 Financial Instruments for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Sanoma uses a provision matrix to measure expected credit losses of trade receivables. Loss rates are defined separately for different geographic regions, type of business and types of customers (B2B and B2C). Loss rates are based on past information on actual credit loss experience. These rates are adjusted by current information and future expectations on economic conditions where deemed necessary.

Sanoma management has considered the impact of coronavirus pandemic to be limited and not material on the future credit losses. As Sanoma has no business in Ukraine or Russia, the war launched by Russia against Ukraine in February 2022 has a very limited direct impact on Sanoma's business.

Sanoma's other receivables include small items and risk involved to individual items is not considered material. Thus, no impairment allowance has been recognised for these receivables.

The carrying amounts of trade receivables and other receivables best indicate the amount that will be collected. The aging of trade receivables is presented in the following table.

THE AGING OF TRADE RECEIVABLES

	2022				2021			
EUR million	**Gross**	**Weighted average loss rate (%)**	**Impairment**	**Net**	**Gross**	**Weighted average loss rate (%)**	**Impairment**	**Net**
Not due	79.2	0.3	-0.2	78.9	57.7	0.1	0.0	57.6
Past due 1–30 days	14.8	0.7	-0.1	14.7	11.8	0.6	-0.1	11.8
Past due 31–120 days	7.7	3.1	-0.2	7.5	7.7	2.7	-0.2	7.5
Past due 121–180 days	0.4	75.1	-0.3	0.1	1.0	46.3	-0.5	0.5
Past due 181–360 days	0.7	52.1	-0.3	0.3	0.4	57.9	-0.2	0.2
Past due more than 1 year	3.9	96.4	-3.8	0.1	4.1	63.8	-2.6	1.5
Total	**106.7**		**-5.0**	**101.7**	**82.7**		**-3.6**	**79.1**

Trade receivables and other receivables are presented in Notes 4.2 and 4.3.

The credit risk relating to financing transactions is low. The Group's Treasury Policy specifies that financing and derivative transactions are carried out with counterparties of good credit standing, and divided between a sufficient number of counterparties in order to protect financial assets. The Group has spread its credit risks efficiently by dealing with several financing institutions.

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Capital risk management

The Group has set the long term financial targets that consist of an equity ratio between 35% and 45% and a net debt/adjusted EBITDA ratio below 3.0 in order to maintain solid credit standing. The target ratios have been communicated publicly and are monitored and reported quartely.

When calculating the net debt/adjusted EBITDA ratio, the following adjustments are made to the reported EBITDA: items affecting comparability are removed, the effects of acquisitions are added and the effects of divestments are deducted, and the effects of the investments in programming and prepublication rights are deducted for the reporting period.

In 2022, the Group's equity ratio is 35.8% (2021: 40.6%) and net debt/adjusted EBITDA ratio is 3.2 (2021: 2.4).

NET DEBT

EUR million	2022	2021
Interest-bearing liabilities	864.4	668.8
Cash and cash equivalents	41.0	52.4
Total	**823.4**	616.4

Items that are regarded as interest-bearing liabilities are such short or long term liabilities which have separately determined interest cost.

Sanoma Group does not have an official credit rating.

5.3 Cash and cash equivalents

CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET

EUR million	2022	2021
Cash in hand and at bank	41.0	52.3
Deposits		0.0
Total	**41.0**	52.4

Deposits may include overnight deposits and money market deposits with maturities less than three months. These are cash equivalents which are held to meet short-term payment obligations. Average maturity is very short and the fair values do not differ significantly from the carrying amounts. Group had no deposits at 31 December 2022 (2021: 0.0).

CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

EUR million	2022	2021
Cash and cash equivalents in the balance sheet	41.0	52.4
Total	**41.0**	52.4

Cash and cash equivalents in the cash flow statement include cash and cash equivalents of continuing and discontinued operations less bank overdrafts.

5.4 Equity

	Number of shares			Share capital and funds, EUR million			
	All shares	Treasury shares	Total	Share capital	Treasury shares	Fund for invested unrestricted equity	Total
At 1 Jan 2021	163,565,663	-528,977	163,036,686	71.3	-4.3	209.8	276.7
Purchase of treasury shares		-361,000	-361,000		-5.0		-5.0
Shares delivered		210,363	210,363		1.7		1.7
At 31 Dec 2021	**163,565,663**	**-679,614**	**162,886,049**	**71.3**	**-7.5**	**209.8**	**273.5**
Shares delivered		291,719	291,719		2.3		2.3
At 31 Dec 2022	**163,565,663**	**-387,895**	**163,177,768**	**71.3**	**-5.2**	**209.8**	**275.9**

The maximum amount of share capital cannot exceed EUR 300.0 million (2021: 300.0). The share has no nominal value and no accountable par is in use. The shares have been fully paid.

Treasury shares

In 2022, the Group did not purchase shares. In 2021, the Group purchased 361,000 shares from the stock exchange. The cost of the purchased treasury shares was EUR 5.0 million and it was recognised as a deduction from equity.

In 2022, Sanoma delivered a total of 291,719 own shares (without consideration and after taxes) to 116 employees of the Group based on the Performance Share Plan 2019–2021 and Restricted Share Plan 2019–2021. In 2021, Sanoma delivered a total of 210,363 Sanoma shares held by the company to 130 employees of the Group based on Performance Share Plan 2018–2020 (without consideration and after taxes). At the end of the financial year, the company held a total of 387,895 (2021: 679,614) own shares.

Fund for invested unrestricted equity

The fund for invested unrestricted equity includes other equity-related investments and that part of the share subscription price which is not recognised in share capital according to a specific decision.

Translation differences

Translation differences include those items that have arisen in converting the financial statements of foreign group companies from their operational currencies into euros.

Information on the capital risk management is presented in Note 5.2 Financial risk management.

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5.5 Contingent liabilities

EUR million	2022	2021
Contingencies for own commitments		
Pledges	0.9	0.8
Other items	24.3	24.8
Total	**25.2**	25.6
Other commitments		
Royalties	0.2	1.3
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	41.0	24.6
Other items	91.3	27.6
Total	**132.5**	53.4
Total	**157.7**	79.0

Other items include commitments of contracts. In 2022 a new significant contract was signed with an external operator.

NON-CANCELLABLE MINIMUM LEASE PAYMENTS TO BE RECEIVED BY MATURITY

EUR million	2022	2021
Not later than 1 year	4.8	4.5
1–5 years	6.1	8.2
Later than 5 years	0.3	0.5
Total	**11.2**	13.2

Most of the non-cancellable minimum lease payments to be received are related to subleases. The group sub-leases parts of its office buildings. The group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the head lease.

Disputes and litigations

In December 2022 Sanoma received a payment decision from the Finnish Tax Administration regarding the tax audit at Sanoma Media Finland Oy for years 2019–2021 about the treatment of VAT of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway. The decision is in line with the earlier decision concerning years 2015–2018 by the Finnish Tax Adjustment Board. Sanoma considers also the new claim fully unjustified and will appeal the decision. Based on the decision received, Sanoma paid EUR 11 million of VAT, penalties and interests in December 2022 in order to avoid interest accumulation. Sanoma considers this payment to be a deposit with the tax authority while the dispute is ongoing and consequently reports the amount paid as a receivable. The VAT regulations have changed as of 1 July 2021 and thus further tax audits related to the matter are not expected.

In April 2021, the Finnish Tax Adjustment Board accepted a claim based on tax audits at Sanoma Media Finland in 2015–2018 concerning the business model mentioned above. Sanoma considers the claims completely unjustified and has appealed the decisions. On 1 July 2021, Sanoma paid the required VAT, the related penalty and interests of EUR 25 million in order to avoid further interest accumulation. Sanoma considers this payment to be a deposit with the tax authority while the dispute is ongoing and consequently reports the amount paid as a receivable. On August 2021, the tax authorities made an ex officio decision on a corporate income tax adjustment as a consequence of value added tax adjustment and refunded EUR 3 million of corporate income tax to Sanoma. Sanoma considers this refund to be a liability towards the tax authority while the dispute is ongoing and consequently reports the amount received as a liability.

The Group is periodically involved in incidental litigation or administrative proceedings primarily arising in the normal course of business. Sanoma feels that its gross liability, if any, under any pending or existing incidental litigation or administrative proceedings would not materially affect the Group's financial position or results of operations.

6. Other notes

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More information about the management compensation available in the Remuneration Report 2022

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6.1 Related party transactions

Sanoma Group's related parties include subsidiaries, associated companies, joint ventures, members of the Board, President and CEO and persons closely associated with them as well as entities controlled by management personnel. Remuneration for key management is presented in Note 6.3. Transactions with joint ventures, associated companies and entities controlled by management personnel are presented below. Transactions within the Sanoma Group are not presented as related party transactions because they are eliminated in the consolidated figures. The transactions of the other shareholders of joint ventures are not presented as related party transactions because those shareholders are not considered to be related parties on the basis of the joint control agreement. Subsidiaries are presented in Note 6.4. In addition, the Sanoma Group's related parties include pension fund and employees' profit-sharing funds. Besides pension fund, transactions with those parties are not material.

Pension funds are described in more detail in accounting policies and pension calculations in Note 4.9.

The Sanoma Group had no other significant related parties, which indicate related party definitions or with which significant related party transactions exist during the financial year.

Transactions and outstanding balances with associated companies, joint ventures and entities controlled by management personnel are presented in the following table.

TRANSACTIONS WITH RELATED PARTIES

	Transaction values for the year		Balance as at 31 December	
EUR million	**2022**	**2021**	**2022**	**2021**
Sale of goods and services				
Entities controlled by management personnel	0.1	0.0		
Joint ventures	0.1	0.0		
Associates	1.6	0.1		0.1
Total	**1.7**	0.1		0.1
Purchase of goods and services				
Entities controlled by management personnel	0.0	0.0		
Associates	0.2	0.0		
Total	**0.2**	0.0		

The sale of goods and services to related parties are based on the Group's effective market prices.

6.2 Share-based payments

Performance share plan and restricted share plan

The Performance Share Plan and the Restricted Share Plan form the long-term part of the remuneration and commitment programme for the executives and other selected key employees of Sanoma and its subsidiaries. The purpose of the Performance Share Plan and the Restricted Share Plan is to encourage the executives and the selected key employees to work on a long-term basis to increase shareholder value and to commit to the company.

Performance Share Plan

The Board of Directors of Sanoma Corporation has on 7 February 2013 approved a share-based long-term incentive programme (Performance Share Plan, PSP) to be offered to executives and managers of Sanoma Corporation and its subsidiaries. The conditions and the issuance of the Performance Shares are decided on by the Sanoma Board of Directors in accordance with the Human Resources Committee's proposal. In general, Performance Shares vest over 3-year period and vesting is subject to meeting Group performance targets set by the Board of Directors for annually commencing new plans. The possible reward is

paid as a combination of shares and cash. The reward's cash component is dedicated to cover taxes and tax-related costs.

Shares conditionally granted to the President and CEO and EMT members under the Performance Share Plan are subject to share ownership requirement that is determined by the Board of Directors in accordance with the Human Resources Committee's proposal. Until the required share holding is achieved, the President and the CEO and EMT members are required to hold (and not sell) at least 50% of performance shares received.

- The performance measures for the performance period 2018–2020 are based on adjusted earnings per share and adjusted free cash flow targets in 2018.
- The performance measures for the performance period 2019–2021 are based on adjusted earnings per share and adjusted free cash flow targets in 2019.
- The performance measures for the performance period 2020–2022 are based on adjusted earnings per share and adjusted free cash flow targets in 2020.
- The performance measures for the performance period 2021–2023 are based on adjusted earnings per share and adjusted free cash flow targets in 2021.
- The performance measures for the performance period 2022–2024 are based on adjusted earnings per share and adjusted free cash flow targets in 2022–2023.
- The President and CEO and EMT members are part of Sanoma's Performance Share Plan.

In 2022, Sanoma delivered 269,229 Sanoma shares held by the company to 115 employees based on the Performance Share Plan 2019-2021 (without consideration and after taxes).

Restricted Share Plan

The Board of Directors of Sanoma Corporation has on 5 February 2019 approved a share-based long-term incentive programme 2019–2021 (Restricted Share Plan, RSP) to be offered to executives and managers of Sanoma Corporation and its subsidiaries. The conditions and the issuance of the Restricted Shares are decided on by the Sanoma Board of Directors in accordance with the Human Resources Committee's proposal. Restricted Shares vest over 3-year period in 2019–2021 and vesting is subject to meeting service condition.

The Board of Directors of Sanoma Corporation has on 6 February 2020 approved a share-based long-term incentive programme 2020–2022 (Restricted Share Plan, RSP) to be offered to executives and managers of Sanoma Corporation and its subsidiaries. The conditions and the issuance of the Restricted Shares are decided on by the Sanoma Board of Directors in accordance with the Human Resources Committee's proposal. Restricted Shares vest over 3-year period in 2020–2022 and vesting is subject to meeting service condition.

