

Full-Year Result

2021

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SANOMA CORPORATION, FULL-YEAR RESULT 2021

Strong growth in net sales and operational EBIT in both businesses

Q4 2021

- The Group's net sales grew to EUR 252 million (2020: 227) driven by the acquisition of Santillana as well as strong organic growth especially in Learning. The Group's comparable net sales growth was 6% (2020: 1%).
- Operational EBIT excl. PPA was negative driven by the typical quarterly pattern in the growing Learning business and amounted to EUR -5 million (2020: -2).
- EBIT was EUR -19 million (2020: -23). Items affecting comparability (IACs) were EUR -5 million (2020: -16). Purchase price allocation adjustments and amortisations (PPAs) increased to EUR 8 million (2020: 6) as a result of the Santillana acquisition.
- Operational EPS was EUR -0.06 (2020: -0.06) and EUR -0.07 (2020: -0.07) including discontinued operations.
- EPS was EUR -0.09 (2020: -0.14) and EUR -0.09 (2020: -0.16) including discontinued operations.
- On 21 December, Sanoma announced that Alex Green has been appointed CFO of Sanoma as of 1 March 2022.

FY 2021

- The Group's net sales grew by 18% to EUR 1,252 million (2020: 1,062). Net sales grew in both businesses both organically and through acquisitions. The Group's comparable net sales growth was 7% (2020: -4%).
- Operational EBIT excl. PPA grew by 26% to EUR 197 million (2020: 157), corresponding to a margin of 15.8% (2020: 14.7%). The improvement was driven by solid net sales growth in both Learning and Media Finland.
- EBIT was EUR 142 million (2020: 270). IACs totalled EUR -16 million (2020: 136). In 2020, the EBIT and IACs included a capital gain of EUR 165 million related to the divestment of Oikotie online classified business. PPAs increased to EUR 39 million (2020: 22) as a result of the Santillana and regional news media business acquisitions.
- Operational EPS increased to EUR 0.69 (2020: 0.58). Operational EPS including discontinued operations was EUR 0.69 (2020: 0.67).
- EPS was EUR 0.62 (2020: 1.46) and EUR 0.61 (2020: 1.51) including discontinued operations.
- Free cash flow improved significantly to EUR 140 million (2020: 95), mainly driven by strong net sales and related EBITDA growth as well as solid contribution from Santillana.
- Net debt/Adj. EBITDA decreased to 2.4 (2020: 2.6), well below the long-term leverage target of <3.0.
- On 1 June, Sanoma announced it increased its ownership in event organiser Nelonen Media Live Ltd. from 60% to 100%.
- On 29 April, Sanoma announced it had received a decision from the Finnish Tax Adjustment Board that they had accepted a claim made by the Finnish Tax Ombudsman related to tax audits at Sanoma Media Finland in 2015–2018. Sanoma considers the claims completely unjustified and has appealed the decisions. On 1 July, Sanoma paid the required VAT, the related penalty and interests of EUR 25 million and booked the amount paid as a receivable.
- The Board proposes a dividend of EUR 0.54 per share to be paid for the year 2021 in two instalments, EUR 0.27 on 20 April and EUR 0.27 in November (estimated).

Outlook for 2022

In 2022, Sanoma expects that the Group's reported net sales will be EUR 1.25–1.30 billion (2021: 1.25). The Group's operational EBIT margin excl. PPA is expected to be between 15–16% (2021: 15.8%).

Regarding the operating environment Sanoma expects that:

- The continuing coronavirus pandemic will not have a significant impact on its businesses.
- The advertising market in Finland will be stable.

Alternative performance measures and discontinued operations

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

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. Media Netherlands is reported as discontinued operations until the completion of the divestment on 20 April 2020. In addition, certain Learning operations that are under strategic review are reported as discontinued operations for 2020 and 2021. Sanoma's continuing operations include Learning and Media Finland, which are also Sanoma's reporting segments.

Definitions of key IFRS indicators and APMs are available on p. 39. Reconciliations are available on p. 19–20. More information on discontinued operations is available on p. 36–37.

Key indicators for continuing operations

EUR million	Q4 2021	Q4 2020	Change	FY 2021	FY 2020	Change
Net sales	252.4	227.3	11%	1,251.6	1,061.7	18%
Operational EBITDA ¹⁾	42.1	43.4	-3%	361.0	309.9	16%
Margin ¹⁾	16.7%	19.1%		28.8%	29.2%	
Operational EBIT excl. PPA ²⁾	-5.2	-1.5	-255%	197.2	156.5	26%
Margin ²⁾	-2.1%	-0.6%		15.8%	14.7%	
EBIT	-18.5	-22.7	19%	142.4	270.1	-47%
Result for the period	-13.9	-23.5	41%	101.4	237.8	-57%
Operational EPS, EUR ¹⁾	-0.06	-0.06	-2%	0.69	0.58	19%
EPS, EUR	-0.09	-0.14	36%	0.62	1.46	-58%
Average number of employees (FTE)				4,885	4,255	15%
Number of employees at the end of the period (FTE)				4,822	4,806	0%

Key indicators incl. continuing and discontinued operations ³⁾

EUR million	Q4 2021	Q4 2020	Change	FY 2021	FY 2020	Change
Result for the period	-14.0	-26.9	48%	101.2	247.1	-59%
Free cash flow	55.2	30.4	82%	139.7	94.8	47%
Equity ratio ⁴⁾				40.6%	37.4%	
Net debt				616.4	660.7	-7%
Net debt / Adj. EBITDA				2.4	2.6	-8%
Operational EPS, EUR ¹⁾	-0.07	-0.07	2%	0.69	0.67	4%
EPS, EUR	-0.09	-0.16	44%	0.61	1.51	-59%
Free cash flow per share, EUR	0.34	0.19	82%	0.86	0.58	47%
Dividend per share, EUR ⁵⁾				0.54	0.52	4%

¹⁾ Excluding IACs

²⁾ Excluding IACs and purchase price allocation adjustments and amortisations (PPAs)

³⁾ In 2021, discontinued operations include certain Learning operations that are under strategic review. In 2020, discontinued operations also included Sanoma Media Netherlands. More information on discontinued operations' financial performance is available on p. 36–37.

⁴⁾ Advances received included in the formula of equity ratio were EUR 155.2 million in 2021 (2020: 152.3).

⁵⁾ 2021 is a proposal of the Board of Directors.

President and CEO Susan Duinhoven:

"2021 was another successful year for Sanoma. The Group's net sales grew by 18%, operational EBIT excluding PPA even more strongly by 26% and free cash flow by 47%, or EUR 45 million. I am particularly encouraged by the strong organic growth of 7% in both Learning and Media Finland, which proves that our focus on the customers, the digitalisation of our offering and our increased scale are successful contributors to our organic growth and improved profitability. I would like to thank all our teams for the work well done under the challenging conditions that we have experienced during 2021. Having seen how agile and flexible our teams are, I am confident that we can again adapt and capture the positives of the 'better normal' in the times ahead.

In Learning, 2021 was a year of strong net sales and profitability growth, resulting both from the organic growth across the businesses and the acquisition of Santillana in Spain. The integration of Santillana has progressed according to our plan and its first year as a Sanoma company was successful. The Santillana team is well prepared for the educational reform in 2022–23, although its pace and phasing continue to be partially uncertain, as the local authorities in the Spanish provinces have not yet concluded their decision taking. In 2021, majority of the organic growth in Learning resulted from Poland, where it was the last implementation year of the latest curriculum renewal, and the Netherlands, where demand was amplified by higher public spending on education, increasing share of subscriptions as well as an increase in market share.

In Media Finland, organic growth was strong. It was driven by advertising rebound from the 2020 decline caused by the coronavirus pandemic as well as the reopened opportunity to organise some events during the summer. The number of subscriptions to both Helsingin Sanomat and Ruutu+ continued to grow, even though we saw signs of the strong corona-driven subscription growth normalising towards the end of the year. Digital advertising growth accelerated during the year, and we expect this to continue also in the coming year. We are quite pleased that our large, fast-growing digital advertising base was already offsetting the decline in print advertising, which all-in-all amounted to only approx. EUR 60 million of net sales. Strong net sales growth also supported earnings growth, and profitability improved slightly.

In 2022, we expect another strong year with the Group's reported net sales at EUR 1.25–1.30 billion (2021: 1.25) and operational EBIT margin excl. PPA 15–16% (2021: 15.8%). In Learning, we expect strong curriculum driven sales growth in Spain during 2022–2023. In Poland, we foresee after years of strong growth a significant market decline in 2022 ahead of the next curriculum renewal in 2023. In Media Finland the advertising sales are expected to show continued strength driven by digital, which is already exceeding the share of the declining print advertising. During the year, we will continue to develop our digital platforms and adapt our offices to the new ways of working both in Learning and Media Finland. We expect to see a temporary margin impact due to increasing paper and printing costs. We have a strong pipeline of acquisition opportunities that we continue to work on and develop further. Our long-term targets are unchanged: 2–5% organic growth in Learning and +/-2% in Media Finland, and above 23% operational EBIT margin excl. PPA in Learning and 12–14% in Media Finland.

