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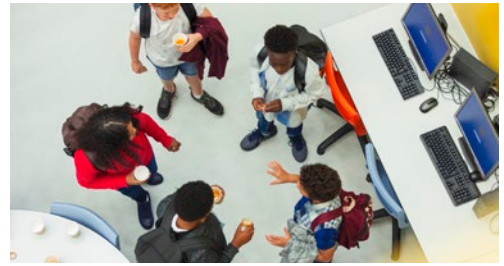
Annual Report
2021

Annual Report 2021



■ Sanoma's Annual Report 2021 combines our financial and sustainability performance, governance, and remuneration reporting 2021.
All Sanoma's reports and further information about Sanoma can be found at

SANOMA.COM ▶

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Our businesses in brief

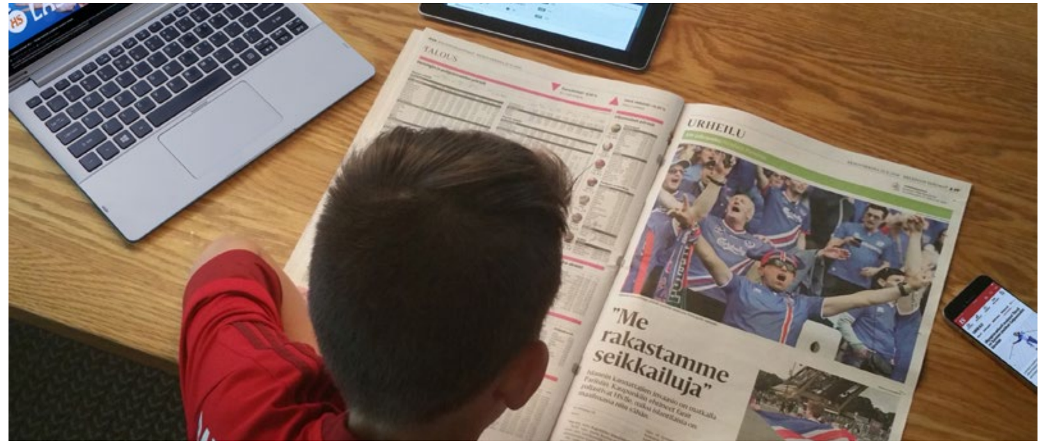
Sanoma is an innovative and agile learning and media company.

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. Today, we operate in eleven European countries and employ more than 5,000 professionals. In 2021, our net sales was approximately 1.25bn€.

Sanoma Learning

Sanoma Learning is the leading European learning company. Our learning products and services enable teachers to develop the talents of every child to reach their full potential. We offer printed and digital learning content as well as digital learning and teaching platforms for primary, secondary and vocational education (K12), and want to grow our business.



Sanoma Media Finland

Sanoma Media Finland is the leading Finnish multi-channel media company. Our Finnish media provide independent journalism and engaging entertainment also for generations to come. Our unique cross-media position offers the widest reach and tailored marketing solutions for our business partners.

Our values

- We always look ahead. We are eager to know what is around the corner. We are future oriented.
- We share and urge others to share views, opinions and experiences. We speak up.
- We engage, involve and activate people with things that matter to them.
- We make it happen and aim to create an impact every day. We are agile.

Sustainable investment with a positive impact on society

We continue to grow Sanoma Learning, the leading European K12 learning business

- We focus on K12 learning services, which have high barriers to entry due to the local nature of the business
- We are the leading player in a highly fragmented European market with market share of about 13%, digitalisation driving consolidation

We are the leading cross-media company in Finland and continue our successful digital transformation

- We are a focused media company with scale: news & feature, entertainment and B2B marketing solutions
- Share of consumer income and subscriptions in both news and entertainment is increasing – B2C sales over 50% of total net sales
- We have a proven track record of a successful digital transformation

We want to grow our learning business further through M&A

- We have 300-400m€ headroom for M&A
- Continued focus on K12 learning services in new geographies and expanding our offering in current markets both in learning content and digital platforms
- Highly synergistic, bolt-on acquisitions in the media business in Finland could be considered

We pay a solid dividend

- Our dividend policy: Sanoma aims to pay an increasing dividend, equal to 40-60% of annual free cash flow
- Dividend proposal for 2021 is 0.54 €/ share, corresponding to 55% of adjusted free cash flow
- Dividend yield was 4.0% (as of 31 Dec 2021)