The Board of Directors of Sanoma Corporation has on 9 February 2021 approved a share-based long-term incentive programme 2021–2023 (Restricted Share Plan, RSP) to be offered to executives and managers of Sanoma Corporation and its subsidiaries. The conditions and the issuance of the Restricted Shares are decided on by the Sanoma Board of Directors in accordance with the Human Resources Committee's proposal. Restricted Shares vest over 3-year period in 2021–2023 and vesting is subject to meeting service condition.

The Board of Directors of Sanoma Corporation has on 10 February 2022 approved a share-based long-term incentive programme 2022–2024 (Restricted Share Plan, RSP) to be offered to executives and managers of Sanoma Corporation and its subsidiaries. The conditions and the issuance of the Restricted Shares are decided on by the Sanoma Board of Directors in accordance with the Human Resources Committee's proposal. Restricted Shares vest over 3-year period in 2022–2024 and vesting is subject to meeting service condition.

The possible rewards are paid net in shares.

Shares conditionally granted to the President and CEO and EMT members under the Restricted Share Plan are subject to share ownership requirement that is determined by the Board of Directors in accordance with the Human Resources Committee's proposal. Until the required share holding is achieved, the President and the CEO and EMT members are required to hold (and not sell) at least 50% of performance shares received.

In 2022, Sanoma delivered 22,490 Sanoma shares held by the company to 3 employees based on the Restricted Share Plan 2019–2021 (without consideration and after taxes).

More specific information on the performance and restricted share plan grants are presented in the following tables. Information on the management ownership is presented in Note 6.3.

BASIC INFORMATION

Plan	Performance Share Plan					Restricted Share Plan				
Instrument	**Performance Share Plan 2018–2020**	**Performance Share Plan 2019–2021**	**Performance Share Plan 2020–2022**	**Performance Share Plan 2021–2023**	**Performance Share Plan 2022–2024**	**Restricted Share Plan 2019–2021**	**Restricted Share Plan 2020–2022**	**Restricted Share Plan 2021–2023**	**Restricted Share Plan 2022–2024**	**Total Average**
Initial amount, gross pcs (includes share and cash portions)	609, 000	667,500	525,000	495,000	540,000	50,000	30,000	25,000	20,000	2 961 500
Initial allocation date	7.2.2018	6.2.2019	6.2.2020	9.2.2021	13.4.2022	6.2.2019	1.3.2022	9.2.2021	13.4.2022	
Vesting date / reward payment at the latest	30.4.2021	30.4.2022	30.4.2023	30.4.2024	30.4.2025	30.4.2022	30.4.2023	30.4.2024	30.4.2025	
Maximum contractual life, yrs	3.2	3.2	3.2	3.2	3.0	3.3	1.3	3.2	3.0	3.1
Remaining contractual life, yrs	Expired	Expired	0.3	1.3	2.3	Expired	0.3	1.3	2.3	1.3
Number of persons at the end of the reporting year			152	197	209		1	3	3	
Payment method	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	

Changes	Performance Share Plan					Restricted Share Plan				
	Performance Share Plan 2018–2020	Performance Share Plan 2019–2021	Performance Share Plan 2020–2022	Performance Share Plan 2021–2023	Performance Share Plan 2022–2024	Restricted Share Plan 2019–2021	Restricted Share Plan 2020–2022	Restricted Share Plan 2021–2023	Restricted Share Plan 2022–2024	Total Average
1 Jan 2021										
Outstanding at the beginning of the reporting period	**432,200**	**526,266**	**168,738**	**0**		**44,250**		**0**		**1,171,454**
Changes during the period										
Granted				492,885				11,900		504,785
Forfeited	3,266	21,034	13,312	13,125		6,000				56,737
Exercised	428,934									428,934
31 Dec 2021										
Outstanding at the end of the period	**0**	**505,232**	**155,426**	**479,760**		**38,250**		**11,900**		**1,190,568**
1 Jan 2022										
Outstanding at the beginning of the reporting period		**505,232**	**155,426**	**479,760**		**38,250**		**11,900**		**1,190,568**
Changes during the period										
Granted				18,412	546,432		10,000	10,000	15,000	599,844
Forfeited		1,446	12,408	97,117	6,432				3,000	120,403
Exercised		503,786				38,250				542,036
31 Dec 2022										
Outstanding at the end of the period		**0**	**143,018**	**401,055**	**540,000**	**0**	**10,000**	**21,900**	**12,000**	**1,127,973**

Fair value determination

Assumptions made in determining the fair value of share rewards in the performance and restricted share plan:

- Liabilities arising from share-based payments at the end of the period represent the amount booked until the end of the reporting period of the employers social costs relating to the payable rewards. The fair value of the liability is remeasured at each reporting date until the possible reward payment. The fair value of the liability will thus change in accordance with the Sanoma share price.
- The fair value for the equity settled portion has been determined at grant using the fair value of Sanoma share as of the grant date less the expected dividends paid before possible share delivery.
- The fair value is expensed until vesting.

VALUATION PARAMETERS FOR INSTRUMENTS GRANTED DURING PERIOD

EUR	2022	2021
Share price at grant	12.64	16.90
Share price at reporting period end	9.82	13.62
Expected dividends pa.	0.57	0.56
Fair value of the equity-settled portion at grant	10.45	14.70

EFFECT OF SHARE-BASED INCENTIVES ON THE RESULT AND FINANCIAL POSITION DURING THE PERIOD, CONTINUED OPERATIONS

EUR million	2022	2021
Expenses for the financial year, share-based payments	2.7	3.5
of which equity-settled	2.6	3.4
Liabilities arising from share-based payments at the end of the period	0.1	0.2

At the end of the period the estimated future cash payment to be paid to the tax authorities from share-based payments is EUR 2.7 million (2021: 7.3).

In addition to the Performance Share Plan and the Restricted Share Plan, following the conclusion of acquisition of all the shares of itslearning AS, in 2020 Sanoma has established a management investment program which is accounted for as cash-settled share-based payment transaction. The purpose of the program is to align the incentives of certain key employees of itslearning AS participating in the management incentive program with those of Sanoma. In 2022, accrued cost related to this program was EUR 0.9 million (2021: 0.9). The program will be settled in 2023.

6.3 Management compensation, benefits and ownership

MANAGEMENT REMUNERATION AND OWNERSHIP, 2022

				Number of performance shares and restricted shares				
	Remuneration (EUR 1 000)	Number of shares on 31 December 2022	Performance and restricted share plan costs (EUR 1 000)	Performance Share Plan 2020–2022 [1]	Performance Share Plan 2021–2023 [1]	Performance Share Plan 2022–2024 [1]	Restricted Share Plan 2020–2022 [1]	Restricted Share Plan 2021–2023 [1]
Board of Directors								
Pekka Ala-Pietilä, Chair	149	15,000						
Nils Ittonen, Vice Chair	100	59,000						
Julian Drinkall	89							
Rolf Grisebach	87							
Anna Herlin	81	1, 000						
Mika Ihamuotila	79	150,000						
Denise Koopmans	91							
Sebastian Langenskiöld	78	645,963						
Rafaela Seppälä	82	10,273,370						
Total	**836**	**11,144,333**						
President and CEO								
Susan Duinhoven	3,648	577,595	910	48,550	130,600	100,000		
Total	**3,648**	**577,595**	**910**	**48,550**	**130,600**	**100,000**		
Executive Management Team								
Markus Holm (until June 30 2022)		77,270						
Alexander Green (as of March 1 2022)						46,450	10,000	10,000
Pia Kalsta		32,810		7,962	16,064	12,400		6,000
Rob Kolkman		36,948		11,215	40,875	32,688		
Total	**3,039**	**147,028**	**565**	**19,177**	**56,939**	**91,538**	**10,000**	**16,000**

[1] Sanoma Performance Share Plan has been adopted in 2013. Sanoma Restricted Share Plan has been adopted in 2014. Number of Sanoma performance shares granted in the Performance Share Plan 2022-2024 to the President and CEO and EMT members is presented on target level. Should the maximum level of performance measures be reached the earned share reward is 150% of the shares at target level. Performance period for PSP 2022-2024 is years 2022-2023. Shares conditionally granted to the President and CEO and EMT members under the Performance Share and Restricted Share Plan are subject to share ownership requirement that is determined by the Board of Directors in accordance with the Human Resources Committee's proposal. Until the required shareholding is achieved, the President and the CEO and EMT members are required to hold (and not sell) at least 50% of performance and restricted shares received.

Figures include the remuneration (meeting fees, base salaries, fringe benefits, short and long term incentives) that has been paid for assignments handled by those persons during the period. EMT members do not receive separate remuneration for their Board memberships in the Group companies. Performance and restricted share plan costs include costs during membership. The Group has no outstanding receivables or loans from the management. Remuneration does not include pension costs. The pension cost of the President and CEO and EMT is presented in paragraph 'Other benefits of the management'.

MANAGEMENT REMUNERATION AND OWNERSHIP, 2021

				Number of performance shares and restricted shares				
	Remuneration (EUR 1 000)	Number of shares on 31 December 2021	Performance and restricted share plan costs (EUR 1 000)	Performance Share Plan 2019–2021[2]	Performance Share Plan 2020–2022[2]	Performance Share Plan 2020–2022[2]	Restricted Share Plan 2019–2021[2]	Restricted Share Plan 2021–2023[2]
Board of Directors								
Pekka Ala-Pietilä, Chair	144	15,000						
Antti Herlin, Vice Chair[1] (until 13 April 2021)	28	19,816,800						
Nils Ittonen, Vice Chair	88	59,000						
Julian Drinkall	81							
Rolf Grisebach	80							
Anna Herlin (as of 13 April 2021)	52	1,000						
Mika Ihamuotila	76	150,000						
Denise Koopmans	83							
Sebastian Langenskiöld	76	645,963						
Rafaela Seppälä	76	10,273,370						
Kai Öistämö (until 13 April 2021)	26	8,265						
Total	**810**	**30,969,398**						
President and CEO								
Susan Duinhoven	3,802	459,160	1,336	216,810	48,550	100,000		
Total	**3,802**	**459,160**	**1,336**	**216,810**	**48,550**	**100,000**		
Executive Management Team								
Markus Holm		67,389		26,740	8,739	18,500		
Pia Kalsta		23,303		19,513	7,962	12,300		6,000
Rob Kolkman				31,220	11,215	17,200	27,000	
Total	**1,925**	**90,692**	**565**	**77,473**	**27,916**	**48,000**	**27,000**	**6,000**

[1] Includes the holdings of interest parties.

[2] Sanoma Performance Share Plan has been adopted in 2013. Sanoma Restricted Share Plan has been adopted in 2014. Number of Sanoma performance shares granted in the Performance Share Plan 2021-2023 to the President and CEO and EMT members is presented on target level. Should the maximum level of performance measures be reached the earned share reward is 150% of the shares at target level. Shares conditionally granted to the President and CEO and EMT members under the Performance Share and Restricted Share Plan are subject to share ownership requirement that is determined by the Board of Directors in accordance with the Human Resources Committee's proposal. Until the required shareholding is achieved, the President and the CEO and EMT members are required to hold (and not sell) at least 50% (for shares delivered after year 2016, earlier 25%) of performance and restricted shares received..

Figures include the remuneration (meeting fees, base salaries, fringe benefits, short and long term incentives) that has been paid for assignments handled by those persons during the period. EMT members do not receive separate remuneration for their Board memberships in the Group companies. Performance and restricted share plan costs include costs during membership. The Group has no outstanding receivables or loans from the management. Remuneration does not include pension costs. The pension cost of the President and CEO and EMT is presented in paragraph 'Other benefits of the management.

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All remuneration decisions for the President and CEO were made within the framework of the Remuneration Policy presented to the Annual General Meeting held on 7 April 2022. The remuneration and benefits payable to the President and CEO and Executive Management Team (EMT) members are approved by the Board of Directors of Sanoma, in accordance with the Human Resources Committee's proposal. In addition, the President and CEO and EMT members receive bonuses according to the short-term incentive plan approved each year by the Board of Directors. The performance criteria set at the beginning of the year in the 2022 short-term incentive plan of EMT members were based on achieving financial targets of operational EBIT, free cash flow and net sales as well as sustainability targets linked to Employee Engagement Survey results and certain data and privacy targets. For the year 2022 the short-term incentive earning opportunity for the President and CEO was set at 66.7% of her annual salary at target level and 100% at maximum level. For other EMT members the short-term incentive earning opportunity set at the beginning of the year 2022 varied from 45% to 60% of salary at target level and from 67.5% to 90% at maximum level.