In 2021 we clarified and communicated our Sustainability Strategy and have been very encouraged to see how strongly it resonates with our employees, customers, suppliers and investors. The more structured approach and improved transparency in our sustainability reporting increased our ESG ratings significantly and can attract new impact and ESG investors on both equity and debt sides. We are very pleased that the positive impact our learning and media businesses have on society is now more clearly reflected in our ESG ratings.

After a successful year 2021, the Board proposes an increased dividend of EUR 0.54 (2020: 0.52), corresponding to a yield of 4% and in line with our policy of paying a growing dividend. We are also in good positions and eager to continue to grow Sanoma further. Our focus will be in growing our K12 learning business both organically and through M&A, for which we have a solid balance sheet. In our Finnish media business, we will continue the successful digitalisation in our three strategic strongholds – news & feature, entertainment and B2B marketing solutions."

Financial review Q4 2021

Net sales by SBU

EUR million	Q4 2021	Q4 2020	Change
Learning	88.5	66.6	33%
Media Finland	164.1	160.8	2%
Other operations	-0.1	-0.1	-33%
Group total	252.4	227.3	11%

The Group's net sales grew to EUR 252 million (2020: 227). In Learning, net sales grew driven by the acquisition of Santillana and strong organic growth particularly in the Netherlands and Poland. In Media Finland, net sales growth was mainly driven by higher advertising sales. Group's comparable net sales growth was 6% (2020: 1%).

Operational EBIT excl. PPA by SBU

EUR million	Q4 2021	Q4 2020	Change
Learning	-20.6	-17.8	-16%
Media Finland	19.1	17.3	11%
Other operations	-3.8	-1.0	-291%
Group total	-5.2	-1.5	-255%

Operational EBIT excl. PPA declined slightly and amounted to EUR -5 million (2020: -2). In Learning, earnings were negative according to their typical quarterly pattern which is amplified as the business grows. Earnings improved in Media Finland in relation to growth of the B2B sales in particular. In Other operations, personnel costs, in particular, increased compared to lower bonus provisions and Finnish pension payments in the previous year.

IACs, PPAs and reconciliation of operational EBIT

EUR million	Q4 2021	Q4 2020
EBIT	-18.5	-22.7
Items affecting comparability (IACs)		
Restructuring expenses	-3.8	-14.9
Impairments	-1.8	-0.6
Capital gains/losses	0.8	0.0
IACs total	-4.9	-15.5
Purchase price allocation adjustments and amortisations (PPAs)	-8.4	-5.7
Operational EBIT excl. PPA	-5.2	-1.5

A detailed reconciliation on SBU level is presented on p. 19.

EBIT was EUR -19 million (2020: -23). The IACs totalled EUR -5 million (2020: -16) and consisted of costs related to strategic business development, integration of recent acquisitions and impairments. The capital gain is related to selling of minor properties and land in Finland. PPAs increased to EUR 8 million (2020: 6) mainly due to the acquisition of Santillana.

Net financial items were positive EUR 1 million (2020: -2) due to a change in fair value of a liability related to an earlier acquisition in Learning.

Result before taxes grew to EUR -17 million (2020: -25). Income taxes were EUR 3 million (2020: 1). Result for the period was EUR -14 million (2020: -24) and EUR -14 million (2020: -27) including discontinued operations.

Operational earnings per share were EUR -0.06 (2020: -0.06) and EUR -0.07 (2020: -0.07) including discontinued operations. Earnings per share were EUR -0.09 (2020: -0.14) and EUR -0.09 (2020: -0.16) including discontinued operations.

Financial review FY 2021

Net sales by SBU

EUR million	FY 2021	FY 2020	Change
Learning	637.3	499.7	28%
Media Finland	615.3	562.6	9%
Other operations	-0.9	-0.5	-76%
Group total	1,251.6	1,061.7	18%

The Group's net sales increased by 18% to EUR 1,252 million (2020: 1,062) driven by good growth in both businesses. In Learning, growth resulting from the acquisition of Santillana was supported by strong comparable net sales growth of 7% (2020: 5%). Net sales of Media Finland grew as a result of the acquisition of the regional news media business as well as recovery of advertising sales, increase in subscription sales and partial recovery of the events business. Organic growth was strong in both businesses and the Group's comparable net sales growth was 7% (2020: -4%).

Operational EBIT excl. PPA by SBU

EUR million	FY 2021	FY 2020	Change
Learning	133.9	95.9	40%
Media Finland	73.5	66.6	10%
Other operations	-10.2	-5.9	-73%
Group total	197.2	156.5	26%

Operational EBIT excl. PPA improved by 26% to EUR 197 million (2020: 157). The improvement was mainly driven by acquisitions and solid organic net sales growth in both businesses. In Other operations, personnel costs, in particular, increased compared to lower bonus provisions and Finnish pension payments in the previous year.

IACs, PPAs and reconciliation of operational EBIT

EUR million	FY 2021	FY 2020
EBIT	142.4	270.1
Items affecting comparability (IACs)		
Restructuring expenses	-15.2	-28.5
Impairments	-4.3	-0.6
Capital gains/losses	3.7	165.0
IACs total	-15.8	135.9
Purchase price allocation adjustments and amortisations (PPAs)	-39.0	-22.3
Operational EBIT excl. PPA	197.2	156.5

A detailed reconciliation on SBU level is presented on p. 19.

EBIT was EUR 142 million (2020: 270). The IACs totalled EUR -16 million (2020: 136) and consisted largely of integration costs related to recent acquisitions, strategic business development costs and impairments related to discontinuation of a minor business line in Learning. In 2020, the EBIT and IACs included a capital gain of EUR 165 million related to the divestment of Oikotie online classified business. PPAs increased to EUR 39 million (2020: 22) due to the acquisitions of Santillana and the regional news media business.

Net financial items were stable at EUR -9 million (2020: -9). The impact of a somewhat higher average interest rate of 1.1% (2020: 0.8%) and higher average external debt was offset by a change in fair value of a liability related to an earlier acquisition in Learning, booked in the fourth quarter.

Result before taxes was EUR 134 million (2020: 261). In the comparison period, the result included the capital gain of the Oikotie divestment. Income taxes increased to EUR 32 million (2020: 23) as a result of higher earnings. Result for the period was EUR 101 million (2020: 238) and EUR 101 million (2020: 247) including discontinued operations.

Operational earnings per share were EUR 0.69 (2020: 0.58) and EUR 0.69 (2020: 0.67) including discontinued operations. Earnings per share were EUR 0.62 (2020: 1.46) and EUR 0.61 (2020: 1.51) including discontinued operations.

Financial position

At the end of December 2021, interest-bearing net debt was EUR 616 million (2020: 661) and net debt to adjusted EBITDA ratio 2.4 (2020: 2.6). Both net debt and leverage decreased thanks to solid profitability and free cash flow development. Equity ratio was 40.6% (2020: 37.4%).

At the end of December 2021, the Group's equity totalled EUR 721 million (2020: 710) and the consolidated balance sheet amounted to EUR 1,933 million (2020: 2,048).

Cash flow

In 2021, the Group's free cash flow improved significantly to EUR 140 million (2020: 95) or EUR 0.86 per share (2020: 0.58). The improvement was mainly driven by higher profitability both in Learning and Media Finland as well as solid contribution of the recently acquired Santillana in Spain, while taxes paid somewhat increased. The divestment of Media Netherlands had a positive impact on the Group's free cash flow as in the comparison period, the seasonally negative January–April free cash flow of Media Netherlands was included in the Group's free cash flow. Prepayment of the VAT claim related to magazine distribution (more information under Events during the reporting period) had a negative impact on free cash flow. For dividend calculation purposes, the Group's free cash flow will be adjusted for the net impact of the VAT prepayment amounting to EUR 21 million.

In 2021, capital expenditure included in the Group's free cash flow amounted to EUR 42 million (2020: 43) and mainly consisted of investments in digital platforms and ICT development in Learning.

Acquisitions and divestments

On 1 June 2021, Sanoma announced that it had acquired remaining minority shares of its festival and events business, thus increasing its ownership in the festival and events company Nelonen Media Live Ltd. from 60% to 100%. The seller was the founder of N.C.D. Production Ltd. of which Sanoma acquired a majority stake in 2018.

Information on acquisitions and divestments conducted in 2020 and earlier is available at www.sanoma.com/en/investors/sanoma-as-an-investment/.

Events during the reporting period

On 8 June 2021, Sanoma announced it will commit to the Science Based Targets initiative (SBTi) by setting emission reduction targets aligned with the SBTi's criteria. The commitment reinforces Sanoma's climate target to reach net-zero emissions across its value chain by 2030 as defined in its Sustainability Strategy.

On 27 May 2021, Sanoma announced it will further strengthen its sustainability commitments by becoming a signatory of the United Nation's Global Compact. Sanoma's Code of Conduct already encompasses the Ten Principles of the UN Global Compact on human rights, labour, environment and anti-corruption and its recently updated Sustainability Strategy is aligned to support nine out of seventeen UN Sustainable Development Goals.