Sanoma Sustainability Strategy guides our action, focusing on six themes

- Sustainability is part of our DNA and an integral part of the business both in Learning and Media Finland
- We continuously strive to improve our ESG performance – our ESG ratings improved significantly in 2021

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Highlights 2021

1.25bn€
Net sales grew by 18%
LEARN MORE ▶

7%
Organic growth in both businesses being above the long-term target levels
LEARN MORE ▶

197m€
Operational EBIT excl. PPA grew by 26%
LEARN MORE ▶

2.4
Leverage improved
LEARN MORE ▶

140m€
Free cash flow improved
LEARN MORE ▶

0.54€
Board proposes an increasing dividend
LEARN MORE ▶

Successful integrations
of Santillana into Learning and regional news media business into Media Finland
LEARN MORE ▶

Highlights 2021

90%
Employee Engagement Survey response rate reached all time high
LEARN MORE ▶

85%
of teachers agreed our materials help students reach curriculum objectives
LEARN MORE ▶

97%
We reached almost all Finns through our media every week
LEARN MORE ▶

-54%
Decline in our own operations GHG emissions (Scope 1&2)
LEARN MORE ▶

Privacy by design
We continued to increase privacy awareness through role-based trainings
LEARN MORE ▶

UN Global Compact
We joined the world´s largest sustainability network
LEARN MORE ▶

Sustainability Day for investors
We hosted a virtual event for investors and other stakeholders to elaborate our Sustainability Strategy
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Letter from the Chairperson of the Board

Positive impact on millions of people every day

Dear shareholders,

I am pleased to share with you this Annual Report of the exceptional year 2021.

Sanoma is the leading European provider of learning solutions in print and digital format for K12 education, and the leading consumer media company in Finland. After larger acquisitions in 2020, in 2021 Sanoma focused on integrating these acquired businesses and building a solid foundation for a well-integrated learning and media business. Our larger scale gives us competitiveness to grow in our existing markets, serve our customers in an even more versatile way and expand into new adjacencies.

In 2021, societies were still affected by the coronavirus pandemic. In these challenging conditions, we continued to focus on our customers and help them face and overcome their challenges in these difficult times. I would like to thank the Sanoma teams in all functions and geographies for their dedication and hard work in making 2021 a successful year for our customers and our shareholders. A prerequisite for succeeding in unpredictable circumstances is to understand the magnitude and speed of change, and to respond with agility and innovative solutions.

Sanoma is poised to explore new growth opportunities both in the learning and Finnish media businesses. Our thorough strategy execution, enhanced skills in integrating acquired companies and increased scale of our businesses have opened up a higher number of future options. We can explore new growth opportunities with a healthy balance sheet and good confidence of leveraging the full potential of the acquired new businesses.

Sanoma's learning and media businesses play fundamental roles in society and have a positive impact on the lives of millions of people every day. This positive impact has been further underlined during the ongoing pandemic. Our learning products and services enable teachers to develop the talents of every child to reach their full potential. With our blended learning materials and services, we support more than 20 million students around Europe. Independent and trusted media is essential in an open and democratic society. Our contribution to freedom of speech through independent Finnish journalism has lasted for more than 140 years. In parallel, engaging entertainment creates common experiences for people to share.

Towards our shareholders we are committed to paying an increasing dividend, while exploring new growth opportunities both in existing and adjacent markets. Our commitment to sustainability targets, linked to the UN Sustainable Development Goals, is an essential part of how we see our role in society. We look towards the future with positive confidence.

On behalf of all members of the Board, I would like to thank the shareholders of Sanoma for their continued trust in the company, and the Sanoma team for making 2021 a success during the second year of demanding circumstances. In 2022 we are taking the responsibility to further develop the positive impact of Sanoma's learning and media businesses on the lives of millions of people every day.

Pekka Ala-Pietilä
Chairperson of the Board

Letter from the CEO

Successful year with strong organic growth and improved profitability

2021 was another successful year for Sanoma even though the pandemic continued to have its impact on our teams and smaller parts of our business. The Group's net sales grew by 18% and operational EBIT excluding PPA even more strongly, by 26%. In addition to the successful integration of our recent acquisitions, I am particularly encouraged by the strong organic growth of 7% in both Learning and Media Finland. This proves that our focus on the customers, the digitalisation of our offering and our increased scale are successful contributors to our organic growth in sales and improved profitability. In 2021, we also published our updated Sustainability Strategy and upgraded Sustainability Report for 2020. The more structured approach and improved transparency increased our ESG ratings significantly and can attract new impact and ESG investors on both equity and debt sides. The positive impact that our learning and media businesses have on society is more clearly reflected in our ESG ratings than ever before.