The President and CEO and EMT members are part of Sanoma's long-term incentive schemes. The long-term incentives are part of the Group's incentive and commitment programme and are distributed by the Sanoma Board of Directors, in accordance with the Human Resources Committee's proposal.

Notifications of the President & CEO's transactions are announced on Group's website sanoma.com as of 3 July 2016. More details on remuneration is available in the Remuneration Report 2022 and at sanoma.com/en/investors/corporate-governance/remuneration/.

Other benefits of the management

The President and CEO Susan Duinhoven's period of notice is six months either from the President and CEO's or the Company's part. If the executive contract is terminated by the Company, a severance payment equalling to 12 month's salary in addition to the salary for the notice period will be paid to the President and CEO. The severance pay is accompanied by a fixed-term non-competition clause.

The additional pension benefits of the President and CEO and other EMT members are based on defined contribution. The President and CEO is entitled to an additional pension benefit contribution, which amounts to 15% of her salary. The President and CEO's and part of the EMT members' retirement age is the usual retirement age in their home country.

For the President and CEO Susan Duinhoven, the additional pension contribution cost was EUR 87,048 for the year 2022 (2021: 87,048), and the statutory pension cost for the year 2022 was EUR 136,257 (2021: 123,267). The pension costs of EMT members were EUR 314,965 in 2021 (2021: 289,590).

6.4 Subsidiaries, associated companies and joint ventures

SUBSIDIARIES AT 31 DEC 2022

	Parent Company holding, %	Sub-group's Parent Company holding, %	Group holding,%	Book value in Parent Company, EUR million
Subsidiaries of Parent Company				
Sanoma Trade Oy, Finland	100.0		100.0	0.7
Sanoma Media Finland Oy, Finland [1]	100.0		100.0	131.4
Sanoma Pro Ltd, Finland [1]	100.0		100.0	490.5
Subsidiaries of Sanoma Learning B.V.				
Bureau ICE B.V., The Netherlands			100.0	
L.C.G. Malmberg B.V., The Netherlands			100.0	
Uitgeverij Van In N.V., Belgium			100.0	
Iddink Group B.V., The Netherlands			100.0	
Uitgeverij Essener B.V., The Netherlands			100.0	
Gelukskoffer Scholen B.V., The Netherlands			100.0	
Sanoma B.V., The Netherlands			100.0	
Subsidiary of Sanoma Trade Oy				
Forum Cinemas Ltd, Ukraine			100.0	
Subsidiaries of Sanoma B.V.				
Sanoma Media Russia & CEE B.V., The Netherlands			100.0	
Subsidiaries of Sanoma Media Finland Ltd				
Netwheels Oy, Finland		55.8	55.8	
Sanomala Oy, Finland		100.0	100.0	
Sanoma Kids Finland Oy, Finland		100.0	100.0	
Sanoma Tekniikkajulkaisut Oy, Finland		60.0	60.0	
Routa Markkinointi Oy, Finland		100.0	100.0	
Oy Suomen Tietotoimisto - Finska Notisbyrån Ab, Finland		75.4	75.4	
Kaiku Entertainment Oy, Finland		60.0	60.0	
H.I.P. Music Productions Oy, Finland		100.0	100.0	
Sanoma Manu Oy, Finland		100.0	100.0	
Videolle Productions Oy, Finland		100.0	100.0	
Subsidiaries of Sanoma Pro Ltd				
Nowa Era Sp. z.o.o., Poland		100.0	100.0	
Sanoma Learning B.V., The Netherlands		100.0	100.0	
Sanoma Utbildning AB, Sweden		100.0	100.0	
Tutorhouse Oy, Finland		80.0	80.0	
itslearning AS, Norway		100.0	100.0	
Sanoma Educación, S.L., Spain			100.0	
Ítaca, S.L., Spain			100.0	
ITSL KeyMgmt AS, Norway			90.0	
Sanoma Italia S.p.A, Italy			100.0	
Stark Verlag GmbH, Germany			100.0	
Subsidiaries of Sanoma Educación S.L.				
Grup Promotor D´Ensenyement i Difusió en Català, S.L., Spain			100.0	
Edicions Voramar, S.A., Spain			100.0	
Ediciones Grazalema, S.L., Spain			100.0	
Edicions Obradoiro, S.L., Spain			100.0	
Zubia Editoriala, S.L., Spain			100.0	
Sanoma Infantil y Juvenil, S.L., Spain			100.0	
Subsidiaries of itslearning AS				
itslearning UK Ltd, United Kingdom			100.0	
itslearning AB, Sweden			100.0	
itslearning GmbH, Germany			100.0	
itslearning France SA, France			100.0	
itslearning A/S, Denmark			100.0	
itslearning München GmbH, Germany			100.0	
Subsidiary of Nowa Era Sp. z.o.o.				

	Parent Company holding, %	Sub-group's Parent Company holding, %	Group holding,%	Book value in Parent Company, EUR million
Vulcan Sp. z.o.o., Poland			100.0	
Subsidiaries of Iddink Group B.V.				
Iddink Digital B.V., The Netherlands			100.0	
Iddink Learning Materials B.V., The Netherlands			100.0	
Iddink Spain S.L.U, Spain			100.0	
The Implementation Group B.V., The Netherlands			100.0	
SBDC BvbA, Belgium			100.0	
itslearning Nederland BV, The Netherlands			100.0	
Subsidiary of Iddink Spain Srl				
Clickart, Taller De Comunicacio, S.L., Spain			67.3	
				622.6

[1] Parent Company of sub group

In 2022 Sanoma did not have subsidiaries with material non-controlling interests. Total non-controlling interest reported in the balance sheet 31 Dec 2022 is EUR 7.0 million (2021: 7.2).

ASSOCIATED COMPANIES AND JOINT VENTURES AT 31 DEC 2022

	Parent Company holding, %	Sub-group's Parent Company holding, %	Group holding,%	Book value in Parent Company, EUR million
Sanoma Corporation				
Valkeakosken Yhteistalo Oy, Finland	21.9		21.9	0.2
Sanoma Media Russia & CEE B.V.				
Adria Media Holding GmbH, Austria			50.0	
Sanoma Media Finland Ltd				
Story House Egmont Oy Ab, Finland		50.0	50.0	
Platco Oy, Finland		33.3	33.3	
Media Metrics Finland Oy, Finland		25.0	25.0	
Beely Oy, Finland		29.5	29.5	
Valopilkku Oy, Finland		8.4	8.4	
Oy Suomen Tietotoimisto - Finska Notisbyrån Ab				
Retriever Suomi Oy, Finland			49.0	
L.C.G. Malmberg B.V.				
Methodeonderzoek V.O.F., The Netherlands			25.0	
A.S.S.U. Adressenbestand Samenwerkende Schoolboeken Uitgevers V.O.F, The Netherlands			50.0	
				0.2

6.5 Events after the balance sheet date

The management of Sanoma has not become aware of any major events after the balance sheet date that would have resulted in major adjustments to the figures in the financial reports.

No such events have arisen after the balance sheet date that would have a significant impact on the Group's financial position.

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Parent Company income statement, FAS

EUR million	Note	2022	2021
Net sales	2	57.8	79.7
Other operating income	3	4.1	5.6
Personnel expenses	4	-18.4	-26.3
Depreciation, amortisation and impairment losses	8–10	-0.6	-3.0
Other operating expenses	5	-54.1	-67.7
OPERATING PROFIT (LOSS)		**-11.2**	-11.7
Financial income and expenses	6	93.7	165.0
RESULT BEFORE APPROPRIATIONS AND TAXES		**82.5**	153.3
Appropriations	13	48.1	46.0
Income taxes	7	-7.6	-8.3
RESULT FOR THE YEAR		**123.0**	191.0

Parent Company balance sheet, FAS

Assets

EUR million	Note	31.12.2022	31.12.2021
NON-CURRENT ASSETS			
Intangible assets	8	4.2	6.7
Tangible assets	9	7.1	7.4
Investments	10	1,513.4	1,324.6
Long-term receivables	11	2.4	
NON-CURRENT ASSETS, TOTAL		**1,527.1**	1 ,338.7
CURRENT ASSETS			
Short-term receivables	11	125.1	90.8
Cash and cash equivalents		19.2	32.7
CURRENT ASSETS, TOTAL		**144.2**	123.4
ASSETS, TOTAL		**1,671.3**	1,462.2

Equity and liabilities

EUR million	Note	2022	2021
SHAREHOLDERS' EQUITY	12		
Share capital		71.3	71.3
Treasury shares		-5.2	-7.5
Fund for invested unrestricted equity		209.8	209.8
Retained earnings		337.8	233.9
Profit for the year		123.0	191.0
SHAREHOLDERS' EQUITY, TOTAL		**736.7**	698.4
APPROPRIATIONS	13	**0.5**	0.8
LIABILITIES			
Non-current liabilities	14	599.2	424.5
Current liabilities	15	334.9	338.5
LIABILITIES, TOTAL		**934.1**	763.0
EQUITY AND LIABILITIES, TOTAL		**1,671.3**	1,462.2

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Parent Company cash flow statement, FAS

EUR million	2022	2021
OPERATIONS		
Result for the period	123.0	191.0
Adjustments		
Income taxes	7.6	8.3
Appropriations	-48.1	-46.0
Financial income and expenses	-93.7	-165.0
Depreciation, amortisation and impairment losses	0.6	3.0
Gains / losses on sale of non-current assets	-1.9	-3.1
Other adjustments	3.3	2.9
Change in working capital		
Change in trade and other receivables	4.7	7.4
Change in trade and other payables, and provisions	-4.3	-1.8
Dividends received and refunds of capital	63.0	159.2
Interest paid	-8.0	-4.8
Other financial items	-0.7	-2.5
Taxes paid	-8.2	-10.6

EUR million	2022	2021
CASH FLOW FROM OPERATIONS	**37.3**	138.0
INVESTMENTS		
Acquisition of tangible and intangible assets	-3.6	-3.0
Investments in group companies		-200.0
Sales of tangible and intangible assets	0.1	6.6
Group companies sold	1.8	
Repayments of capital	10.9	20.8
Loans granted	-219.5	-5.8
Repayments of loan receivables	12.5	231.2
Interest received	10.6	13.5
CASH FLOW FROM INVESTMENTS	**-187.2**	63.3
CASH FLOW BEFORE FINANCING	**-149.8**	201.2
FINANCING		
Purchase of treasury shares		-5.0
Change in loans with short maturity	69.7	-21.0
Drawings of other loans	344.5	263.7
Repayments of other loans	-235.7	-465.0
Dividends paid	-88.1	-84.8
Group contributions	46.0	47.7
CASH FLOW FROM FINANCING	**136.4**	-264.4
Change in cash and cash equivalents according to cash flow statement	**-13.5**	-63.2
Net increase(+)/decrease(-) in cash and cash equivalents	**-13.5**	-63.2
Cash and cash equivalents at 1 Jan	32.7	95.9
Cash and cash equivalents at 31 Dec	**19.2**	32.7

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Notes to the Parent Company Financial Statements

1. Parent Company's accounting policies for Financial Statements

Sanoma Corporation is a public limited-liability company, which is domiciled in Helsinki. Sanoma Corporation was founded on 1 May 1999 as the result of a combination merger. Sanoma Corporation's financial statements have been prepared according to Finnish Accounting Standards (FAS). Sanoma Corporation is the Parent Company of Sanoma Group. Sanoma has prepared its consolidated financial statements in accordance with most recent International Financial Reporting Standards (IFRS). The Finnish accounting practices applied by Sanoma Corporation and accounting principles of IFRS standards are mainly consistent thus the main accounting principles are available in accounting policies of consolidated financial statements.

The most significant differences between the accounting policies of Parent company and Sanoma Group are the following.

Pensions

Statutory pension cover of Sanoma Corporation's employees is managed by pension insurance companies. Supplementary pension benefits are managed by Sanoma Pension Fund and by insurance companies. Pension settlements and pension costs are recognised during the period in which they are incurred. The potential deficit of pension fund's pension liability has been recognised as an obligatory provision under the balance sheet of Sanoma Corporation.

Interest in Group companies

Interest in Group companies is measured at cost less any impairment losses. Interest in Group companies is tested for impairment annually. Impairment testing also includes net receivables from subsidiaries.

The fair value of the subsidiary shares has been assessed based on income approach, in which the fair value of investment is calculated based on the discounted cash flow model (DCF) or the dividend discount model. Impairment need is assessed by comparing the fair value of the subsidiary shares to the book value in the parent company's balance sheet and possible write-down is booked through profit or loss.

Real estate investments and housing property investments

In accordance with Finnish Accounting Act investments in real estates and housing property are presented as investments of non-current assets.

Change in accounting policy

The presentation of net sales and other operating income has been changed in the income statement of Sanoma Oyj and the comparable figures have been adjusted accordingly. Management and other service fees charged from subsidiaries are presented as Sanoma Oyj's net sales.