On 29 April 2021, Sanoma announced it had received a decision from the Finnish Tax Adjustment Board that they had accepted a claim made by the Finnish Tax Ombudsman related to tax audits at Sanoma Media Finland Oy. The claim concerned the treatment of value added tax (VAT) of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway in 2015–2018. Sanoma considers the claims completely unjustified and has appealed the decisions. On 1 July, Sanoma has paid the required VAT, the related penalty and interests of EUR 25 million (gross amount) 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 has reported the amount paid as a receivable. For dividend calculation purposes, the Group's free cash flow will be adjusted for the net impact of the prepayment.

On 11 March 2021, Sanoma announced that it had issued a senior unsecured bond of EUR 200 million. The 3-year bond matures on 18 March 2024. It carries a fixed annual interest of 0.625% and has an issue price of 99.625% and a yield of

0.752%. The offering was allocated to approx. 65 investors. The net proceeds from the issuance of the bond were used to repay a EUR 200 million bridge loan drawn in connection with the acquisition of Santillana.

On 8 March 2021, Sanoma published its updated Sustainability Strategy to further strengthen sustainability in both the learning and media businesses. The strategy focuses on six themes; Inclusive learning, Sustainable media, Trustworthy data, Valued people, Vital environment and Responsible business practices; each having their own targets and KPIs. It is designed to maximise Sanoma's positive impacts on society and to minimise its environmental footprint. Sanoma has integrated selected UN Sustainable Development Goals (SDGs) into the strategy. In 2021, sustainability targets will make up 20% of Sanoma's annual short-term management incentives on target level. The targets are related to achieving certain data and privacy as well as employee engagement targets. Information on Sanoma's performance in ESG ratings is available on p. 14. Sanoma will publish a Sustainability Report 2021 as part of its Annual Report on week 9 (starting on 28 February 2022).

SANOMA SUSTAINABILITY STRATEGY

Learning and media have a positive impact on society



Events after the reporting period

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

Learning

Sanoma Learning is the leading European learning company, serving over 20 million students in 11 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. 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	Q4 2021	Q4 2020	Change	FY 2021	FY 2020	Change
Net sales	88.5	66.6	33%	637.3	499.7	28%
Operational EBITDA ¹⁾	3.0	-1.0	412%	213.1	167.1	28%
Operational EBIT excl. PPA ²⁾	-20.6	-17.8	-16%	133.9	95.9	40%
Margin ²⁾	-23.3%	-26.7%		21.0%	19.2%	
EBIT	-31.6	-32.2	2%	90.5	66.4	36%
Capital expenditure	9.7	9.1	7%	33.7	32.6	3%
Average number of employees (FTE)				2,599	1,987	31%

¹⁾ Excluding IACs

²⁾ Excluding IACs of EUR -4.4 million in Q4 2021 (2020: -10.3) and EUR -11.1 million in FY 2021 (2020: -13.2) and PPA adjustments and amortisations of EUR 6.6 million in Q4 2021 (2020: 4.0) and EUR 32.2 million in FY 2021 (2020: 16.2).

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 19.

Net sales by country

EUR million	Q4 2021	Q4 2020	Change	FY 2021	FY 2020	Change
The Netherlands	30.8	25.7	20%	210.9	199.8	6%
Poland	15.9	12.2	30%	127.6	112.5	13%
Spain	15.2	5.2	191%	119.0	17.1	594%
Finland	8.6	8.3	4%	57.5	52.9	9%
Belgium	8.0	4.9	64%	78.1	76.1	3%
Other countries and eliminations ¹⁾	9.9	10.3	-4%	44.1	41.2	7%
Net sales total	88.5	66.6	33%	637.3	499.7	28%

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

The learning business has, by its nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically smaller in net sales and loss-making. The acquisition of Santillana will further increase the importance of the third quarter, when the new school year starts, for the business. Shifts of single orders between quarters may have a material impact when comparing quarterly net sales and earnings on a year-on-year basis, and therefore year-to-date figures typically provide a more comprehensive picture of Learning's business performance and development than quarterly figures. Review of FY 2021 is available on the next page.

Q4 2021

Net sales of Learning grew to EUR 89 million (2020: 67). Net sales of Santillana in Spain, acquired on 31 December 2020, contributed EUR 12 million. Organic growth was strongest in the Netherlands and Poland.

According to its typical quarterly pattern which is amplified as the business grows, operational EBIT excl. PPA was negative and declined slightly to EUR -21 million (2020: -18).

EBIT was EUR -32 million (2020: -32). IACs totalled EUR -4 million (2020: -10) and consisted of integration costs of the Santillana acquisition and strategic business development costs. PPAs increased to EUR 7 million (2020: 4) as a result of the acquisition of Santillana.

Capital expenditure totalled EUR 10 million (2020: 9) and consisted of growth investments in digital platforms and ICT.

FY 2021

Net sales of Learning grew by 28% and amounted to EUR 637 million (2020: 500). Net sales of Santillana contributed EUR 101 million. Learning material sales grew across all markets, growth being strongest in Poland and the Netherlands. In Poland, a curriculum renewal ending in the autumn 2021 amplified the sales and led to a further increase in market share. In the Netherlands, growth was driven by overall increased public spending on learning materials, and an increase in market share which was supported by shift to the subscription model. Sales of digital learning platforms also grew as a result of successful sales to new customers especially by itslearning in Germany. Learning's comparable net sales growth was 7% (2020: 5%), well above the long-term target of 2–5%.

Operational EBIT excl. PPA grew by 40% to EUR 134 million (2020: 96), corresponding to an improved margin of 21.0% (2020: 19.2%). Most of the earnings improvement resulted from the recently acquired Santillana business. Strong organic net sales complemented the positive impact on earnings.

EBIT increased to EUR 91 million (2020: 66) as a result of the improved operational EBIT and lower IACs. IACs totalled EUR -11 million (2020: -13) and consisted of integration costs of the Santillana acquisition, impairments related to discontinuation of a minor business line and strategic business development costs. PPAs increased to EUR 32 million (2020: 16) as a result of the acquisition of Santillana.

Capital expenditure totalled EUR 34 million (2020: 33) and consisted of growth investments in digital platforms and ICT.

Media Finland

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

Key indicators

EUR million	Q4 2021	Q4 2020	Change	FY 2021	FY 2020	Change
Net sales	164.1	160.8	2%	615.3	562.6	9%
Operational EBITDA ¹⁾	41.9	44.7	-6%	155.0	146.6	6%
Operational EBIT excl. PPA ²⁾	19.1	17.3	11%	73.5	66.6	10%
Margin ²⁾	11.7%	10.7%		11.9%	11.8%	
EBIT	15.7	10.4	52%	60.6	209.6	-71%
Capital expenditure	1.1	0.9	30%	4.9	5.1	-4%
Average number of employees (FTE)				2,072	2,052	1%

¹⁾ Excluding IACs

²⁾ Excluding IACs of EUR -1.7 million in Q4 2021 (2020: -5.2) and EUR -6.1 million in FY 2021 (2020: 149.1) and PPA adjustments and amortisations of EUR 1.7 million in Q4 2021 (2020: 1.7) and EUR 6.8 million in FY 2021 (2020: 6.1).

Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 19.

Net sales by category

EUR million	Q4 2021	Q4 2020	Change	FY 2021	FY 2020	Change
Print	79.7	81.8	-3%	311.0	291.4	7%
Non-print	84.4	79.0	7%	304.2	271.1	12%
Net sales total	164.1	160.8	2%	615.3	562.6	9%

EUR million	Q4 2021	Q4 2020	Change	FY 2021	FY 2020	Change
Advertising sales	72.8	70.8	3%	245.8	231.6	6%
Subscription sales	63.6	64.0	-1%	250.5	230.0	9%
Single copy sales	10.1	10.6	-5%	41.1	42.8	-4%
Other	17.6	15.4	14%	77.9	58.1	34%
Net sales total	164.1	160.8	2%	615.3	562.6	9%

Other sales mainly include festivals and events, marketing services, event marketing, custom publishing, books and printing services.

Q4 2021

Net sales of Media Finland grew slightly to EUR 164 million (2020: 161). Subscription sales were stable, while the number of digital subscriptions continued to grow. Advertising sales grew driven by digital and radio advertising and was even above the pre-coronavirus pandemic level of year 2019. Growth in other sales was driven especially by marketing and printing service sales.

According to the Finnish Advertising Trends survey for December 2021 by Kantar TNS, the advertising market in Finland grew by 7% year-on-year on a net basis in Q4 2021. Advertising grew by 13% in online (excluding search and social media) and by 21% in radio. Advertising in TV and newspapers was stable, while advertising in magazines declined by 5%.

Operational EBIT excl. PPA grew to EUR 19 million (2020: 17). Growing advertising sales had a positive impact on earnings.

EBIT improved to EUR 16 million (2020: 10). IACs totalled EUR -2 million (2020: -5) and mainly consisted of costs related to strategic business development, including acquisitions. PPAs were EUR 2 million (2020: 2).

Capital expenditure totalled EUR 1 million (2020: 1) and consisted of maintenance investments.