Focus on integrations and strategic development

During 2021, our operational focus was largely on the integrations of our recent acquisitions. We acquired Santillana in Spain on the last day of 2020 and worked the whole year to successfully integrate the business into Sanoma Learning. We also worked hard to finalise the integrations of the regional news media business, acquired on 30 April 2020, into Sanoma Media Finland and Iddink into Sanoma Learning. I am proud to say that these integrations have proceeded according to our plans, and we have been able to reach the synergies we aimed for. Due to the different nature of the businesses and their market position, the synergies are particularly sizable in the Finnish media operations, where they will be even slightly above the originally planned annual level of EUR 13 million.

Digitalisation will continue to have a central role in transforming our businesses and supporting margins. Thus, in parallel to the integration processes, we have worked on significant development projects related to digital learning platforms, content and user experience of our digital media products, finance operations and systems as well as sustainability. With these projects, we aim to be even better prepared for the ever more digital future with increased attention to sustainability. This is true especially also for future acquisition opportunities, for which we have an attractive pipeline that we are actively and continuously working on.

Great team effort in the midst of the pandemic

The lives of all of us in the world, including our customers and our teams, and our ways of working continued to be impacted by the coronavirus pandemic, although every one of us expected and hoped this time last year, that it would be over by summer 2021. In our key businesses, the operating environment and market demand were relative stable. In learning, the usage of digital learning platforms grew. The demand for learning materials was largely unaltered, and in some market segments even slightly enhanced due to the pandemic, even though our commercial and logistics operations were hampered by the safety measures. In our media business in Finland, the pandemic continued to have a significant impact on our advertising sales during the first half of the year, and throughout the season on our events business.

Across Sanoma, our employees have again shown extraordinary agility, persistence and resilience in serving our customers throughout the pandemic, and at the same time demonstrated utmost respect for each other's and our business partners' health and safety. We see in our employee engagement survey that the pandemic is creating hardship for our teams, and at the same time, the only minimal decline from our top performance last year, shows continued strength of our organisation. I would like to extend my warmest thanks to each team member for their commitment and energy in making the year 2021 another success, even under these complex and constantly changing circumstances.

We have seen competition for talent accelerating during the pandemic, especially when it comes to certain scarce skills and know-how. Sanoma wants to be able to attract and retain the best talents. Our purpose and the positive impact of our learning and media business on the lives of millions of people every day is something that motivates many of our employees. As an employer, we are committed to doing the best we can to support work-life balance and well-being, provide attractive development opportunities and enhance diversity and inclusion at work – we will continue to promote these themes in 2022 and beyond.

Sanoma is a sustainable investment

During the year we have again very clearly seen the increasing impact and meaning our purpose-driven learning and media businesses have on people's lives and societies, every day. Sustainability was one of our key focus areas during the year, and a very visible topic both externally and internally. In March 2021, we launched our Sustainability Strategy, which compiles the six key sustainability themes in which we have the largest impact – Inclusive learning, Sustainable media, Trustworthy data, Valued people, Vital environment, and Sustainable business practices – and the ambitious targets set for each of the themes. To emphasise our impact and position, we committed to several global sustainability initiatives, including the UN Sustainable Development Goals, the UN Global Compact and the Science Based Targets Initiative.

During the year, we have actively enhanced our Sustainability Strategy across the business. In addition, we have further developed our transparency and reporting, and these developments are well-reflected in our improved scores in different sustainability ratings, including MSCI, Sustainalytics and CDP, which are already at a very solid level. We believe that our purpose, Sustainability Strategy and ESG performance are not only critical in attracting and retaining key talent, but also play an important role in attracting both new equity and debt investors to Sanoma.

We are committed to create shareholder value by successful execution of our long-term growth strategy and targets

After a successful year 2021, we are in good positions and eager to grow Sanoma further. Our focus continues to be in growing our K12 learning services business – printed and digital learning materials and digital learning platforms for primary, secondary and vocational education – both organically and through M&A in Europe and beyond, for which we have a solid balance sheet. In the Finnish media business, we will continue on our successful path of digitalisation in our three strategic strongholds – news & feature, entertainment and B2B marketing solutions – thus improving margins and ensuring its sustainable future.