2. Net sales

EUR million	2022	2021
Net sales by business		
Management and service fees	57.8	79.7
Total	**57.8**	79.7
Net sales by market areas		
Finland	28.9	54.6
Other EU-countries	25.6	21.6
Other countries	3.3	3.5
Total	**57.8**	79.7

3. Other operating income

EUR million	2022	2021
Rental income	0.1	0.1
Capital gains	1.9	3.2
Other	2.1	2.3
Total	**4.1**	5.6

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4. Personnel expenses

EUR million	2022	2021
Wages, salaries and fees	-16.2	-22.8
Pension costs	-1.9	-2.9
Other social expenses	-0.3	-0.6
Total	**-18.4**	-26.3
Average number of employees (full-time equivalents)	**129**	198

The remuneration to the President and CEO and Board of Directors is presented separately, divided by persons, in Note 6.3 to the Financial Statements.

5. Other operating expenses

EUR million	2022	2021
Office and ICT expenses	-38.1	-51.1
Professional fees	-9.4	-10.7
Rents	-0.6	-0.8
Other	-6.0	-5.1
Total	**-54.1**	-67.7

PRINCIPAL AUDIT FEES

EUR million	2022	2021
Statutory audit	-0.4	-0.4
Total	**-0.4**	-0.4

6. Financial income and expenses

EUR million	2022	2021
Dividend income		
From Group companies	91.0	159.2
Total	**91.0**	159.2
Interest income from investments under non-current assets		
From Group companies	12.8	13.2
Total	**12.8**	13.2
Other interest and financial income		
From Group companies	0.6	0.3
From other companies	2.0	0.0
Exchange rate gains	3.3	2.1
Total	**5.9**	2.4
Interest and other financial expenses		
To Group companies	-1.3	-0.1
To other companies	-11.2	-7.6
Exchange rate losses	-3.6	-2.2
Total	**-16.0**	-9.8
Total	**93.7**	165.0

7. Income taxes

EUR million	2022	2021
Income tax on operational income	-7.6	-8.3
Income taxes from previous periods	0.0	0.0
Total	**-7.6**	-8.3

8. Intangible assets

INTANGIBLE ASSETS 2022

EUR million	Immaterial rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	0.0	14.8	2.4	17.2
Increases		1.7	1.3	3.0
Decreases		-7.5	-1.4	-8.9
Reclassifications		1.1	-1.3	-0.2
Acquisition cost at 31 Dec	0.0	10.2	1.0	11.2
Accumulated amortisation and impairment losses at 1 Jan	0.0	-10.5		-10.5
Decreases		3.9		3.9
Amortisation for the period		-0.4		-0.4
Accumulated amortisation and impairment losses at 31 Dec	0.0	-7.0		-7.0
Book value at 31 Dec 2022	**0.0**	**3.1**	**1.0**	**4.2**

INTANGIBLE ASSETS 2021

EUR million	Immaterial rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	2.8	15.0	2.0	19.9
Increases		0.7	2.4	3.1
Decreases	-2.8	-3.0		-5.8
Reclassifications		2.0	-2.0	
Acquisition cost at 31 Dec		14.8	2.4	17.2
Accumulated amortisation and impairment losses at 1 Jan	-2.8	-11.0		-13.8
Decreases	2.8	3.0		5.8
Amortisation for the period	0.0	-2.5		-2.5
Accumulated amortisation and impairment losses at 31 Dec	0.0	-10.5		-10.5
Book value at 31 Dec 2021	**0.0**	**4.3**	**2.4**	**6.7**

9. Tangible assets

TANGIBLE ASSETS 2022

EUR million	Land and water	Buildings and structures	Machinery and equipment	Other	Advance payments	Total
Acquisition cost at 1 Jan	6.4		1.3	0.3	0.2	8.2
Increases			0.2			0.2
Decreases			-0.7			-0.7
Reclassifications					-0.2	-0.2
Acquisition cost at 31 Dec	6.4		0.9	0.3		7.6
Accumulated depreciation and impairment losses at 1 Jan			-0.8			-0.8
Decreases			0.6			0.6
Depreciation for the period			-0.2			-0.2
Accumulated depreciation and impairment losses at 31 Dec			-0.5			-0.5
Book value at 31 Dec 2022	**6.4**		**0.4**	**0.3**		**7.1**

TANGIBLE ASSETS 2021

EUR million	Land and water	Buildings and structures	Machinery and equipment	Other	Advance payments	Total
Acquisition cost at 1 Jan	9.7	0.3	3.2	0.3	0.4	13.8
Increases					0.2	0.2
Decreases	-3.3	-0.3	-2.2			-5.8
Reclassifications			0.4		-0.4	
Acquisition cost at 31 Dec	6.4		1.3	0.3	0.2	8.2
Accumulated depreciation and impairment losses at 1 Jan		-0.1	-2.7			-2.8
Decreases		0.1	2.2			2.3
Depreciation for the period		0.0	-0.3			-0.3
Accumulated depreciation and impairment losses at 31 Dec		0.0	-0.8			-0.8
Book value at 31 Dec 2021	**6.4**	**0.0**	**0.5**	**0.3**	**0.2**	**7.4**

10. Investments

INVESTMENTS 2022

EUR million	Interest in Group companies	Receivables from Group companies	Interest in associated companies	Other shares and holdings	Total
Acquisition cost at 1 Jan	1,362.7	687.4	0.2	5.2	2,055.6
Increases	0.1	198.7			198.8
Decreases [1]	-10.0				-10.0
Acquisition cost at 31 Dec	1,352.8	886.2	0.2	5.2	2,244.4
Accumulated impairment losses at 1 Jan	-730.2			-0.8	-731.0
Accumulated impairment losses at 31 Dec	-730.2			-0.8	-731.0
Book value at 31 Dec 2022	**622.6**	**886.2**	**0.2**	**4.4**	**1,513.4**

[1] In 2022 decreases in interests in Group companies include capital refunds of EUR 10.0 million.

INVESTMENTS 2021

EUR million	Interest in Group companies	Receivables from Group companies	Interest in associated companies	Other shares and holdings	Total
Acquisition cost at 1 Jan	1,183.5	922.4	0.2	5.3	2,111.5
Increases	200.0				200.0
Decreases [1]	-20.8	-235.0		-0.2	-256.0
Acquisition cost at 31 Dec	1,362.7	687.4	0.2	5.2	2,055.6
Accumulated impairment losses at 1 Jan	-730.2			-0.8	-731.0
Accumulated impairment losses at 31 Dec	-730.2			-0.8	-731.0
Book value at 31 Dec 2021	**632.6**	**687.4**	**0.2**	**4.4**	**1,324.6**

[1] In 2021 decreases in interests in Group companies include capital refunds of EUR 20.8 million.

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11. Receivables

LONG-TERM RECEIVABLES

EUR million	2022	2021
Accrued income [1]	2.4	

SHORT-TERM RECEIBABLES

EUR million	2022	2021
Trade receivables	1.2	6.5
Loan receivables	34.3	29.2
Accrued income [1]	89.5	55.0
Total	**125.1**	90.8
Receivables from Group companies		
Trade receivables	1.2	6.5
Loan receivables	34.3	29.2
Accrued income	82.8	49.9
Total	**118.3**	85.6

[1] Most significant items under accrued items are the Group contributions and interest income accruals.

12. Shareholders' equity

EUR million	2022	2021
Restricted equity		
Share capital at 1 Jan	71.3	71.3
Share capital at 31 Dec	71.3	71.3
Restricted equity 31 Dec	**71.3**	71.3
Unrestricted equity		
Treasury shares at 1 Jan	-7.5	-4.3
Purchase of treasury shares		-5.0
Shares delivered	2.3	1.7
Treasury shares at 31 Dec	-5.2	-7.5
Fund for invested unrestricted equity at 1 Jan	209.8	209.8
Fund for invested unrestricted equity at 31 Dec	209.8	209.8
Retained earnings at 1 Jan	424.9	317.7
Dividends paid	-88.1	-84.8
Share-based compensation	1.6	1.7
Shares delivered	-0.6	-0.6
Retained earnings at 31 Dec	337.8	233.9
Profit (loss) for the year	123.0	191.0
Unrestricted equity 31 Dec	**665.4**	627.2
Total	**736.7**	698.4

Further information on share capital is presented in Note 5.4 to the Financial Statements.

DISTRIBUTABLE EARNINGS

EUR million	2022	2021
Treasury shares	-5.2	-7.5
Fund for invested unrestricted equity	209.8	209.8
Retained earnings	337.8	233.9
Profit (loss) for the year	123.0	191.0
Total	**665.4**	627.2

13. Appropriations

EUR million	2022	2021
Group contributions	48.6	46.0
Cumulative depreciation differences	-0.5	0.0
Total	**48.1**	46.0

14. Non-current liabilities

EUR million	2022	2021
Debentures	199.7	199.4
Loans from financial institutions	400.0	225.0
Accrued expenses	-0.5	0.0
Total	**599.2**	424.5

15. Current liabilities

EUR million	2022	2021
Loans from financial institutions	25.0	75.0
Commercial papers	69.7	
Trade payables	7.2	10.5
Accrued expenses [1]	10.3	13.6
Other liabilities	222.7	239.3
Total	**334.9**	338.5
Liabilities to Group companies		
Trade payables	0.6	1.2
Accrued expenses		0.7
Other liabilities [2]	222.5	239.2
Total	**223.1**	241.0

[1] Most significant items under accrued items are related to expense accruals and accrued personnel expenses.

[2] Other liabilities to group companies include balances in IHC account.

16. Contingent liabilities

EUR million	2022	2021
Contingencies for own commitments		
Other contingent liability for own commitments	15.0	15.0
Total	**15.0**	15.0
Contingencies incurred on behalf of Group companies		
Guarantees	151.5	195.1
Total	**151.5**	195.1
Other liabilities [1]	64.0	6.3
Total	**64.0**	6.3
Total	**230.5**	216.4

[1] Other liabilities include commitments of contracts. In 2022 a new significant contract was signed with an external operator.

NOMINAL VALUES OF DERIVATIVES

EUR million	2022	2021
Currency derivatives		
Forward exchange contracts, external	15.0	7.8
Forward exchange contracts, internal	0.0	-0.1
Total	**15.1**	7.8

FAIR VALUES OF DERIVATIVES

EUR million	2022	2021
Currency derivatives		
Forward exchange contracts, external	-0.1	0.1

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Board's proposal for distribution of profits

The retained earnings of the parent company Sanoma Corporation according to the balance sheet as at 31 December 2022 were EUR 455,644,352.48 of which the profit for the financial year 2022 was 123,017,461.10. Including the fund for invested unrestricted equity of EUR 209,767,212.33 the distributable funds amounted to EUR 665,411,564.81 at 31 December 2022.

The Board of Directors will propose to the Annual General Meeting that

- a dividend of EUR 0.37 per share shall be paid — EUR 60,375,774.16[1]
- shareholders' equity shall be set at — EUR 605,035,790.65

No essential changes have taken place in the financial status of the Company after the financial year. The Company's liquidity is good and according to the Board of Directors the proposed dividend will not compromise the Company's liquidity.

[1] The dividend will be paid in three instalments. The first instalment of EUR 0.13 per share shall be paid to a shareholder who is registered in the shareholder register of the Company maintained by Euroclear Finland Ltd on the dividend record date 21 April 2023. The payment date proposed by the Board of Directors for this instalment is 28 April 2023.

The second instalment of EUR 0.13 per share shall be paid in September 2023. The second instalment shall be paid to a shareholder who is registered in the shareholder register of the Company maintained by Euroclear Finland Ltd on the dividend record date, which, together with the dividend payment date, shall be decided by the Board of Directors in its meeting scheduled for 4 September 2023.

The third instalment of EUR 0.11 per share shall be paid in November 2023. The third instalment shall be paid to a shareholder who is registered in the shareholder register of the Company maintained by Euroclear Finland Ltd on the dividend record date, which, together with the dividend payment date, shall be decided by the Board of Directors in its meeting scheduled for 25 October 2023.