FY 2021

Net sales of Media Finland grew by 9% to EUR 615 million (2020: 563). Strong comparable growth of 7% (2020: -10%) was mainly driven by advertising and events sales. On a comparable basis, subscription sales grew with digital subscriptions of the daily newspaper Helsingin Sanomat and the subscriptions of the VOD service Ruutu+ growing steadily. Digital advertising sales grew strongly. Advertising grew also in radio and TV, but declined in printed newspapers and magazines. In total, comparable advertising sales were approx. 5% below the 2019 level. Other sales grew as about half of the festivals and events in the portfolio were organised during the high season of June–July, compared to no events in 2020. The acquisition of the regional news media business acquired in April 2020 accounted for the majority, EUR 25 million, of the net sales growth. The divestment of the online classified business Oikotie, completed in July 2020, had an adverse net sales impact of EUR 13 million.

According to the Finnish Advertising Trends survey for December 2021 by Kantar TNS, the advertising market in Finland grew by 10% year-on-year on a net basis in 2021. In online, advertising grew by 18% excluding search and social media and by 21% including search and social media. Advertising grew by 9% in TV and by 18% in radio. Advertising in newspapers grew slightly, while advertising in magazines declined by 4%.

Operational EBIT excl. PPA grew by 10% and amounted to EUR 74 million (2020: 67). The corresponding margin was stable at 11.9% (2020: 11.8%). Solid growth in B2B sales had a positive impact on earnings. Operating costs returned closer to normalised levels compared to the positive impact of corona-related cost mitigation actions in the previous year. This was visible particularly in personnel costs which increased due to lower bonus provisions and pension payments in the previous year. In 2020, profitability of the events business was positive due to insurance compensation received, while in 2021 it was around zero with approx. half of the festivals and events in the portfolio organised during the year.

EBIT was EUR 61 million (2020: 210). IACs totalled EUR -6 million (2020: 149) and mainly consisted of costs related to strategic business development, including M&A. In 2020, the EBIT and IACs included a capital gain of EUR 165 million related to the divestment of Oikotie online classified business. PPAs were EUR 7 million (2020: 6).

Capital expenditure totalled EUR 5 million (2020: 5) and consisted of maintenance investments.

Personnel

In 2021, the average number of employees in full-time equivalents (FTE) in continuing operations was 4,885 (2020: 4,255). The average number of employees (FTE) per SBU was as follows: Learning 2,599 (2020: 1,987), Media Finland 2,072 (2020: 2,052) and Other operations 214 (2020: 216). The number of employees increased mainly as a consequence of the acquisition of Santillana in Spain in December 2020, but also as a result of the acquisition of the regional news media business in Finland in April 2020.

At the end of December, the number of employees (FTE) of the Group was 4,822 (2020: 4,806) and there were no employees in discontinued operations (2020: 19).

In 2021, employee benefit expenses increased to EUR 351 million (2020: 295). This was due to an increased number of employees as a result of the acquisitions as well as normalising personnel cost levels compared to lower bonus provisions and Finnish pension payments in the previous year.

Changes in management

On 21 December 2021, Alex Green was appointed Chief Financial Officer of Sanoma as of 1 March 2022. Alex Green will be responsible for the Group's Finance Functions and be a member of Sanoma's Executive Management Team. He will report to the President & CEO Susan Duinhoven. Sanoma's current CFO & COO Markus Holm will continue working for Sanoma until 1 July 2022 with focus on the hand-over and strategic development projects.

Executive Management Team

Sanoma's Executive Management Team consists of the following members: Susan Duinhoven, President and CEO; Markus Holm, CFO and COO (until 28 February 2022); Alex Green, CFO (as of 1 March 2022); Pia Kalsta, CEO of Sanoma Media Finland and Rob Kolkman, CEO of Sanoma Learning.

Sustainability

As a result of the launch of its Sustainability Strategy in March 2021 and increased and more transparent sustainability reporting, Sanoma's scores in ESG ratings have improved. Sanoma participates in and has an active dialogue with the following ESG rating companies:

Rating	2021	2020
MSCI	AA	AA
Sustainalytics (risk rating)	9.8	11.5
ISS	C-	D+
CDP (for climate change)	B	D

The Taxonomy Regulation (2020/852) of the European Union ('Taxonomy') entered into force in July 2020. For 2021, public interest entities are, for the first time, required to report the proportion of the Taxonomy-eligible and non-eligible activities under the Taxonomy objectives of climate change mitigation and climate change adaptation in their total turnover, capital expenditure and operational expenditure. Under the Taxonomy, eligible activities currently focus on the most carbon-intensive industries, green energy and innovations. As a leading European K12 learning company and the leading cross-media company in Finland, Sanoma's environmental footprint is not significant, and consequently only a few of its businesses are defined as Taxonomy-eligible activities under the climate change adaptation objective, and none under the climate change mitigation objective. Comprehensive disclosure under the Taxonomy will be included in the Report of the Board of Directors, which will be published as part of Sanoma's Annual Report 2021 during week 9 (starting on 28 February 2022).

Share capital and shareholders

At the end of December 2021, Sanoma's registered share capital was EUR 71 million (2020: 71), and the total number of shares was 163,565,663 (2020: 163,565,663), including 679,614 (2020: 528,977) own shares. Own shares represented 0.4% (2020: 0.3%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 162,886,049 (2020: 163,036,686).

In March 2021, Sanoma delivered a total of 210,363 (2020: 324,163) own shares (without consideration and after taxes) as part of its long-term share-based incentive plans.

Sanoma had 23,308 (2020: 22,748) registered shareholders at the end of December 2021.

Acquisition of own shares

Sanoma repurchased own shares from 9 November until 16 December 2021. During that time, Sanoma acquired a total of 361,000 own shares for an average price of EUR 13.6919 per share. The shares were acquired in public trading on Nasdaq Helsinki Ltd. at the market price prevailing at the time of purchase. The repurchased shares were acquired on the basis of the authorisation given by the Annual General Meeting on 13 April 2021 to be used as part of the Company's incentive programme.

Share trading and performance

At the end of December 2021, Sanoma's market capitalisation was EUR 2,219 million (2020: 2,240) with Sanoma's share closing at EUR 13.62 (2020: 13.74). In 2021, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 14.54 (2020: 10.15), with a low of EUR 12.80 (2020: 6.84) and a high of EUR 17.12 (2020: 14.00).

In 2021, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 237 million (2020: 298). The trading volume of 16 million shares (2020: 29) equalled an average daily turnover of 65k shares (2020: 116). The traded shares accounted for some 10% (2020: 18%) of the average number of shares. Sanoma's share turnover, including alternative trading venues BATS and Chi-X, was 16 million shares (2020: 34). Nasdaq Helsinki represented 100% (2020: 87%) of the share turnover. (Source: Euroland)

Decisions of the Annual General Meeting

Sanoma Corporation's Annual General Meeting (AGM) was held on 13 April 2021 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 2020, discharged the members of the Board of Directors as well as the President and CEO from liability for the financial year 2020, and made an advisory decision on the adoption of the Remuneration Report of the governing bodies.

The AGM resolved that a dividend of EUR 0.52 per share shall be paid and a sum of EUR 700,000 shall be transferred to the donation reserve and used at the Board of Directors' discretion. The dividend shall be paid in two instalments. The first instalment of EUR 0.26 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 15 April 2021. The payment date for this instalment was 22 April 2021.

The second instalment of EUR 0.26 per share was paid in November 2021 to a shareholder who was registered in the shareholders' register of the Company on the dividend record date. In its meeting on 26 October 2021, the Board of Directors decided that the dividend record date for the second instalment was 28 October 2021 and the payment date 4 November 2021.

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, Mika Ihmuotila, Nils Ittonen, Denise Koopmans, Sebastian Langenskiöld and Rafaela Seppälä were re-elected as members, and Anna Herlin was elected as a new member of the Board of Directors. Pekka Ala-Pietilä was elected as the Chairman of the Board and Nils Ittonen as the Vice Chairman. The term of all Board members ends at the end of the AGM 2022.

The AGM resolved that the monthly remuneration payable to the members of the Board of Directors remained unchanged. The meeting fees of the Board of Directors also remained unchanged.

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

The AGM authorised the Board of Directors to decide on the repurchase of a maximum of 16,000,000 of the Company's own shares (approx. 9.8% of all shares of the Company) in one or several instalments. 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 2022, and it terminates the corresponding authorisation granted by the AGM 2020.

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 2022 and it will replace the corresponding authorisation granted by the AGM 2020.

Seasonal fluctuation

The learning business has, by its nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically loss-making. The recent acquisition of Santillana further increases the importance of the third quarter, when the new school year starts, for the business. Shifts of single orders between quarters may have a material impact when comparing quarterly net sales and earnings on a year-on-year basis, and thus year-to-date figures typically provide a more comprehensive picture of Learning's business performance and development.

In the media business, net sales and 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. In 2021, Sanoma organised 11 festivals during June–July, most of them with restrictions related to the number of attendees. In 2020, no events were arranged due to the restrictions related to the pandemic, but earnings of the business were somewhat positive due to insurance compensation received.

Seasonal business fluctuations influence the Group's net sales and EBIT. Due to the seasonality in the learning business, the first and fourth quarters are traditionally the smallest ones in terms of net sales, and loss-making. With the acquisition of Santillana, the learning business is even more focused on the third quarter, when the new school year starts.