I want to thank our customers, shareholders, partners and especially our teams for their continued trust and commitment in 2021. We will continue to develop and grow our businesses, our positive impact on the societies in which we operate, and our shareholder value.

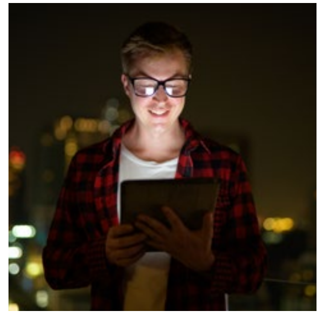
Susan Duinhoven
President and CEO

Global megatrends impacting our business

The world and our operating environment are constantly evolving. Megatrends influence our operating environment, strategic choices and business operations. To maintain our competitiveness and manage potential risks, we follow the market development closely. Our balanced business portfolio supports us in responding to these changes in the operating environment.

Digitalisation throughout the value chain and ecosystems

- Sufficient investments and sustainable financial performance during digital era require scale and integrity in the use of data
- The use of artificial intelligence and machine learning challenge and bring opportunities



Increasing importance of both **global** and **local impact**

- Digital content increasingly crosses national borders enhancing globalisation
- At the same time, growing meaning of local aspects and impact both in learning and media

Climate crisis requires action

- Ambitious corporate climate action lead the way to a low-carbon economy, boost innovation and drive sustainable growth
- Learning and media content play a key role in sharing fact-based knowledge

Inequalities push to develop equality

- Learning and media content are key in enhancing diversity and inclusion in society
- Diverse employees, who feel inclusiveness and engagement in their workplace, deliver better results

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Our operating environment

Market trends impacting our **learning business**

- **Workforce:** Increasing shortage of skilled teachers in most developed countries
- **Individual focus:** Growing importance of student centric learning – diversity in classrooms, increasing variation in pedagogies and 21st century skills gaining importance
- **Digital tools:** Demand for seamless user experience across integrated digital solutions
- **Supplemental learning:** Increasing role of supplemental learning and tutoring - risk of polarisation
- **Data:** Increasing use of data, focus on efficacy

How we respond?

- Our high-quality and motivating learning materials created with teachers and fitting the local curriculum
- Our blended learning methods and digital learning platforms improve efficiency and support better learning results
- Our inclusive learning solutions support diversity and differentiation, we work in line with our company-wide editorial guidelines
- We promote equal access to education, which is increasing in importance due to teacher shortage and risk of polarisation

Market trends impacting our **media business**

- **Reliable news:** Increasing need for trusted, independent and local journalism and interest in lifestyle and feature content on news platforms
- **Subscriptions:** Growing consumer willingness to pay for high-quality digital news, video and audio on a subscription basis and high expectations for digital user experience and quality content
- **On-demand:** Increasing need for inspiring entertainment transforming from linear TV to on-demand
- **Digital advertising:** Continuing advertising shift towards digital accelerated by the coronavirus pandemic
- **Marketing:** Advertisers invest in marketing services, technology and in-house operations

How we respond?

- A unique multi-media offering reaching 97% of all Finns every week.
- More stable and predictable B2C business 51% of our net sales
- Successful digital transformation, active investments in digital services and fast-growing base of paying digital subscribers, more than 70% of Helsingin Sanomat subscriptions generate digital revenues
- Strong growth in digital advertising with non-print already 75% of all advertising, net sales of declining print advertising only 60m€
- Superior knowledge of the needs of local consumers for effective B2B marketing solutions, supported by investments in marketing services

Our long-term targets

We have set long-term targets to guide our actions. The targets are approved by the Board of Directors. In addition to financial targets, we have also set Group-wide sustainability targets based on our Sustainability Strategy. Our Group-level long-term financial targets were last updated in December 2020 and sustainability targets in December 2021. Learn more about our financial performance from the Report of the Board of Directors 2021 and about our sustainability performance from the Sustainability section.