Signatures of the Board

Helsinki, 9 February 2023

Pekka Ala-Pietilä
Chair

Nils Ittonen
Vice Chair

Julian Drinkall

Rolf Grisebach

Anna Herlin

Mika Ihamuotila

Denise Koopmans

Sebastian Langenskiöld

Rafaela Seppälä

Susan Duinhoven
President and CEO

Auditor's note
A report on the audit performed has been issued today.
Helsinki, 3 March 2023

PricewaterhouseCoopers Oy
Authorized Public Accountants

Samuli Perälä
APA

OUR BUSINESSES IN BRIEF
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Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Sanoma Corporation

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Sanoma Corporation (business identity code 1524361-1) for the year ended 31 December 2022.The financial statements comprise:

- the consolidated balance sheet, consolidated income statement, statement of comprehensive income, changes in consolidated equity, consolidated cash flow statement and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

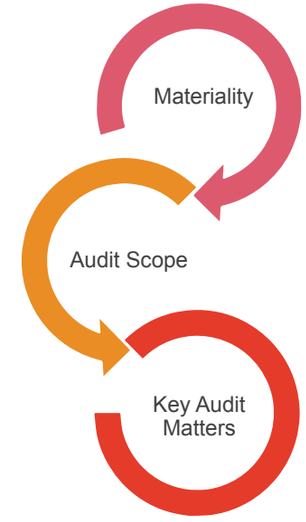
Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 2.5 to the Financial Statements.

Our Audit Approach

Overview



- We have applied an overall group materiality of 9,000,000 euros.
- The group audit scope encompassed the most significant group companies and covers the vast majority of group's revenues, assets and liabilities.
- Valuation of goodwill and other intangible assets identified in business combinations
- Valuation of prepublication rights included in intangible assets
- Revenue recognition
- Valuation of interests in group companies and receivables from group companies in the Parent Company's financial statements

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Overall group materiality	9,000,000 euros
How we determined it	We used a combination of total revenues and profit before tax as benchmarks to determine overall group materiality.
Rationale for the materiality benchmark applied	We determined that total revenue and profit before tax as a combination provide a suitable representation of the volume of Sanoma's operations and profitability.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

How we tailored our group audit scope

At the end of 2022 Sanoma Group includes two reportable segments: Sanoma Media Finland and Sanoma Learning. Sanoma Learning's main markets are Poland, the Netherlands, Finland, Belgium, Sweden, Spain, and Italy. In 2022 Sanoma acquired Pearson's local K12 learning content business in Italy ('Pearson Italy') and its small exam preparation business in Germany ('Pearson Germany'). We have scoped our audit to obtain sufficient audit coverage of Sanoma Group consolidated financial statements. . In addition, we have performed specific audit procedures related to the balance sheet of the acquired Pearson entities as it has been consolidated to Sanoma Group consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of goodwill and other intangible assets identified in business combinations	
Refer to Accounting policies for consolidated financial statements and Note 3.3. As of December 2022, Goodwill amounted to EUR 812 million. Other intangible assets and immaterial rights amounted to EUR 578 million including other intangible assets identified in business combinations. With the acquisition of Pearson's learning content business (Italy and Germany) in 2022, goodwill increased by EUR 55 million and other intangible assets increased by EUR 86 million. Goodwill is not amortized but tested at least once a year for possible impairment. Other intangible assets are amortized using the straight-line method over their useful lives. For the purpose of impairment testing, goodwill has been allocated to two cash flow generating units (CGU): • Sanoma Media Finland, goodwill of EUR 110 million • Sanoma Learning, goodwill of EUR 702 million. The goodwill impairment testing is carried out by determining the present value of future cash flows of the CGUs. This assessment involves considerable management judgment with respect to assumptions used in the cash flow projections specifically relating to the long-term growth rate, profitability level and discount rate. The valuation of goodwill and other intangible assets identified in business combinations are considered a key audit matter due to their financial significance as well as due to the management judgement involved in the valuation.	Our audit procedures included, for example, the following: • We obtained an understanding of the methodology used in the goodwill impairment testing • We tested the mathematical accuracy of the calculations • We assessed the reasonableness of the estimated future profitability levels and their consistency with the approved budgets and forecasts • We tested the reasonableness of the discount rates, the long-term growth rates, and other assumptions by e.g., comparing the inputs to observable market data • We tested management's sensitivity analysis to ascertain the extent of change in key assumptions that either individually or collectively could result in an impairment of goodwill • We evaluated the management's estimate of the amortization period used for intangible assets, including those identified in business combinations. • We assessed the adequacy of the disclosures.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation prepublication rights included in intangible assets	
Refer to Accounting policies for consolidated financial statements and Note 3.3. As of December 31, 2022, prepublication rights amount to EUR 128 million. The prepublication rights of learning materials and solutions are mostly internally generated intangible assets that are amortized using the straight-line method over their useful lives. The group reviews the carrying values of these intangible assets to determine that they do not exceed the estimated future economic benefits. Valuation of these intangible assets is considered a key audit matter due to management judgement involved in determining the amortization period and in assessing the recoverability of these assets.	Our audit procedures included, for example, the following: • We obtained an understanding of the accounting and valuation principles of the prepublication rights • We evaluated the management's estimate of the amortization period used for the prepublication rights • We evaluated management's estimate of the future economic benefits of these assets • We tested, on a sample basis, additions to the prepublication rights.
Revenue recognition	
Refer to Note 2.2. in the consolidated financial statements The group's total net sales from continued operations amount to EUR 1 298 million. Revenue from the Learning segment is primarily generated through sale of educational books and granting access to online learning platforms as well as physical distribution of learning materials. The Media Finland segment principally generates revenue through magazine and newspaper publishing (circulation sales and advertising sales), TV and Radio operations, online and subscription video on demand services as well as events. Revenue recognition principles vary depending on the nature of the revenue stream. Revenue recognition is considered a key audit matter due to the significance of revenue to the financial statements and due to management judgement involved in selecting the appropriate revenue recognition method for the different revenue streams.	Our audit procedures included, for example, the following: • We obtained an understanding of the company's revenue recognition policies and compared these to the respective standards on revenue recognition • We tested the internal controls that the company uses to assess the completeness, accuracy and timing of revenue recognized • We tested revenue contracts and transactions on a sample basis • We tested, on a sample basis, revenue related balances in the balance sheet, such as provision for returns and advances received.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of interests in group companies and receivables from group companies in the Parent Company's financial statements	
Refer to the Parent Company's accounting policies and Note 9 The investments in group companies' shares amounts to EUR 623 million. The Parent Company's investments also include EUR 886 million of loan receivables from group companies. Interest in group companies is tested for impairment annually using the income approach. In applying this approach, the fair value of an investment is calculated based on the discounted cash flow model or the discounted dividend model. Valuation of interests in group companies and receivables from group companies is considered a key audit matter in the audit of the Parent Company due to the significance of these investments to the financial statements and due to management judgement involved in the income approach used to test the valuation of these investments.	Our audit procedures included, for example, the following: • We assessed the reasonableness of management assumptions relating to the estimated future results by e.g., checking their consistency with the approved budgets and forecasts • We assessed the inputs and methodology in determining the discount rates, and in evaluating the long-term growth rates by e.g., comparing the inputs to observable market data • We reviewed the Parent Company's disclosures in respect of the impairment testing.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the President and CEO for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 21 March 2017.

Other Information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Review, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Other statements

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO be discharged from liability for the financial period audited by us.

Helsinki 3 March 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)

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GOVERNANCE

Information for investors

Annual General Meeting 2023

The Annual General Meeting 2023 will be held on Wednesday, 19 April 2023 at 14:00 EET. The registration and advance voting will begin on 15 March 2023 at 10:00 EET.

More information can be found at sanoma.com/agm.

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.37 per share shall be paid in three instalments.

First instalment of EUR 0.13 per share

- Record date 21 April 2023
- Payment date 28 April 2023

Second instalment of EUR 0.13 per share

- The record date for the second instalment will be decided by the Board of Directors in September, and the payment date will be in September 2023.

Third instalment of EUR 0.11 per share

- The record date for the third instalment will be decided by the Board of Directors in October, and the payment date will be in November 2023.

Financial reporting in 2023

Sanoma will publish the following financial reports during 2023:

- Interim Report 1 January–31 March 2023
  Thursday, 4 May 2023
- Half-Year Report 1 January–30 June 2023
  Wednesday, 26 July 2023
- Interim Report 1 January–30 September 2023
  Thursday, 26 October 2023

The reports are published in Finnish and English and can be downloaded at sanoma.com/en/investors.

Changes in contact information

Euroclear Finland Ltd maintains a list of the Company's shares and shareholders. Shareholders who wish to change their personal or contact information are kindly asked to directly contact their own securities account operator.

Sanoma's Investor Relations

The main task of Sanoma Investor Relations is to ensure that the capital markets have correct and sufficient information in order to determine the value of Sanoma share. Sanoma has a centralised Investor Relations function that serves analysts and investors, and coordinates investor meetings and activities.

Contact information

Kaisa Uurasmaa
Head of Investor Relations and Sustainability
Mobile: +358 40 560 5601
kaisa.uurasmaa@sanoma.com

Meeting requests and inquiries

ir@sanoma.com
sanoma.com/en/investors

Sanoma is a sustainable investment with a positive impact on society. Learn more about reasons to invest in Sanoma

LEARN MORE ►

Governance

We follow responsible business practices

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Corporate Governance Statement 2022

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

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

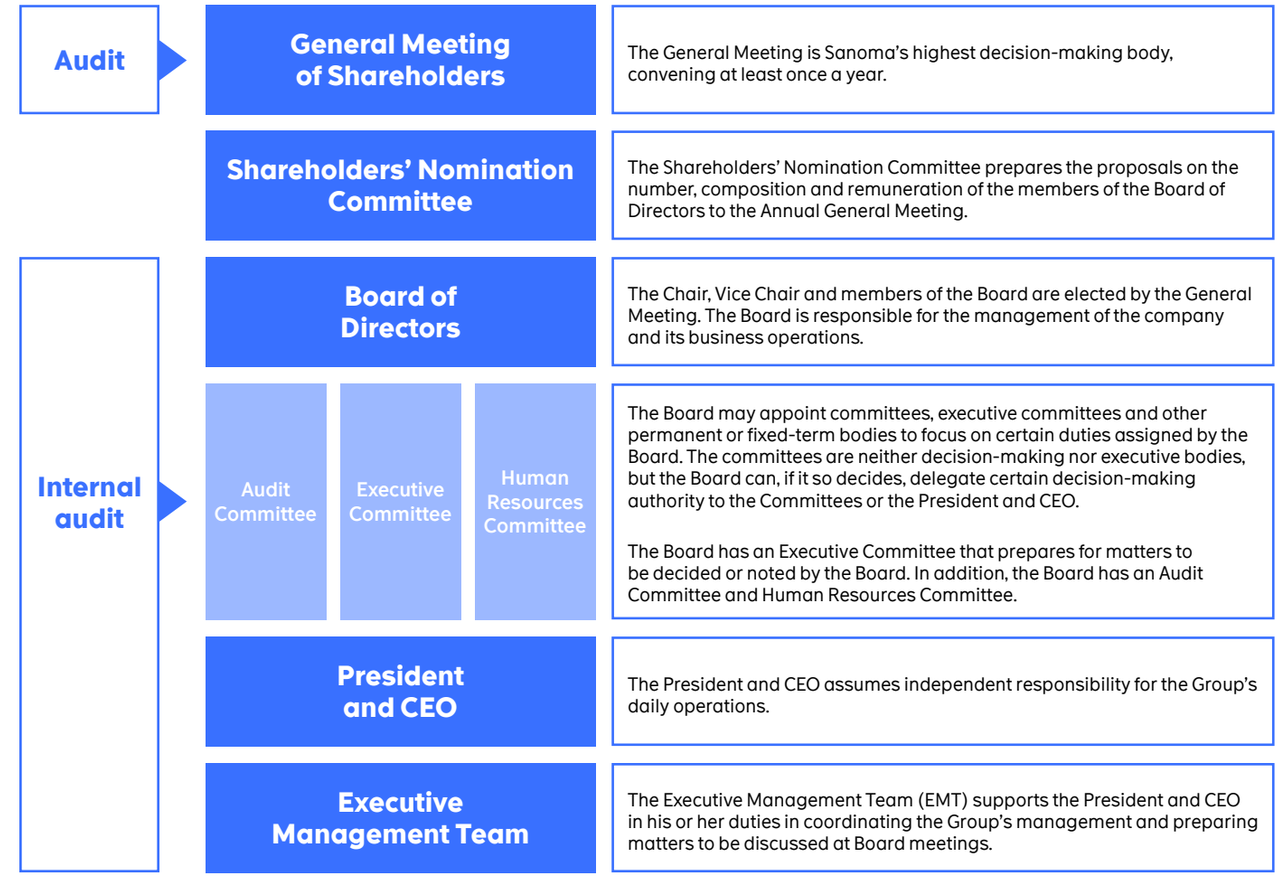
More information on the remuneration principles of the Board of Directors, the President and CEO and the Executive Management Team is available in a separate Remuneration Report, prepared in accordance with the Code.

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

Corporate governance structure

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

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



Shareholders' Nomination Committee

Sanoma Corporation's Annual General Meeting resolved on 7 April 2022 to establish a Shareholders' Nomination Committee and adopted its Charter. The Nomination Committee was established until further notice. The purpose of the Shareholders' Nomination Committee is to prepare the proposals on the number, composition and remuneration of the members of the Board of Directors. However, any shareholder of the Company may also make a proposal directly to the Annual General Meeting in accordance with the Finnish Companies Act.