Significant near-term risks and uncertainties

Sanoma is exposed to numerous risks and opportunities, which may arise from its own operations or the changing operating environment in the short-term or long-term. Sanoma divides its key risks into four main categories: strategic, operational, non-financial and financial risks. The full review of the most significant risks that could have a negative impact on Sanoma's business, performance, or financial status, will be described in the Report of the Board of Directors, part of Annual Report 2021, which will be published on week 9.

The general economic conditions and trends in Sanoma's operating countries could influence Sanoma's near-term business, performance or financial status. In general, demand development in learning markets is typically stable and well-predictable. In the media markets, demand of advertising typically varies e.g. as a result of general economic activity. Sanoma estimates that both in the learning and media markets, these conditions will not be significantly impacted by the coronavirus pandemic and do not pose a significant risk for Sanoma's business and financial performance in 2022. In Learning, there was no significant impact on the business or financial performance due to school closures or other measures caused by the coronavirus pandemic in 2021, and the conditions are expected to continue similarly stable in 2022. In Media Finland, advertising demand was very volatile since the beginning of the coronavirus pandemic in March 2020, which is reflected to year-on-year changes in Media Finland's quarterly comparable advertising sales, as detailed in the table below. However, in 2022 Sanoma expects the advertising market to be stable compared to the previous year. In addition, Sanoma expects that the coronavirus pandemic does not have a significant effect on organising of live events during the high season of summer 2022 in comparison to year 2021, when organising of live events was impacted by restrictions. In 2021, Sanoma

organised 11 festivals, most of them with restrictions related to the number of attendees and corresponding to approximately half of its full festival and events portfolio.

Comparable advertising sales development (excl. acquisitions and divestments)

	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Change, y-o-y	8%	3%	3%	33%	-4%	-9%	3%	-5%	-30%	-1%

The general economic conditions may also be reflected in Sanoma's operational and financial performance through increase in the price of certain key supplies, raw materials or services material to Sanoma's business, or their availability. Short-term increases in paper, energy and transport prices, interest rates, overall inflation, or shortage e.g. in paper supply could have a direct or in-direct adverse impact on the operational and financial performance of the Group's businesses.

The Group's operations are subject to various laws and regulations in the countries the Group operates in and changes in such laws and regulations, or their interpretation, could have a material effect on Sanoma's ability to conduct its business effectively. In Learning, the introduction or delay, pace, scope and timing of changes of curriculum renewals in its operating markets may influence its commercial propositions, content investment needs or financial performance as a whole. Currently, this risk is mostly reflected in the Spanish markets, where the phasing and manner of implementation of the educational reform in 2022–2023 is uncertain. Changes in taxation, as well as in the interpretation of tax laws and practices applicable to Sanoma's products and services or their distribution, e.g. VAT, may have an effect on the Group's operations or its financial performance. In April 2021, the Finnish Tax Adjustment Board accepted a claim based on tax audits at Sanoma Media Finland in 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. The same logistics practices continue to be in use, while no tax audits have been conducted for years after 2018. More information is available on p. 8 and 38.

Sanoma's well-balanced business portfolio mitigates the impacts of the key risks on the Group's financial performance to a certain extent: close to 70% of the Group's operational earnings come from Learning. In addition, Sanoma takes active actions to mitigate its costs and ensure supply of material goods and services, while there is no guarantee that these actions will be sufficient to cover the potential impact on Sanoma.

Sanoma's financial risks include interest rate, currency, liquidity and credit risks. Other risks include risks related to equity and impairment of assets. As part of the quarterly reporting, Sanoma has reviewed the potential impact of the coronavirus pandemic on the expected credit losses and adjusted provisions related to Media Finland accordingly. At the end of December 2021, the Group has a solid financial position and a good ability to create a positive free cash flow.

Sanoma's consolidated balance sheet included EUR 1,426 million (2020: 1,438) of goodwill, immaterial rights and other intangible assets at the end of December 2021. After the acquisitions of Iddink and Santillana, most of this is related to the learning business. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity-related ratios. The company carefully monitored any impairment triggers caused by the coronavirus pandemic during the year, and performed the annual impairment tests during the fourth quarter according to the normal annual schedule. The impairment losses on goodwill, immaterial rights and other intangible assets for continued and discontinued operations in 2021 totalled EUR 5 million (2020: 5).

Dividend proposal

On 31 December 2021, Sanoma Corporation's distributable funds were EUR 417 million, of which profit for the year made up EUR 191 million. Including the fund for non-restricted equity of EUR 210 million, the distributable funds amounted to EUR 627 million. The Board of Directors proposes to the Annual General Meeting that:

- A dividend of EUR 0.54 per share shall be paid for the year 2021. The dividend shall be paid in two instalments. The first instalment of EUR 0.27 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 11 April 2022. The payment date for this instalment is 20 April 2022. Record date for the second instalment of EUR 0.27 per share will be decided by the Board of Directors in October, and the estimated payment date will be in November 2022.
- The amount left in equity shall be EUR 539 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.

Financial reporting and Annual General Meeting in 2022

Sanoma will publish the following financial report during 2022:

Interim Report 1 January–31 March 2022	Friday, 29 April 2022
Half-Year Report 1 January–30 June 2022	Wednesday, 27 July 2022
Interim Report 1 January–30 September 2022	Thursday, 27 October 2022

Sanoma's Annual Report, including the Financial Statements and Directors' Report for 2021 as well as Sustainability Report, Remuneration Report and Corporate Governance Statement for 2021, will be published during week 9, which starts on 28 February 2022. The Annual General Meeting 2022 is planned to be held on Thursday, 7 April 2022 in Helsinki.

Helsinki, 10 February 2022

Board of Directors
Sanoma Corporation

Reconciliation of operational EBIT excl. PPA

EUR million	Q4 2021	Q4 2020	FY 2021	FY 2020
EBIT	-18.5	-22.7	142.4	270.1
Items affecting comparability (IACs) and PPA adjustments and amortisations				
Learning				
Impairments	-1.2	-0.6	-3.1	-0.6
Restructuring expenses	-3.2	-9.8	-8.0	-12.7
PPA adjustments and amortisations	-6.6	-4.0	-32.2	-16.2
Media Finland				
Impairments	-0.6		-0.6	
Capital gains/losses		-0.2		164.8
Restructuring expenses	-1.1	-5.0	-5.5	-15.7
PPA adjustments and amortisations	-1.7	-1.7	-6.8	-6.1
Other operations				
Impairments			-0.6	
Capital gains/losses	0.8	0.2	3.7	0.2
Restructuring expenses	0.4	-0.1	-1.7	-0.2
Items affecting comparability (IACs) and PPA adjustments and amortisations total	-13.2	-21.2	-54.9	113.6
Operational EBIT excl. PPA	-5.2	-1.5	197.2	156.5
Depreciation of buildings and structures	-5.8	-6.4	-24.9	-23.8
Depreciation of rental books	-4.1	-1.9	-16.0	-13.2
Amortisation of film and TV broadcasting rights	-14.9	-19.1	-54.0	-52.4
Amortisation of prepublication rights	-7.5	-5.6	-25.5	-20.7
Other depreciations, amortisations and impairments	-16.9	-12.5	-47.3	-43.8
Items affecting comparability in depreciation, amortisation and impairments	1.8	0.6	3.8	0.6
Operational EBITDA	42.1	43.4	361.0	309.9
Items affecting comparability (IACs) in financial income and expenses				
Financial items				0.6
Items affecting comparability (IACs) and PPA adjustments and amortisations in discontinued operations				
Capital gains/losses ¹⁾		-0.1		-1.8
Impairments		-2.6		-2.6
Restructuring expenses		0.1	-0.6	-0.6
PPA adjustments and amortisations				-1.4
Total		-2.6	-0.6	-6.4

¹⁾ In 2020, capital gains/losses include capital loss of EUR 1.6 million related to costs of the divestment of Media Netherlands.

Reconciliation of operational EPS

EUR million	Q4 2021	Q4 2020	FY 2021	FY 2020
Result for the period attributable to the equity holders of the Parent Company	-14.6	-25.9	100.2	246.7
Items affecting comparability	4.9	18.3	16.4	-131.6
Tax effect of items affecting comparability	-1.1	-3.3	-3.6	-6.3
Non-controlling interests' share of items affecting comparability	0.1	0.0		0.0
Operational result for the period attributable to the equity holders of the Parent Company	-10.7	-10.8	113.0	108.8
Weighted average number of shares on the market	163,057,204	163,036,686	163,165,194	163,041,596
Operational EPS	-0.07	-0.07	0.69	0.67

Reconciliation of net debt

EUR million	31 Dec 2021	31 Dec 2020
Non-current financial liabilities	432.2	317.7
Current financial liabilities	75.0	265.0
Non-current lease liabilities	133.5	163.2
Current lease liabilities	28.1	29.5
Cash and cash equivalents	-52.4	-114.6
Net debt	616.4	660.7

Net debt 31 December 2020 includes financial assets and liabilities of certain Learning operations that are presented as part of assets and liabilities held for sale in the balance sheet. More details are presented on p. 38.