TARGET		KPIs AND PERFORMANCE 2021
Financial performance	GROUP ■ Net debt / Adj. EBITDA: < 3.0 ■ Equity ratio: 35-45% ■ Dividend: Increasing dividend 40-60% of annual free cash flow LEARNING ■ Comparable net sales growth: 2-5% ■ Operational EBIT margin excl. PPA: above 23% MEDIA FINLAND ■ Comparable net sales growth: +/- 2% ■ Operational EBIT margin excl. PPA: 12-14%	GROUP ■ 2.4 ■ 40.6% ■ 55% (Board's proposal to AGM 2022) LEARNING ■ 7% ■ 21.0% MEDIA FINLAND ■ 7% ■ 11.9%
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% of teachers who agree that our materials help them motivate students ■ 85% of teachers agree that our materials help students reach curriculum objectives ■ 76% of teachers who agree that our materials support efficiency
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	■ 4 notifications of violation concerning aspects of news articles as defined in the Guidelines for Journalists by The Council of Mass Media ■ 2 cases of non-compliance against the Advertising and Marketing Communications Code of the International Chamber of Commerce

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Our long-term targets

TARGET		KPIs AND PERFORMANCE 2021
Valued people	■ Our Employee Experience Index remains on a favorable level of ≥ 7.5 ■ We promote diversity and gender neutrality throughout our business and aim for a 50/50 gender balance in managerial positions by 2030 ■ Our people feel that we provide equal opportunities, and our equal opportunities rating remains on a favorable 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	■ Employee Experience Index: 7.3 (Scale 0-10, European Benchmark 7.1)[1] ■ Managers with Subordinates: 45% w / 55% m ■ Directors and Senior Management: 39% w / 61% m ■ Equal opportunities in my company rating 7.3 (Scale 0-10, European Benchmark 7.1)[1] ■ Employee Net Promoter Score: 11.5(Scale -100 to +100, European Benchmark 8.4)[1]
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: 36 ■ Major data breaches: 0 ■ Minor data breaches: 282
Vital environment	■ By 2023, we validate carbon reduction targets for our own operations and our value chain according to the SBTi ■ By 2023, we use only carbon neutral electricity ■ By 2023, all wood fibre in the paper qualities used by Sanoma originates from trusted certified sources, like FSC or PEFC ■ By 2025, we reduce emissions of our own operations by 50% ■ By 2030, we will be carbon neutral and build awareness of sustainability issues	■ Own operations GHG emissions (Scope 1 & 2): 4,650 tCO_2e ■ Value chain GHG emissions (Scope 3): 92,343 tCO_2e ■ Emission intensity: 77 gCO_2e/€ turnover ■ Energy used: 49,003 MWh ■ Share of renewable: 54% ■ Amount of certified wood fiber in direct paper purchases: 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: 97% ■ Percentage of new key suppliers accepting the Supplier Code: Developing system to track coverage

[1] Measured in the Employee Engagement Survey 2021

How we create value

Our value creation model describes Sanoma's business model as well as Sanoma's role and impacts in its value chain. Sanoma uses certain resources and inputs in developing, producing, curating 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 in the model are for continuing operations in 2021.

Inputs

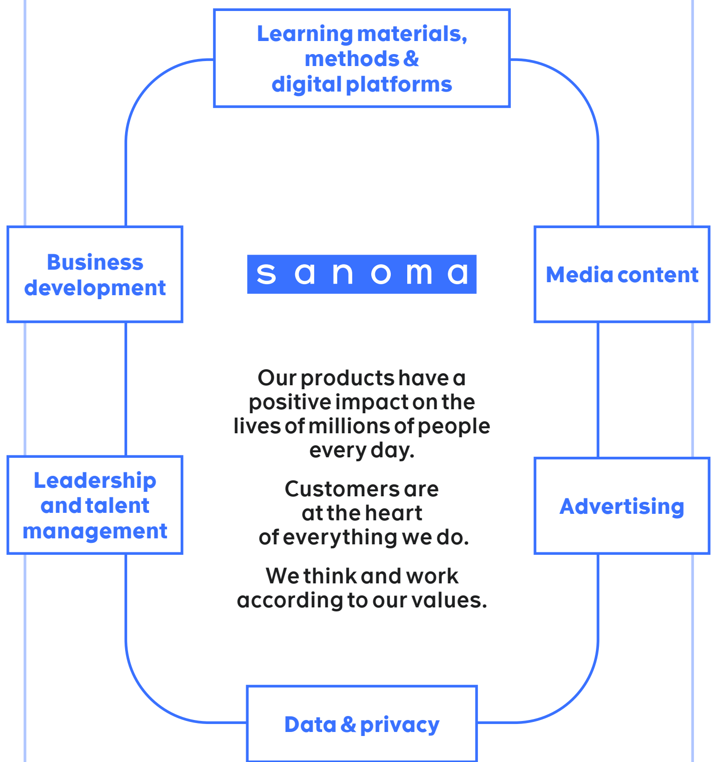
Operational
- Systems and applications
- Own and external printing facilities
- Distribution and transportation
- User data