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

Remuneration

The remuneration for the members of the Shareholders' Nomination Committee for their duties on the Nomination Committee was resolved by the Annual General Meeting 2022. The meeting fees of the members of the Shareholders' Nomination Committee during this term are:

- For the Chair of the Shareholders' Nomination Committee: EUR 3,500 / Committee meeting participated;
- For members of the Shareholders' Nomination Committee who reside outside Finland: EUR 2,500 / Committee meeting where the member was present and EUR 1,500 / Committee meeting participated;
- For members of the Shareholders' Nomination Committee who reside in Finland: EUR 1,500 / Committee meeting where the member was present.

The Company shall bear all reasonable costs of the Shareholders' Nomination Committee. The travel expenses of the members of the Nomination Committee will be compensated against receipt in accordance with the Sanoma travel policy.

Tasks and duties

The tasks and duties of the Shareholders' Nomination Committee are defined in the Charter of the Nomination Committee. The Charter is available on the Company's website at sanoma.com/en/investors/corporate-governance/shareholders-nomination-committee.

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

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

Composition

In 2022, the Shareholders' Nomination Committee comprised Juhani Mäkinen (Vice Chair of the Board, Jane and Aatos Erkko Foundation), Antti Herlin (Chair of the Board, Holding Manutas), Robin Langenskiöld (3rd largest shareholder in Sanoma) and Rafaela Seppälä (4th largest shareholder in Sanoma). In its meeting on 21 June 2022, the Committee elected Juhani Mäkinen as a Chair of the Committee and invited Pekka Ala-Pietilä, Chair of Sanoma's Board of Directors, to serve as an expert in the Committee.

In 2022, the Shareholders' Nomination Committee convened 3 times with an attendance rate of 100%.

Board of Directors

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

Election and term

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

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

Composition, diversity and independence

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

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

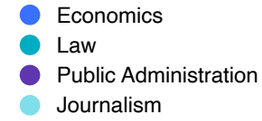
The Board must collectively have sufficient knowledge of and competence in:

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

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

Board distribution by age,
%

Education of Board members,
%



Gender diversity of the Board,
%

The Shareholders' Nomination Committee annually evaluates the progress of the specific diversity objectives set for the Board. According to the latest evaluation, the objectives have been successfully achieved.

At the end of 2022, 33% of the Board members were women. During 2012–2021, the share of women on the Board has varied between 20–50%. Sanoma has Board members with versatile business experience and backgrounds in several operating countries of the company. The ages of the Board members vary between 40 and 68, the average age being 58.

Nine members were re-elected to the Board of Directors at the 2022 AGM: Pekka Ala-Pietilä, Julian Drinkall, Rolf Grisebach, Anna Herlin, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, Sebastian Langenskiöld and Rafaela Seppälä.

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

SANOMA SHARES OWNED BY THE MEMBERS OF THE BOARD

	Shareholding[1]	
Board member	**31 Dec 2022**	**31 Dec 2021**
Pekka Ala-Pietilä (Chair)	15,000	15,000
Nils Ittonen (Vice Chair)	59,000	59,000
Julian Drinkall	0	0
Rolf Grisebach	0	0
Anna Herlin	1,000	1,000
Mika Ihamuotila	150,000	150,000
Denise Koopmans	0	0
Sebastian Langenskiöld	645,963	645,963
Rafaela Seppälä	10,273,370	10,273,370

[1] Shares owned by the Board members and the corporations over which the member exercises control

Members of the Board of Directors

Back row: Sebastian Langenskiöld, Anna Herlin, Pekka Ala-Pietilä, Rolf Grisebach, Mika Ihamuotila
Front row: Nils Ittonen, Denise Koopmans, Rafaela Seppälä, Julian Drinkall

Pekka Ala-Pietilä (Chair)

- Born 1957, Finnish citizen
- Independent of the company and major shareholders
- Chair of the Board of Sanoma since 2016
- Board member since 2014, term ends in 2023
- Chair of the Executive Committee
- **Education:** M.Sc. (Econ.), D.Sc. (Tech.) h.c. and D.Sc. (Econ.) h.c.
- **Main occupation:** Huhtamäki Oyj, Chair of the Board
- **Primary work experience:** Blyk Services Oy, co-founder and CEO 2006–2012; Nokia Corporation, various positions 1984–2005, among others as President 1999–2005, Nokia Mobile Phones, President, 1992–1998 and Group Executive Board Member 1992–2005
- **Key board memberships:** Huhtamäki Oyj (Chair), Here Technologies (HERE Global B.V.) (Chair, Supervisory Board)

Nils Ittonen (Vice Chair)

- Born 1954, Finnish citizen
- Independent of the company, non-independent of major shareholders: Chair of Jane and Aatos Erkko Foundation that held 39,820,286 (24.4%) of the company's shares on 31 December 2022
- Vice Chair of the Board of Sanoma since 2021
- Board member since 2014, term ends in 2023
- Member of the Audit Committee and the Executive Committee
- **Education:** B.Sc. (Econ.)
- **Primary work experience:** Sanoma Group, various positions, including Senior Vice President of Group Treasury, Real Estate and Risk Management 1977–2010, Member of the Executive Management Group 1999–2007
- **Key positions of trust:** Jane and Aatos Erkko Foundation (Chair)
- Other positions of trust: Helsingin Sanomat Foundation (Chair of the Finance Committee)

Members of the Board of Directors

Julian Drinkall

- Born 1964, British citizen
- Independent of the company and major shareholders
- Board member since 2020, term ends in 2023
- Chair of the Human Resources Committee
- **Education:** Master (Public Administration), MBA and M.A. (PPE)
- **Primary work experience:** Aga Khan Schools, General Manager 2021-2022, Academies Enterprise Trust (AET), CEO 2016–2021; Alpha Plus Holding, CEO 2014–2016; Cengage Learning, President and CEO of EMEA and India 2012–2014; OC&C Strategy Consultants, Operating Partner 2010–2012; Macmillan Education, CEO 2007–2010 and Chief Operating Officer 2006–2007; Boots Company, Director of Strategy and Mergers & Acquisitions 2003–2005; IPC Media, Group Strategy Director 2001–2003; BBC, Head of Financial and Commercial Strategy 1998– 2001; previous employers also include Arthur D. Little, Island International (Island Records) and the LEK Partnership
- **Key board memberships:** Dragons Teaching (Chair), Kindred Advisory Board (Vice Chair)

Rolf Grisebach

- Born 1961, German citizen
- Independent of the company and major shareholders
- Board member since 2020, term ends in 2023
- Member of the Audit Committee
- **Education:** Ph.D. (Business Law), Master (Business and Law)
- **Main occupation:** Stella Partners, Partner
- **Primary work experience:** Thames & Hudson Ltd (London), CEO 2013–2019; Pearson, President of German, Swiss and Austrian operations 2010–2013; Deutscher Fachverlag (DFV), CEO 2005–2010; Holtzbrinck Group, Member of the Executive Board 2001–2004, Business CEO for Education, STM and digital division (New York) 1998–2001, Vice President Corporate Development 1995–1998; Boston Consulting Group (Munich and London), Manager 1988–1995

Anna Herlin

- Born 1982, Finnish citizen
- Independent of the company, non-independent of major shareholders: an employment relationship and board membership in a company, Security Trading Oy, that exercises indirect control in a significant shareholder (Holding Manutas Oy)
- Board member since 2021, term ends in 2023
- Member of the Audit Committee
- **Education:** Master (Social Sciences) and M.A.
- **Main occupation:** Tiina and Antti Herlin Foundation, Head of Development
- **Primary work experience:** John Nurminen Foundation, Project Manager 2013–2018; Finnish Academy of Fine Arts, Planning Officer 2008–2009
- **Key board memberships:** Tiina and Antti Herlin Foundation; Security Trading Oy (Vice Chair); e2 Research (Vice Chair)

Mika Ihamuotila

- Born 1964, Finnish citizen
- Independent of the company and major shareholders
- Board member since 2013, term ends in 2023
- Member of the Audit Committee
- **Education:** Ph.D. (Econ.)
- **Main occupation:** Marimekko Corporation, Executive Chair of the Board
- **Primary work experience:** Marimekko Corporation, Chair of the Board and CEO 2015–2016, President and CEO and Vice Chair of the Board 2008–2015; Sampo Bank Plc, President and CEO 2001–2007; Mandatum Bank Plc, President and CEO 2000–2001, Executive Director 1998–2000; Mandatum & Co Ltd, Partner 1994–1998, Yale University, Visiting scholar 1992–1993
- **Key board memberships:** Marimekko Corporation (Executive Chair), Mannerheim Foundation (Chair), Musopia Oy (Chair)

Members of the Board of Directors

Denise Koopmans

- Born 1962, Dutch citizen
- Independent of the company and major shareholders
- Board member since 2015, term ends in 2023
- Chair of the Audit Committee
- **Education:** LL.M., AMP and IDP-C
- **Main occupation:** Independent Board Director
- **Primary work experience:** Wolters Kluwer Law & Business, Managing Director of the Legal & Regulatory Division 2011–2015; LexisNexis Business Information Solutions, CEO and LexisNexis International, member of the Senior Leadership team 2007–2011; Capgemini Engineering, various senior executive roles 2000–2007
- **Key board memberships:** Cicor Technologies Ltd., Swiss Post AG, Royal BAM Group nv
- **Other positions of trust:** Enterprise Chamber of the Amsterdam Court of Appeal («Ondernemingskamer») (Lay Judge/Counsel)

Sebastian Langenskiöld

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

Rafaela Seppälä

- Born 1954, Finnish citizen
- Independent of the company and major shareholders
- Board member since 2008, term ends in 2023
- Member of the Human Resources Committee
- **Education:** M.Sc. (Journalism)
- **Primary work experience:** SanomaWSOY Corporation, Member of the Board 1999–2003; Lehtikuva Oy, President 2001–2004; Helsinki Media Company Oy, Project Manager 1994–2000; Sanoma Osakeyhtiö, Member of the Board 1994–1999
- **Key board memberships:** Finnish National Gallery, Rafaela and Kaj Forsblom Foundation (Chair)

Duties of the Board of Directors

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

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

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

In 2022, the Board continued to closely monitor the continuing integration of Santillana in Spain as well as approving the acquisition (and integration plan) of Pearson's local K12 learning content business in Italy and its small exam preparation business in Germany, both completed on 31 August 2022. In line with the strategy to harmonise the digital offering across the learning business, the Board approved a divestment of Eduarte, a Dutch student administration system provider for vocational education. The Board continued to investigate both acquisition and operational improvement opportunities in accordance with the announced strategic growth ambition to increase the Group's net sales to over EUR 2 billion by 2030, with at least 75% coming from the learning business. In addition to its regular duties, and supervising the daily operations of the company, the Board also closely followed the measures taken to strengthen funding to support the completed acquisition, to improve HS distribution and Iddink's distribution service model, to further strengthen information security in the current geopolitical situation as well as strengthening privacy and customer trust in the core of our daily work. The Board also released the Senior Editor-in-Chief of Helsingin Sanomat of his duties and monitored closely the legal process regarding the article about the Finnish Intelligence Research Centre that was published in Helsingin Sanomat in 2017.

In order to develop its performance, the Board conducts an evaluation of its operations and working methods on an annual basis. The purpose of the evaluation is also to assess the composition of the Board and define qualifications for possible new Board members. The evaluation may be done as an internal self-assessment or by using an external evaluator. In 2022, the Board used an external evaluator.

Board meetings

During 2022, the Board convened 13 times with an attendance rate of 98%.

Board's committees

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

MEMBERS' ATTENDANCE AT BOARD MEETINGS

Board member	Number of meetings attended	Attendance rate, %
Pekka Ala-Pietilä (Chair)	13/13	100
Nils Ittonen (Vice Chair)	12/13	92
Julian Drinkall	13/13	100
Rolf Grisebach	13/13	100
Anna Herlin	13/13	100
Mika Ihamuotila	13/13	100
Denise Koopmans	12/13	92
Sebastian Langenskiöld	13/13	100
Rafaela Seppälä	13/13	100

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

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

Executive Committee

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

In 2022, the Executive Committee comprised Pekka Ala-Pietilä (Chair), Nils Ittonen and Susan Duinhoven. The Executive Committee convened 6 times in 2022, with an attendance rate of 100%.