Reconciliation of adjusted EBITDA

EUR million	FY 2021	FY 2020
12-month rolling operational EBITDA	360.5	329.3
Impact of acquired and divested operations	0.0	18.1
Impact of programming rights	-57.1	-52.7
Impact of prepublication rights	-41.6	-31.9
Impact of rental books	-6.3	-10.7
Adjusted EBITDA	255.4	252.1

Reconciliation of comparable net sales growth

EUR million	Q4 2021	Q4 2020	FY 2021	FY 2020
Net sales	252.4	227.3	1,251.6	1,061.7
Impact of acquired and divested operations	-11.7	-1.1	-126.1	-13.0
Comparable net sales	240.7	226.2	1,125.5	1,048.8

Income statement by quarter

EUR million	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020
NET SALES	210.1	302.8	486.3	252.4	187.6	246.0	400.8	227.3
Other operating income	5.4	5.9	6.5	5.8	6.5	15.0	173.9	12.0
Materials and services	-64.5	-79.5	-194.4	-78.9	-55.2	-65.7	-160.9	-74.7
Employee benefit expenses	-87.6	-90.0	-81.6	-91.7	-71.6	-73.6	-66.7	-83.0
Other operating expenses	-37.3	-38.2	-34.6	-48.7	-40.7	-40.2	-37.8	-53.3
Share of results in joint ventures	0.2	0.1	0.2	0.1	0.1	0.1	0.2	0.1
Depreciation, amortisation and impairment losses	-50.1	-49.6	-49.3	-57.6	-43.6	-38.8	-42.7	-51.1
EBIT	-23.8	51.5	133.1	-18.5	-17.0	42.8	266.9	-22.7
Share of results in associated companies	-0.1	0.0	-0.2	0.6	-0.1	-0.1	0.0	-0.1
Financial income	1.1	0.0	1.5	5.6	4.1	-0.3	1.5	1.7
Financial expenses	-4.8	-2.9	-4.6	-4.9	-4.8	-3.3	-3.8	-3.8
RESULT BEFORE TAXES	-27.6	48.7	129.9	-17.1	-17.7	39.1	264.6	-25.0
Income taxes	3.2	-11.6	-27.2	3.2	5.3	-9.5	-20.4	1.4
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-24.4	37.0	102.7	-13.9	-12.4	29.5	244.2	-23.5
DISCONTINUED OPERATIONS								
Result for the period from discontinued operations	-0.1	-0.1	0.1	-0.2	8.7	4.0	0.1	-3.4
RESULT FOR THE PERIOD	-24.5	36.9	102.8	-14.0	-3.8	33.5	244.3	-26.9
Result from continuing operations attributable to:								
Equity holders of the Parent Company	-24.2	36.7	102.3	-14.4	-12.1	28.4	243.7	-22.5
Non-controlling interests	-0.3	0.3	0.4	0.5	-0.3	1.2	0.6	-1.1
Result from discontinued operations attributable to:								
Equity holders of the Parent Company	-0.1	-0.1	0.1	-0.2	8.6	4.0	0.1	-3.4
Non-controlling interests	-	-	-	-	0.1	0.0	-	-
Result attributable to:								
Equity holders of the Parent Company	-24.3	36.6	102.4	-14.6	-3.6	32.3	243.7	-25.9
Non-controlling interests	-0.3	0.3	0.4	0.5	-0.2	1.2	0.6	-1.1
Earnings per share for result attributable to the equity holders of the Parent Company:								
Earnings per share, EUR, continuing operations	-0.15	0.22	0.63	-0.09	-0.07	0.17	1.49	-0.14
Diluted earnings per share, EUR, continuing operations	-0.15	0.22	0.63	-0.09	-0.07	0.17	1.49	-0.14
Earnings per share, EUR, discontinued operations	0.00	0.00	0.00	0.00	0.05	0.02	0.00	-0.02
Diluted earnings per share, EUR, discontinued operations	0.00	0.00	0.00	0.00	0.05	0.02	0.00	-0.02
Earnings per share, EUR	-0.15	0.22	0.63	-0.09	-0.02	0.20	1.50	-0.16
Diluted earnings per share, EUR	-0.15	0.22	0.63	-0.09	-0.02	0.20	1.49	-0.16

In 2021, discontinued operations include certain Learning operations that are under strategic review. In 2020, discontinued operations included also Sanoma Media Netherlands.

Net sales by SBU

EUR million	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Learning	68.2	149.0	331.6	88.5	637.3	57.9	115.2	259.9	66.6	499.7
Media Finland	142.2	154.1	154.8	164.1	615.3	129.9	130.9	141.0	160.8	562.6
Other companies and eliminations	-0.2	-0.4	-0.1	-0.1	-0.9	-0.2	-0.1	-0.1	-0.1	-0.5
Total	210.1	302.8	486.3	252.4	1,251.6	187.6	246.0	400.8	227.3	1,061.7

EBIT by SBU

EUR million	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Learning	-28.7	38.7	112.2	-31.6	90.5	-20.0	34.8	83.7	-32.2	66.4
Media Finland	7.5	16.1	21.3	15.7	60.6	5.3	9.4	184.5	10.4	209.6
Other companies and eliminations	-2.6	-3.2	-0.4	-2.6	-8.8	-2.3	-1.4	-1.3	-0.9	-5.8
Total	-23.8	51.5	133.1	-18.5	142.4	-17.0	42.8	266.9	-22.7	270.1

Operational EBIT excl. PPA by SBU

EUR million	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Learning	-20.0	48.9	125.6	-20.6	133.9	-15.1	39.2	89.6	-17.8	95.9
Media Finland	11.3	19.3	23.9	19.1	73.5	9.5	16.0	23.7	17.3	66.6
Other companies and eliminations	-1.3	-3.1	-2.0	-3.8	-10.2	-2.2	-1.2	-1.5	-1.0	-5.9
Total	-10.0	65.0	147.4	-5.2	197.2	-7.8	54.0	111.8	-1.5	156.5

Interim report (unaudited)

Accounting policies

Sanoma Group prepares its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards and interpretations applicable within the EU on 31 December 2021. The accounting policies of the Interim Report, the definitions of key indicators as well as the explanations of use and definitions of Alternative Performance Measures (APMs) are available at Sanoma.com. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

Sanoma uses a provision matrix to measure expected credit losses of trade receivables. Loss rates are defined separately for different geographic regions, type of business and types of customers (B2B and B2C). Loss rates are based on past information on actual credit loss experience, adjusted by current information and future expectations on economic conditions where deemed necessary.

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

With respect to Sanoma Media Finland's B2B customer receivables there has not been any significant change in payment delays. During the pandemic, the financial crisis of 2008–2009 has been used as a reference point for estimating the impact of the corona virus pandemic, and the subsequent financial downturn caused by it, on the future B2B credit losses of Sanoma Media Finland. The credit losses have been adjusted to reflect the increased risk accordingly.

On 29 April, Sanoma announced it had received a decision from the Finnish Tax Adjustment Board that they had accepted a claim made by the Finnish Tax Ombudsman related to tax audits at Sanoma Media Finland Oy. The claim concerned the treatment of value added tax (VAT) of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway in 2015–2018. In order to avoid further interest accumulation, Sanoma paid the required VAT as well as the related penalty and interests on 1 July 2021. Sanoma considers this payment to be a deposit with the tax authority, because it gives Sanoma a right to obtain future economic benefits, either by receiving a cash refund or by using the payment to settle the tax liability. Consequently Sanoma reports the amount paid as a receivable in the full-year 2021 reporting.

Consolidated income statement

EUR million	Q4 2021	Q4 2020	FY 2021	FY 2020
NET SALES	252.4	227.3	1,251.6	1,061.7
Other operating income	5.8	12.0	23.7	207.5
Materials and services	-78.9	-74.7	-417.2	-356.5
Employee benefit expenses	-91.7	-83.0	-350.9	-294.9
Other operating expenses	-48.7	-53.3	-158.8	-171.9
Share of results in joint ventures	0.1	0.1	0.5	0.5
Depreciation, amortisation and impairment losses	-57.6	-51.1	-206.6	-176.3
EBIT	-18.5	-22.7	142.4	270.1
Share of results in associated companies	0.6	-0.1	0.4	-0.4
Financial income	5.6	1.7	8.3	6.9
Financial expenses	-4.9	-3.8	-17.2	-15.7
RESULT BEFORE TAXES	-17.1	-25.0	133.8	261.0
Income taxes	3.2	1.4	-32.4	-23.2
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-13.9	-23.5	101.4	237.8
DISCONTINUED OPERATIONS				
Result for the period from discontinued operations	-0.2	-3.4	-0.2	9.3
RESULT FOR THE PERIOD	-14.0	-26.9	101.2	247.1
Result from continuing operations attributable to:				
Equity holders of the Parent Company	-14.4	-22.5	100.5	237.4
Non-controlling interests	0.5	-1.1	0.9	0.4
Result from discontinued operations attributable to:				
Equity holders of the Parent Company	-0.2	-3.4	-0.2	9.3
Non-controlling interests	-	-	-	0.1
Result attributable to:				
Equity holders of the Parent Company	-14.6	-25.9	100.2	246.7
Non-controlling interests	0.5	-1.1	0.9	0.5
Earnings per share for result attributable to the equity holders of the Parent Company:				
Earnings per share, EUR, continuing operations	-0.09	-0.14	0.62	1.46
Diluted earnings per share, EUR, continuing operations	-0.09	-0.14	0.61	1.45
Earnings per share, EUR, discontinued operations	0.00	-0.02	0.00	0.06
Diluted earnings per share, EUR, discontinued operations	0.00	-0.02	0.00	0.06
Earnings per share, EUR	-0.09	-0.16	0.61	1.51
Diluted earnings per share, EUR	-0.09	-0.16	0.61	1.51

In 2021, discontinued operations include certain Learning operations that are under strategic review. In 2020, discontinued operations included also Sanoma Media Netherlands.