Human, social & intellectual
- Committed and diverse personnel (more than 5,000 employees at the end of 2021) and freelancers, who have competence and know-how in learning and media content creation, innovation and development
- Key stakeholder relations and engagement with teachers, readers and users to understand customers' needs

Financial
- Equity 721m€
- Net debt 616m€

Natural
- Energy used 49,003 MWh
- Paper used 64,735 tonnes

Business activities



Governance framework

Outputs

Operational, intellectual & social
- Modern learning materials, methods and digital platforms
- Independent, high-quality journalism
- Local entertainment
- Optimal reach and targeting for successful and responsible advertising
- Customer value by responsible use of data
- New products and solutions to meet the changing customer needs

Human
- Engaged diverse employees
- Increased knowledge and knowhow

Financial
- Earnings[1] 197m€
- Employee benefits 351m€
- Net financial costs 9m€
- Taxes and employer charges 89m€
- Free cash flow 140m€
- Dividends paid 85m€

Natural
- GHG emissions 96,993 tCO_2/e

[1] Operational EBIT excl. PPA

Impacts

- Our products have a positive impact on the lives of millions of people every day
- Our modern, high-quality materials, methods and digital platforms support high learning results and contribute to successful and stable development of societies
- Our independent, high-quality journalism supports freedom of speech and increases people's awareness and intellectual capital
- We enrich people's lives by entertainment contributing to shared values and experiences
- We contribute to economic growth via responsible advertising and employment
- We support users' awareness about the benefits of data and their trust on our data integrity
- We play an active role in responsible and forward-looking development of learning and media industries
- We work to minimise the environment and climate impact across our value chain

Sustainability

Our sustainability strategy is designed to maximise our positive impact and to minimise our environmental footprint.

Our Sustainability Strategy

Our Sustainability strategy consists of six main themes, 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 improve our sustainability efforts, we conduct regular materiality assessments and stakeholder engagement on our impact and activities. Our most recent assessment was conducted in 2020 and will be updated in 2022.

Contributing to the UN Sustainable Development Goals

United Nations (UN) seventeen Sustainable Development Goals (SDGs) are the blueprint for achieving a more sustainable future for all. They address several common, global challenges the world is facing. As a signatory of the UN Global Compact, we have identified nine of the SDGs as most relevant for our business based on where we have the greatest impact. These nine SDGs are embedded into our Sustainability Strategy. To learn more about our contribution, see Management Approach on p. 54-56, or visit sanoma.com.

Our long-term sustainability targets guide our action

SEE OUR SCORECARD ▸

Inclusive learning

We develop inclusive learning solutions that help all students to reach their potential

Sustainable media

We provide trusted Finnish journalism and inspiring entertainment, now and in the future

Responsible business practices

Good governance, ethical business practices and supply chain integrity are fundamental for us

Trustworthy data

We use the data you trust us with to make learning and media better

Vital environment

We will be carbon neutral by 2030 and build awareness of sustainability issues

Valued people

We promote equality and provide an inspiring workplace with excellent opportunities to develop

Inclusive learning

Supporting teachers to develop the talents of every child

Sanoma Learning is the leading European learning company, serving over 20 million students in 11 countries. In a world that's changing faster than ever, students and teachers need learning solutions that can prepare them for this exciting future. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact. Our more than 2,700 employees have a deep rooted passion for education. Our mission is to enable teachers to excel at developing the talents of every child by offering them the best possible learning solutions possible.

2,700
employees

11
countries

8
operating learning companies

20 million
students across Europe

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OUR BUSINESSES
IN BRIEF

SUSTAINABILITY

Our Sustainability Strategy
- Inclusive learning
Sustainable media
Valued people
Trustworthy data
Vital environment
Responsible business practices
Managing sustainability
Sustainability and ESG performance

FINANCIALS

GOVERNANCE

Co-creating high-quality learning materials

Our eight learning companies are located across Europe and leading in their own markets: Malmberg (the Netherlands), Nowa Era (Poland), Santillana (Spain), VAN IN (Belgium), Sanoma Pro (Finland), Sanoma Utbildning (Sweden), Iddink Group (the Netherlands, Belgium and Spain) and itslearning (several European countries). Learn more about our Learning companies at sanoma.com.