MEMBERS' ATTENDANCE AT EXECUTIVE COMMITTEE MEETINGS

Board member	Number of meetings attended	Attendance rate, %
Pekka Ala-Pietilä (Chair)	6/6	100
Nils Ittonen	6/6	100
Susan Duinhoven	6/6	100

Audit Committee

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

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

In 2022, the Audit Committee focused on specific deep dive themes in two of its meetings in addition to regular agenda items. The deep dive themes included IR Review, Internal Controls, M&A process, and Finance organisation. In addition, the Audit Committee paid special attention and had regular updates on information security topics, finance organisation, privacy, ethics and compliance, progress of the sustainability programme, cash flow and funding strategy as well as the company's response to the current geopolitical situation.

In addition to members of the Audit Committee, the company's President and CEO, CFO and people responsible for topics on the Audit Committee's agenda participate in meetings presenting their corresponding agenda items to the Committee. In addition, the Internal Auditor has attended the Audit Committee meetings since July 2021 and will continue to do so. The Auditor in Charge is also present at the meetings and gives updates on auditing work conducted in between the meetings.

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

From the date of the 2022 AGM, the Audit Committee comprised Denise Koopmans (Chair), Rolf Grisebach, Anna Herlin, Mika Ihamuotila and Nils Ittonen. All members of the Committee are independent of the company and three members (Rolf Grisebach, Mika Ihamuotila and Denise Koopmans) independent of significant shareholders of the company. 4 out of 5 of the members are financial experts based on their educational or occupational backgrounds. In addition, there is sustainability competence represented in the Committee. The Audit Committee convened 6 times in 2022, with an average attendance rate of 90%.

MEMBERS' ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Board member	Number of meetings attended	Attendance rate, %
Denise Koopmans (Chair)	5/6	83
Rolf Grisebach	5/6	83
Anna Herlin	6/6	100
Mika Ihamuotila	5/6	83
Nils Ittonen	6/6	100

Human Resources Committee

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

In 2022, the Human Resources Committee paid special attention to how to support employees and managers in implementing the hybrid way of working (combining office work with remote work). It also focused on culture topics, the wellbeing of employees and tracking closely the strategic transformation projects within Sanoma Learning. In addition to members of the Human Resources Committee, the company's President and CEO, CHRO, HRO of Sanoma Media Finland and other people responsible for HR participated in the meetings, presenting their agenda items to the Committee.

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

From the date of the 2022 AGM, the Human Resources Committee comprised Julian Drinkall (Chair), Sebastian Langenskiöld and Rafaela Seppälä. All members of the Committee are independent of the company and major shareholders of the company. The Human Resources Committee convened 4 times with an attendance rate of 100%.

MEMBERS' ATTENDANCE AT HUMAN RESOURCES COMMITTEE MEETINGS

Board member	Number of meetings attended	Attendance rate, %
Julian Drinkall (Chair)	4/4	100
Sebastian Langenskiöld	4/4	100
Rafaela Seppälä	4/4	100

President and CEO

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

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

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

Susan Duinhoven has served as the President and CEO of Sanoma Corporation since 1 October 2015.

Executive Management Team (EMT)

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

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

The EMT is chaired by the President and CEO. In 2022, the EMT comprised the CEOs of Sanoma Media Finland and Sanoma Learning, as well as the Chief Financial Officer of Sanoma Group.

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

	Shareholding	
EMT member	31 December 2022	31 December 2021
Susan Duinhoven (Chair)	502,595	459,160
Alex Green	0	0
Pia Kalsta	32,810	23,303
Rob Kolkman	36,948	0

Members of the Executive Management Team

Members of the Executive Management Team

Susan Duinhoven, President and CEO

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

Alex Green, CFO

- Born 1970, British citizen
- Member of the EMT since 1 March 2022
- **Education:** B.Sc. (Hons) Mathematics, Chartered Accountant (ACA)
- **Work experience:** eBay Classifieds Group (eCG), CFO 2013-2022; eBay Group, several managerial and leadership positions 2006-2013; Factiva (a Dow Jones/Reuters company at the time), European Head of Finance 2001-2005; ExxonMobile, several finance positions 1996-2001; Coopers & Lybrand (nowadays part of PwC) 1992-1996

Pia Kalsta, CEO, Sanoma Media Finland

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

Rob Kolkman, CEO, Sanoma Learning

- Born 1972, Dutch citizen
- Member of the EMT since 2019
- **Education:** MBA, Master (Econ., Accountancy)
- **Work experience:** Reed Business Information (part of RELX Group), Group Managing Director 2017–2018, Managing Director of ICIS 2016–2017, CEO Netherlands 2014–2016; Elsevier (part of RELX Group), Managing Director Australia and New Zealand 2008–2014; Reed Business Netherlands (part of RELX Group), Associate Director 2006–2008, Publishing Director (Finance and tax) 2004–2006, Director of Elsevier Baard 2003–2004; various roles at BPP Professional Education Netherlands 1992–2003

Markus Holm, CFO & COO, was a member of the Executive Management Team until 28 February 2022.

Risk management and internal control

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

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

Risk management

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

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

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

More information on the most significant risks that could have a negative impact on Sanoma's business, performance, or financial status are described in the Report of the Board of Directors 2022, available at sanoma.com.

Internal controls

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

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

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations.

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

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

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

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

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

Monitoring of financial reporting process

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

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

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

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

Other information

Internal audit

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

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

Related party transactions

Sanoma has a Related Party Policy, under which members of the management defined by the policy are under obligation to submit planned related party transactions for prior approval. More information on related party transactions in 2022 is available in Financial Statements 2022, Note 6.1.

Insider administration

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

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

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

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

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

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

Members of the Board and EMT shall always check beforehand the appropriateness of trading with the company secretary. Members of the Board and EMT may also issue an explicit, documented trading programme, which must comply with Nasdaq Helsinki Ltd. rules and regulations on trading programmes. Sanoma may publish such trading programmes on its website. There were no trading programmes in place on 31 December 2022.

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

Audit

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

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

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

The 2022 AGM elected the Authorised Public Accounting firm PricewaterhouseCoopers Oy as the statutory auditor of the company. Samuli Perälä, Authorised Public Accountant, acts as the Auditor in Charge.

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

FEES PAID TO THE COMPANY'S AUDITORS

	Group		Parent company	
EUR million	**2022**	**2021**	**2022**	**2021**
Fees paid for audit services	1.4	1.2	0.4	0.4
Fees paid for non-audit services	0.1	0.1	0.1	0.1

OUR BUSINESSES IN BRIEF
SUSTAINABILITY
FINANCIALS
GOVERNANCE
Corporate Governance Statement
Remuneration report

Remuneration Report 2022

This Remuneration Report sets out how Sanoma has implemented its Remuneration Policy, adopted by the AGM 2022, in 2022. The report includes information concerning the remuneration of the Board of Directors and the President and CEO of Sanoma during the period 1 January–31 December 2022. This Remuneration Report has been reviewed by Sanoma's Human Resources Committee and approved by the Board. The shareholders will make an advisory decision on the adoption of the Remuneration Report at the Company's Annual General Meeting (AGM) 2023. This report is based on the recommendation of the Finnish Corporate Governance Code 2020, as well as the provisions of the Finnish Securities Market Act and Limited Liability Companies Act.

The Board proposes to the AGM 2023 a change to Sanoma's Remuneration Policy. According to the updated Remuneration Policy, the performance period of the Performance Share Plans (PSP) may vary from one to three years (earlier two years). Hence, based on the updated policy, the performance period in the PSP 2023–2025 will be one year, followed by a two-year vesting period. The change will be reflected in Sanoma's remuneration and Remuneration Report for 2023 (to be published in spring 2024).

The Remuneration Policy approved by the AGM 2022 and the proposed updated Remuneration Policy are available at sanoma.com.

Letter from the Chair of the HR Committee

Dear shareholders.

I am pleased to present Sanoma's Remuneration Report 2022 on behalf of the HR Committee and the Board of Directors.

2022 was another year of solid underlying performance for Sanoma despite being very different from what we had expected when it started. The Group's net sales grew by 4% mainly as a result of the acquisition of the local K12 learning content business in Italy and Germany from Pearson. In the challenging operating environment, operational EBIT excl. PPA declined by 4% mainly due to significantly higher paper costs in both businesses, lower profitability of the Dutch distribution business and lower advertising sales in Media Finland. Due to lower earnings and higher investments, the underlying free cash flow declined significantly, but was partially mitigated by a major contribution to the working capital from the Italian and German businesses due to the timing of the acquisition.

During what has been a challenging year, Sanoma and its employees, like the rest of the world, has had to contend with major new challenges. We have experienced the indirect consequences of Russia's attack on Ukraine, for example, in the form of increased uncertainty and insecurity, higher paper and energy costs and the emergence of increasing and varying inflation rates. In employing more than 5,600 professionals, Sanoma is, for its own part, taking direct responsibility in addressing the ongoing cost-of-living crises that is reality in many of its operating countries with inflationary compensation for employees. Compensation of the executive management continues to be performance-driven and inflationary increases into the base salaries are not applied. Bearing in mind the new uncertainties emerging during the year, it was gratifying and encouraging to see that the Employee Experience Index of the Group remained stable at the high level of 7.3 (2021: 7.3). This will strengthen Sanoma's ability to attract and retain talented employees.

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

- Support the business strategy
- Pay-for-performance
- Pay competitively
- Encourage share ownership
- Be fair, transparent, and simple in design.

In line with the Policy, remuneration in 2022 has supported the Group's business strategy with a focus on creating long-term sustainable growth and shareholder value, while maintaining a strong focus on short-term financial results and cash flow. The decision-making process on remuneration, as defined in the Remuneration Policy, has been followed in 2022. No deviations from the Remuneration Policy were applied during the year. Furthermore, the Board did not observe any circumstances or activities that would have resulted in the need to apply claw-back clauses applicable to the CEO's or any other executive's variable remuneration. To encourage share ownership in Sanoma, shareholding guidelines for the CEO have been in place to further support and align shareholder and top-executive interests. Until their required shareholdings are achieved, the CEO and the members of the EMT are required to hold, and not to sell, at least 50% of the shares received as a reward. The CEO has fulfilled the ownership requirement of 75,000 shares since 2016, and held 577,595 Sanoma shares in total at the end of December 2022.

Next, I would like to give further insights regarding the CEO's remuneration in 2022. 84% of the CEO's paid compensation was performance-based and designed to encourage the achievement of short and long-term targets, while being balanced between the long-term results and avoiding of possible undesired short-term risk-taking. In addition to financial targets, the sustainability targets continued to be emphasised in the short-term incentives (STI). They included a data and privacy related target with a weighting of 10% and an Employee Engagement Index target with an equal 10% weighting. The sustainability themes linked into STI target setting are reviewed on an annual basis, and the same focus areas, practices and weightings continue to be applied also in 2023.

The total compensation paid to the CEO in 2022 was stable and amounted to EUR 3,735,202 (2021: 3,889,411). It included the rewards earned for the STI 2021, based on performance targets for financial year 2021, and for the long-term incentive (LTI) 2019–2021, based on the performance targets for financial year 2019. As regards the CEO's earned remuneration in 2022, the performance outcome in the STI 2022, 70%, will be paid in cash in spring 2023. The recent and continued high inflation levels have been reflected as temporary constraints in the company's short-term performance and are mirrored in the earned remuneration for 2022. The outcomes of the sustainability targets were at or above target performance.

For the LTI, in Sanoma's previous 2022–2024 Performance Share Plan (PSP) introduced in spring 2022 the performance period was extended to two years with a one-year vesting period. The Board now proposes the AGM an update to the Remuneration Policy, allowing the performance period of the PSP to vary from one to three years. Hence, based on the updated policy the performance period in the PSP 2023-2025 will be one year, followed by a two-year vesting period. The proposal to change the performance period from two years to one aims at optimising the long-term commitment of the key employees in the current volatile operating environment and supporting the company's continuing transformation and growth strategy. The KPIs used to measure the performance remained the same, i.e. adjusted free cash flow and operational EPS. Detailed information on the CEOs share-based incentives and application of the performance criteria is available on p. 238–239.

In 2022, the HR Committee supported the Board in reviewing a variety of key activities. These included, for example: ways to support employees and managers in implementing a hybrid way of working (combining office work with remote work); developing and enhancing company culture; a bigger focus on the wellbeing of employees; and tracking and brainstorming strategic transformation projects especially within Sanoma Learning. We value and appreciate deeply the commitment, dedication and energy that all Sanoma employees have shown in the continued challenging operating environment and their ability in adapting to hybrid ways of working in 2022.

In August 2022, Sanoma completed the acquisition of the Italian and German K12 learning businesses from Pearson and welcomed 250 new colleagues to the Group. This was another significant step towards its long-term growth ambition to grow the Group's net sales to over EUR 2 billion by 2030, with at least 75% coming from the learning business. Engaged employees and long-term performance-based remuneration will play a pivotal role in achieving this ambition.