Statement of comprehensive income ¹⁾

EUR million	Q4 2021	Q4 2020	FY 2021	FY 2020
Result for the period	-14.0	-26.9	101.2	247.1
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Change in translation differences	0.2	1.4	-0.6	-2.4
Items that will not be reclassified to profit or loss				
Defined benefit plans	0.3	-0.6	18.1	4.1
Income tax related to defined benefit plans	-0.1	0.1	-3.7	-0.8
Other comprehensive income for the period, net of tax	0.4	0.9	13.8	0.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-13.6	-26.0	114.9	248.0
Total comprehensive income attributable to:				
Equity holders of the Parent Company	-14.1	-24.9	114.0	247.6
Non-controlling interests	0.5	-1.1	0.9	0.5

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

Consolidated balance sheet

EUR million	31 Dec 2021	31 Dec 2020
ASSETS		
Property, plant and equipment	57.1	73.9
Right-of-use assets	155.2	186.7
Investment property	5.2	7.9
Goodwill	753.3	752.7
Other intangible assets	672.8	685.7
Equity-accounted investees	3.3	2.3
Other investments	3.8	4.0
Deferred tax receivables	9.4	18.2
Trade and other receivables	31.5	15.3
NON-CURRENT ASSETS, TOTAL	1,691.6	1,746.7
Inventories	35.7	45.8
Income tax receivables	16.6	19.4
Contract assets	0.4	0.4
Trade and other receivables	135.7	120.9
Cash and cash equivalents	52.4	114.6
CURRENT ASSETS, TOTAL	240.8	301.1
Assets held for sale and discontinued operations		0.4
ASSETS, TOTAL	1,932.5	2,048.3
EQUITY AND LIABILITIES		
EQUITY		
Share capital	71.3	71.3
Treasury shares	-7.5	-4.3
Fund for invested unrestricted equity	209.8	209.8
Other equity	440.1	413.5
Total equity attributable to the equity holders of the Parent Company	713.6	690.2
Non-controlling interests	7.2	19.7
EQUITY, TOTAL	720.9	709.9
Deferred tax liabilities	127.4	140.9
Pension obligations	5.9	7.4
Provisions	0.5	0.8
Financial liabilities	432.2	317.7
Lease liabilities	133.5	163.2
Contract liabilities	2.5	3.5
Trade and other payables	4.1	2.8
NON-CURRENT LIABILITIES, TOTAL	706.2	636.4
Provisions	1.1	0.9
Financial liabilities	75.0	265.0
Lease liabilities	28.1	29.4
Income tax liabilities	25.3	22.5
Contract liabilities	152.3	148.1
Trade and other payables	223.7	235.4
CURRENT LIABILITIES, TOTAL	505.4	701.4
Liabilities related to assets held for sale and discontinued operations		0.7
LIABILITIES, TOTAL	1,211.6	1,338.4
EQUITY AND LIABILITIES, TOTAL	1,932.5	2,048.3

Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company						
	Share capital	Treasury shares	Fund for invested unrestricted equity	Other equity	Total	Non-controlling interests	Equity, total
Equity at 1 Jan 2020	71.3	-4.6	209.8	253.0	529.4	21.5	550.9
Comprehensive income for the period				247.6	247.6	0.5	248.0
Purchase of treasury shares		-2.4			-2.4		-2.4
Share-based compensation				-0.4	-0.4		-0.4
Shares delivered		2.8		-2.8			
Dividends				-81.6	-81.6	-1.0	-82.6
Acquisitions and other changes in non-controlling interests				-2.4	-2.4	-1.3	-3.6
Equity at 31 Dec 2020	71.3	-4.3	209.8	413.5	690.2	19.7	709.9
Equity at 31 Dec 2020	71.3	-4.3	209.8	413.5	690.2	19.7	709.9
Correction of error ¹⁾				-0.7	-0.7		-0.7
Equity at 1 Jan 2021	71.3	-4.3	209.8	412.8	689.5	19.7	709.2
Comprehensive income for the period				114.0	114.0	0.9	114.9
Purchase of treasury shares		-5.0			-5.0		-5.0
Share-based compensation				0.3	0.3		0.3
Shares delivered		1.7		-1.7			
Dividends				-84.8	-84.8	-0.6	-85.5
Acquisitions and other changes in non-controlling interests				-0.4	-0.4	-12.8	-13.1
Equity at 31 Dec 2021	71.3	-7.5	209.8	440.1	713.6	7.2	720.9

¹⁾ The correction of error relates to the adjustment of the opening balance of accrued income in the company acquired in 2020.

Consolidated cash flow statement

EUR million	FY 2021	FY 2020
OPERATIONS		
Result for the period	101.2	247.1
Adjustments		
Income taxes	31.5	26.5
Financial income and expenses	8.9	9.1
Share of results in equity-accounted investees	-0.9	-1.2
Depreciation, amortisation and impairment losses	206.6	177.8
Gains/losses on sales of non-current assets	-4.3	-161.1
Other adjustments	-0.2	-3.9
Adjustments, total	241.7	47.1
Change in working capital	-10.8	-29.2
Acquisitions of broadcasting rights, prepublication costs and rental books	-105.1	-88.0
Dividends received	0.6	0.5
Interest paid and other financial items	-13.5	-13.6
Taxes paid	-32.7	-26.6
Cash flow from operations	181.4	137.4
INVESTMENTS		
Capital expenditure	-41.7	-42.5
Operations acquired	-6.4	-462.0
Proceeds from sale of tangible and intangible assets	8.8	2.5
Operations sold	0.6	606.5
Loans granted	-0.6	0.0
Repayments of loan receivables	0.0	0.3
Interest received	0.1	1.4
Cash flow from investments	-39.1	106.1
Cash flow before financing	142.3	243.5
FINANCING		
Purchase of treasury shares	-5.0	-2.4
Change in loans with short maturity	-15.4	-325.8
Drawings of other loans	199.4	405.0
Repayments of other loans	-250.2	-109.3
Payment of lease liabilities	-30.4	-29.4
Acquisitions of non-controlling interests	-15.2	
Dividends paid	-87.9	-82.6
Cash flow from financing	-204.7	-144.4
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	-62.3	99.1
Effect of exchange rate differences on cash and cash equivalents	0.1	-0.4
Net change in cash and cash equivalents	-62.2	98.7
Cash and cash equivalents at the beginning of the period	114.6	15.9
Cash and cash equivalents at the end of the period	52.4	114.6
FREE CASH FLOW (Cash flow from operations – Capital expenditure)	139.7	94.8

Includes continuing and discontinued operations.

At the end of December, cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 0.0 million (2020: 0.0).

Segment information

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

Sanoma Learning is the leading European learning company serving over 20 million students in 11 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. 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.

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

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

Segment information 1 January–31 December 2021

EUR million	Learning	Media Finland	Unallocated/eliminations	Continuing operations
External net sales	637.3	614.4		1,251.6
Internal net sales	0.0	0.9	-0.9	
Net sales, total	637.3	615.3	-0.9	1,251.6
EBIT	90.5	60.6	-8.8	142.4
Operational EBIT excl. PPA	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 the period				101.2
Segment assets	1,573.5	429.3	-149.7	1,853.2

Segment information 1 January–31 December 2020

EUR million	Learning	Media Finland	Unallocated/ eliminations	Continuing operations
External net sales	499.7	562.0		1,061.7
Internal net sales	0.0	0.5	-0.5	
Net sales, total	499.7	562.6	-0.5	1,061.7
EBIT	66.4	209.6	-5.8	270.1
Operational EBIT excl. PPA	95.9	66.6	-5.9	156.5
Share of results in associated companies		-0.4		-0.4
Financial income			6.9	6.9
Financial expenses			-15.7	-15.7
Result before taxes				261.0
Income taxes				-23.2
Result for the period from continuing operations				237.8
Result for the period from discontinued operations				9.3
Result for the period				247.1
Segment assets	1,604.9	422.3	-132.1	1,895.2

Net sales

Disaggregation of revenue

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

Disaggregation of revenue 1 January–31 December 2021

EUR million	Learning	Media Finland	Unallocated/ 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

Disaggregation of revenue 1 January–31 December 2020

EUR million	Learning	Media Finland	Unallocated/eliminations	Total
Finland	52.9	562.6	-0.5	614.9
The Netherlands	199.8			199.8
Poland	112.5			112.5
Spain	17.1			17.1
Belgium	76.1			76.1
Other companies and eliminations	41.2			41.2
Primary geographical markets	499.7	562.6	-0.5	1,061.7
Learning solutions	377.2		0.0	377.2
Advertising		231.6	-0.3	231.3
Subscription		230.0	0.0	230.0
Single copy		42.8		42.8
Other	122.5	58.1	-0.2	180.4
Major product lines/services	499.7	562.6	-0.5	1,061.7
Recognition at a point-in-time	363.0	166.2	-0.5	528.7
Recognition over-time	136.7	396.3		533.0
Timing of revenue recognition	499.7	562.6	-0.5	1,061.7

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

EUR million	31 Dec 2021	31 Dec 2020
Carrying amount at 1 Jan	260.6	235.1
Increases	16.0	22.3
Acquisitions of operations	0.1	57.2
Decreases	-6.5	-1.0
Disposal of operations		-1.1
Depreciation for the period	-55.4	-50.9
Impairment losses for the period	-2.2	-0.6
Transferred to assets held for sale		-0.1
Exchange rate differences and other changes	-0.2	-0.2
Carrying amount at the end of the period	212.4	260.6

Acquisitions and divestments

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 was 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%.