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

Julian Drinkall
Chairperson of the HR Committee

Remuneration aligned with long-term business performance

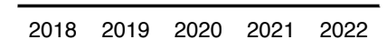
Sanoma is a leading European K12 learning company operating in twelve countries and a leading and focused cross-media business in Finland. Sanoma aims to grow, in particular, its learning business further both organically and through M&A.

In 2022, Sanoma announced its strategic growth ambition to increase the Group net sales to over EUR 2 billion by 2030, with at least 75% coming from the learning business. In 2022, the share of learning business of the Group's net sales was 52%. In order to achieve its 2030 ambition, Sanoma aims to grow organically in its existing markets as well as to continue to grow through acquisitions, while keeping its long-term financial targets unchanged.

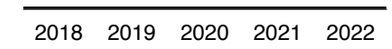
In 2018–2022, total return to shareholders (share price development and dividends paid) was 12%.

Long-term business performance

Operational EBIT excl. PPA,
m€

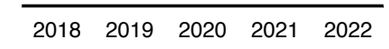


Free cash flow,
m€



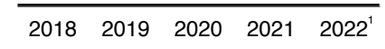
Free cash flow = Cash flow from operations less capital expenditure

Operational EPS,
€[1]



[1] Continuing operations

Dividend per share,
€



[1] Board's proposal to the AGM 2023

Total return,
%

Development of compensation

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

	2018	2019	2020	2021	2022
Chair of the Board [1]	102,000	102,000	133,500	144,000	144,000
Change y-o-y	0%	0%	31%	8%	0%
Vice Chair of the Board [1]	78,000	78,000	82,500	84,000	84,000
Change y-o-y	0%	0%	6%	2%	0%
Member of the Board [1]	66,000	66,000	70,500	72,000	72,000
Change y-o-y	0%	0%	7%	2%	0%
President & CEO	1,157,971	3,541,726	3,632,689	3,889,411	3,735,202
Change y-o-y	-4%	206%	3%	7%	-4%
Sanoma employee [2]	57,000	56,000	58,000	59,000	58,000
Change y-o-y	-4%	-1%	4%	2%	2%
Annual compensation ratio (President & CEO to employee) [3]	21	65	64	67	65
Change y-o-y [4]	0%	210%	-2%	5%	-3%

[1] Fixed fee

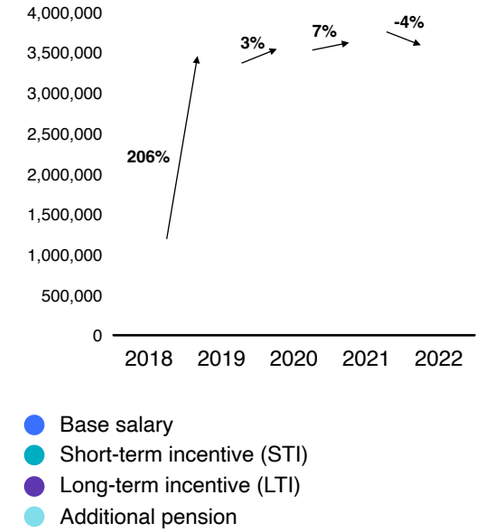
[2] Average Sanoma employee remuneration is calculated by dividing the Group's total salary costs by the average number of employees. For 2018–2022, only continuing operations are included.

[3] Annual total compensation for President & CEO/Average annual total compensation for all employees excluding President & CEO

[4] Percentage increase in annual total compensation of President & CEO / Average percentage increase in annual total compensation for all of employees excluding President & CEO

To comply with GRI Standard Reporting requirement, Sanoma reports the annual compensation ratio for the first time for 2021–2022. The annual compensation ratio declined somewhat from 2021.

Development of CEO compensation (paid), €



The graph presents the development of remuneration paid to the CEO in the corresponding financial year. For example, in 2022:

- Base salary 1–12/2022
- Short-Term Incentive (STI) earned in 2021 and paid in 2022
- Long-Term Incentive (LTI) earned in PSP 2019–2021 and paid in 2022
- Additional pension payment in 2022

Remuneration of the Board in 2022

Board remuneration in 2022 was based on the below resolution of the shareholders at the AGM 2022 on the monthly and meeting fees. The monthly fees were unchanged compared to the previous year. The meeting fees were increased. Board Remuneration is paid in cash and totalled EUR 833,500 (2021: 810,000).

Monthly Fees

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

Meeting Fees

- For Board members who reside outside Finland: EUR 1,000 / Board meeting where the member was present;
- For the Chairs of Board's Committees: EUR 3,500 / Committee meeting participated;
- For Committee members who reside outside Finland: EUR 2,500 / Committee meeting where the member was present: EUR 1,500 / Committee meeting participated; and
- For Committee members who reside in Finland: EUR 1,500 / Committee meeting participated

REMUNERATION PAID TO THE MEMBERS OF THE BOARD IN 2022, €

Member	Fixed Fees	Meeting fees from Board meetings	Meeting fees from Committee meetings	Total
Pekka Ala-Pietilä (Chair)	144,000	-	4,500	148,500
Nils Ittonen (Vice Chair)	84,000	-	15,500	99,500
Julian Drinkall	72,000	4,000	12,500	88,500
Rolf Grisebach	72,000	4,000	11,000	87,000
Anna Herlin	72,000	-	8,500	80,500
Mika Ihamuotila	72,000	-	7,000	79,000
Denise Koopmans	72,000	3,000	16,000	91,000
Sebastian Langenskiöld	72,000	-	5,500	77,500
Rafaela Seppälä	72,000	-	10,000	82,000

Remuneration of the CEO in 2022

Paid remuneration in 2022

In 2022, the base salary equalled 16% (2021: 15%) of the CEO's total compensation paid, while variable, performance-based compensation equalled 84% (2021: 85%) of total compensation paid (excluding additional pension payment). Detailed information on the remuneration paid to the CEO in 2018–2022 is available on p. 237.

Earned remuneration in 2022

The CEO was offered two performance-based incentive plans: a short-term incentive (STI) and a share-based long-term incentive (LTI, Performance Share Plan 2022–2024). The purpose of the short-term incentive is to incentivise for achieving stretched financial and non-financial short-term targets aligned with business strategy. The purpose of the LTI is to incentivise and support the development and execution of business strategies linked to long-term performance and shareholder value creation, and to serve as a retention tool. In STI, the performance period was year 2022 and in LTI, the performance period is 2022–2023.

The STI performance criteria for 2022 were set by the Board at the beginning of the financial year. The CEO's STI earning opportunity for 2022 was set at 67% of annual base salary at target level and 100% at maximum level. The performance outcome in the STI was 70%, resulting from the financial and sustainability performance of the Company in 2022.

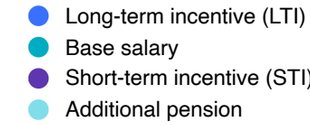
The LTI performance criteria for 2022–2023 were set by the Board at the beginning of the financial year. The CEO's earning opportunity in the PSP 2022–2024 was 100,000 shares (gross) at target level and 150,000 shares (gross) at maximum level. The performance outcome for the LTI 2022–2023 will be determined on 31 December 2023. The earned STI reward will be paid in spring 2023, and the earned share-based LTI reward in spring 2025.

REMUNERATION PAID TO THE CEO IN 2022, €

Base salary	Annual short-term incentive[1]	Long-term incentive[2]	Additional pension payment	Total compensation paid
590,041	456,480	2,601,633	87,048	3,735,202

[1] Earned in 2021, paid in 2022
[2] Earned based on performance in 2019 in PSP 2019–2021, paid in 2022. 216,810 gross shares at 2 March 2022 share price of EUR 11.99.

Structure of paid compensation in 2022, %



EARNED REMUNERATION IN 2022

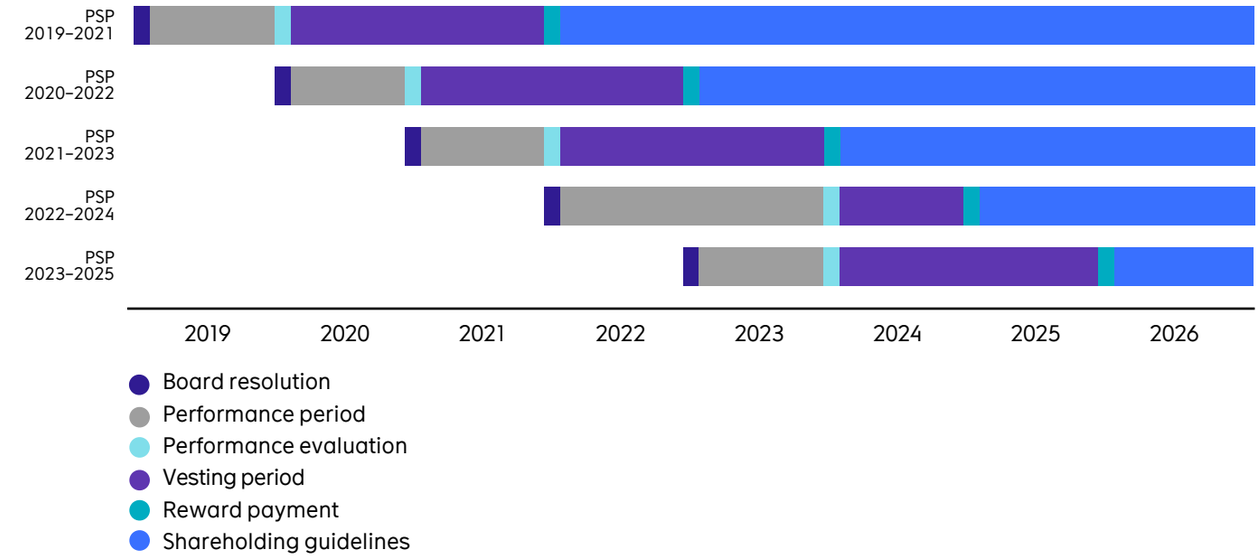
STI 2022 criteria	Weight	Performance outcome	Earned reward, to be paid in 2023
Operational EBIT excl. PPA	40%	54%	EUR 259,330
Adjusted Free Cash Flow	40%	69%	
Employee engagement survey	10%	100%	
Data and privacy related sustainability target	10%	130%	

LTI, PSP 2022–2024 criteria	Weight	Performance outcome	Earned reward, to be paid in 2025
Adjusted free cash flow in 2021	60%	To be determined on 31 Dec 2023	To be determined on 31 Dec 2023
Operational EPS in 2021	40%	To be determined on 31 Dec 2023	

Share-based incentives of the CEO

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

Share-based incentives of the CEO



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

Plan	Granted	Share price at grant date	Performance criteria	Performance period	Granted reward shares at target	Achieved reward vs. target (100%)	Gross shares earned	Net shares paid	Delivery time (payment)
PSP 2019–2021	5 February 2019	EUR 8.69	Adjusted free cash flow and operational EPS in 2019	2019	150,000	145%	216,810	118,435	Spring 2022
PSP 2020–2022	7 February 2020	EUR 10.64	Adjusted free cash flow and operational EPS in 2020	2020	50,000[1]	97%	48,550		Spring 2023
PSP 2021–2023	9 February 2021	EUR 17.00	Adjusted free cash flow and operational EPS in 2021	2021	100,000	131%	130,600		Spring 2024
PSP 2022–2024	10 February 2022	EUR 13.54	Adjusted free cash flow and operational EPS in 2022–2023	2022–2023	100,000	To be determined on 31 Dec 2023	To be determined on 31 Dec 2023		Spring 2025
PSP 2023–2025	10 February 2023	EUR 9.48	Adjusted free cash flow and operational EPS in 2023	2023	100,000	To be determined on 31 Dec 2023	To be determined on 31 Dec 2023		Spring 2026

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

Shares conditionally granted to the CEO and members of the Executive Management Team (EMT) under the PSP and RSP are subject to share ownership requirement that is determined by the Board in accordance with the HR Committee's proposal. Until their required shareholding is achieved, the CEO and the members of the EMT are required to hold, and not to sell, at least 50% of the shares received as a reward. The CEO has fulfilled the ownership requirement of 75,000 shares since 2016 and held in total 577,595 Sanoma shares at the end of December 2022.

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

From 2020 onwards, the number of granted gross shares on-target level for the CEO is 100,000 shares (previously 150,000) and the CEO will, under all circumstances, be treated on a good-leaver ground, all other conditions remaining unchanged. The final number of shares earned will be based on the fulfilment of the earnings criteria decided annually by the Board.

Adjustments when calculating the performance outcome

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

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

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

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

In 2022, some positive and negative adjustments in the performance criteria of adjusted free cash flow, operational EBIT excl. PPA and operational EPS were made, the net impact being minor. The main adjustments were related to the changes in accounting practices at Iddink and the recently acquired Santillana in Spain, the positive impact from the recently acquired learning businesses in Italy and Germany, as well as changes in foreign exchange rates.

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