Impact of business acquisitions on Group's assets and liabilities

EUR million	FY 2021	Santillana	Alma	Other	FY 2020
Property, plant and equipment		1.0	2.0		3.1
Right-of-use assets	0.1	5.6	48.5		54.1
Intangible assets	0.9	221.5	34.0	8.9	264.3
Other non-current assets	0.3	4.3	0.4		4.6
Inventories		18.1	2.5	0.0	20.6
Other current assets	0.6	21.4	33.5	0.0	54.9
Assets, total	2.0	271.8	120.8	8.9	401.5
Non-current liabilities	-0.2	-67.3	-51.6	-2.3	-121.2
Current liabilities	-1.3	-25.9	-28.9	-0.1	-54.9
Liabilities, total	-1.5	-93.2	-80.5	-2.4	-176.1
Fair value of acquired net assets	0.4	178.7	40.3	6.4	225.4
Acquisition cost	0.6	408.7	79.1	0.7	488.5
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities				-0.2	-0.2
Fair value of previously held interest	0.6				
Fair value of acquired net assets	-0.4	-178.7	-40.3	-6.4	-225.4
Goodwill from the acquisitions	0.8	230.1	38.8	-5.9	262.9

Acquisitions of non-controlling interests

EUR million	FY 2021	FY 2020
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	FY 2021	Santillana	Alma	Other	FY 2020
Acquisition cost	0.6	408.7	79.1	0.7	488.5
Cash and cash equivalents of acquired operations	-0.2	-4.5	-24.7	0.0	-29.2
Decrease (+) / increase (-) in acquisition liabilities	5.3			2.0	2.0
Cash paid to obtain control, net of cash acquired	5.7	404.2	54.4	2.7	461.3
Acquisition cost	10.8				
Decrease (+) / increase (-) in acquisition liabilities	4.4				
Cash paid on acquisitions of non-controlling interests	15.2				

Divestments in 2021

Sanoma had no divestments in 2021.

Impact of divestments on Group's assets and liabilities

EUR million	FY 2021	SMN	Oikotie	Other	FY 2020
Property, plant and equipment		1.6	0.2	0.0	1.8
Right-of-use assets		24.2		0.2	24.4
Goodwill		440.3	17.0		457.3
Other intangible assets		30.8	2.4		33.2
Equity-accounted investees		16.8			16.8
Inventories		10.2	0.0		10.2
Trade and other receivables		83.5	1.9	2.0	87.4
Cash and cash equivalents		18.5	7.9	0.6	27.0
Assets, total		626.0	29.3	2.9	658.2
Deferred tax liabilities		-5.3	-0.2		-5.4
Financial liabilities		-37.2		-0.1	-37.3
Trade and other payables		-518.6	-5.0	-3.2	-526.8
Liabilities, total		-561.1	-5.1	-3.3	-569.6
Derecognised non-controlling interest		-4.4			-4.4
Net assets		60.4	24.2	-0.5	84.2
Sales price		62.4	191.0		253.4
Transaction fees		-3.5	-2.0	-0.2	-5.7
Adjustment to capital loss		0.1		-0.5	-0.4
Recognised in Other comprehensive income		-0.3			-0.3
Net result from sale of operations		-1.6	164.8	-0.2	163.0

Cash flow from sale of operations

EUR million	FY 2021	SMN	Oikotie	Other	FY 2020
Sales price		62.4	191.0		253.4
Debt repayments		380.0			380.0
Cash and cash equivalents of divested operations		-18.5	-7.9	-0.6	-27.0
Decrease (+) / increase (-) in receivables from divestment				0.1	0.1
Cash flow from sale of operations		423.8	183.1	-0.5	606.5

Discontinued operations

In 2021, discontinued operations include certain Learning operations that are under strategic review. In 2020, discontinued operations included also Sanoma Media Netherlands. Sanoma completed the divestment of Sanoma Media Netherlands on 20 April 2020.

The consolidated income statement has been represented to show the discontinued operations separately from continuing operations. The elimination of transactions between the continuing operations and the discontinued operations 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	FY 2021	FY 2020
Net sales	0.3	101.5
Other operating income		1.0
Materials and services	0.0	-39.0
Employee benefit expenses	-1.2	-26.5
Other operating expenses	-0.2	-21.6
Share of results in joint ventures		1.1
Depreciation, amortisation and impairment losses		-3.5
EBIT	-1.1	13.0
Financial income		0.0
Financial expenses	0.0	-0.3
Result before taxes	-1.1	12.6
Income taxes	0.9	-3.3
Result for the period from discontinued operations	-0.2	9.3

Cash flows related to discontinued operations

EUR million	FY 2021	FY 2020
Cash flow from operations	-0.4	-40.0
Cash flow from investments	-0.1	511.0
Cash flow from financing	0.5	-415.3

Assets held for sale and discontinued operations

EUR million	31 Dec 2021	31 Dec 2020
Trade and other receivables		0.4
Total		0.4

Liabilities related to assets held for sale and discontinued operations

EUR million	31 Dec 2021	31 Dec 2020
Deferred tax liabilities		0.2
Non-current financial liabilities and lease liabilities		0.0
Current financial liabilities and lease liabilities		0.1
Income tax liabilities		0.0
Current trade and other payables		0.3
Contract liabilities		0.2
Total		0.7

Contingent liabilities

EUR million	31 Dec 2021	31 Dec 2020
Contingencies for own commitments		
Pledges	0.8	0.8
Other items	24.8	24.8
Contingencies for own commitments total	25.6	25.6
Other commitments		
Royalties	1.3	2.5
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	24.6	17.0
Other items	27.6	36.1
Other commitments total	53.4	55.6
Total	79.0	81.2

Derivative instruments

EUR million	31 Dec 2021	31 Dec 2020
Fair values		
Currency derivatives		
Forward contracts (positive fair values)	0.2	
Forward contracts (negative fair values)	0.0	-0.1
Nominal values		
Currency derivatives		
Forward contracts	7.8	2.7

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

Disputes and litigations

Finnish Tax Administration has performed tax audits in Sanoma Media Finland Oy covering years 2015–2018. Tax audit reports did not include any adjustments to the VAT treatment of magazines distributed from Norway, which has been treated exempt from value added tax. Tax Ombudsman, however, made an appeal to the Tax Adjustment Board claiming that the Tax Administration's tax audit decisions regarding tax years 2015–2018 need to be adjusted by approx. EUR 20 million value added tax excl. potential penalties or interests. On 29 April, Sanoma announced it had received a decision from the Finnish Tax Adjustment Board that they had accepted the claim. Sanoma considers the claims completely unjustified and has appealed the decisions. On 1 July, 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 2021 Financial Statements. 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. 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 in 2021 Financial Statements.

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 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
Operational EBIT excl. PPA	= EBIT – IACs – Purchase price allocation adjustments and amortisations (PPAs)	Measures the profitability excl. acquisition-related PPA adjustments and amortisations, reflects the underlying business performance and enhances comparability between reporting periods
Equity ratio, %	= $\frac{\text{Equity total}}{\text{Balance sheet total} - \text{advances received}} \times 100$	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	= $\frac{\text{Free cash flow}}{\text{Adjusted average number of shares on the market}}$	Basis for Sanoma's dividend policy
Net debt	= Interest-bearing liabilities – cash and cash equivalents	Measures Sanoma's net debt position
Net debt / Adj. EBITDA	= $\frac{\text{Net debt}}{\text{The adjusted EBITDA used in this ratio is the 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash flow basis}}$	One of Sanoma's long-term financial targets, provides investors information on Sanoma's ability to service its debt
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
Operational EPS	= $\frac{\text{Result for the period attributable to the equity holders of the Parent Company} - \text{IACs}}{\text{Weighted average number of shares on the market}}$	In addition to EPS, reflects the underlying business performance and enhances comparability between reporting periods