For us, everything starts from designing and delivering high-quality learning and teaching methods that help students engage with the curriculum. Education is a highly local business and when developing our learning materials, we follow the curriculum requirements set out by the government of each country we operate in.

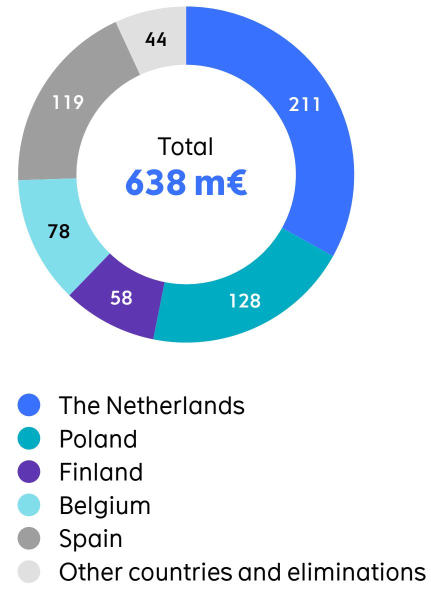
We see the impact of high-quality learning materials as twofold. Firstly, it helps teachers be more efficient in their work, leaving more time to focus on the students. Secondly, high-quality learning materials have a direct impact on the student's achievements and learning outcomes. Digitalisation continues to grow its importance in learning and teaching as it enhances learning outcomes, engagement and teacher workflows.

Our learning management solutions are designed to help all students reach their potential by supporting their teachers. We give 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 on p. 35-39 in more detail.

At Sanoma Learning, all new or renewed learning methods follow a common method creation process. 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 dealt with special attention. At the start of preparing for a new curriculum, sensitive editorial subject areas are indicated to the Learning Management Team by the management of the operating country, and the approval process on these more sensitive materials is decided and monitored by the Learning Management Team.

Our methodologies are developed based on deep teacher and student insight – always 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 are focused on continuous improvement by listening to teachers, students, school managers and other stakeholders. Therefore, we collect feedback and concerns and have a defined procedure for handling and acting upon them. In 2021, we also finalised our company-wide editorial guidelines which state our commitment and approach to editorial ethics and inclusive content. The implementation of the guidelines will follow early in 2022, and the guidelines will be published externally during first half of 2022.

Net sales by country, m€



In 2021, we finalised company-wide editorial guidelines to develop inclusiveness in content

Sanoma European Teacher Survey 2021

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 European Teacher Survey'. In 2021, the survey was carried out in six of our operating countries with a total of over 6,000 respondents. The survey has been conducted annually since 2015 – with the exception of 2020, when a 'Corona Effects on Teaching' survey was conducted instead, and therefore year 2019 results are used as comparison.

The impact of our methods is evaluated by teachers from three aspects: student engagement, learning outcomes, and teacher efficiency. The overall perception of Sanoma's learning materials is positive, with over 70% of the respondents agreeing that our methods help create positive impact. Compared to 2019, all three aspects improved their ratings; generating engagement in students showing the biggest growth.

For the first time, the 2021 survey included also questions on diversity, equality and inclusion in line with Sanoma's Sustainability Strategy. Based on the results, close to 90% of teachers find it important that school education helps address the topics, but do still see room for improvement.

Supporting diversity, accessibility and inclusion

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 will achieve better learning results.

We put effort into carefully assessing the diversity aspects of our learning content and platforms to ensure a fair representation of all students and society. For example, we do our utmost to avoid stereotypes, and eliminate bias and discrimination. Each student is unique, coming from different backgrounds with individual learning preferences and skills as well as varying digital competences. Differentiation values the varying starting points of the students, working for the same goal with different techniques and personalised content. For example, our adaptive, digital learning platform Bingel used widely across our businesses, enables personalised learning in primary education.

Our work on accessibility is guided by the EU Web Accessibility Directive and the European Accessibility Act. Our learning materials are enhanced with a wide variety of digital learning assets to increase learning impact among all students. But as printed learning materials continue to be of importance, we see that seamless integration of print and digital is essential, now and in the years to come.

Some of our content is supplemented by accessible formats to 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 recorded learning content for those who learn better by listening than by reading. Our learning businesses in Poland and Sweden also offer specific products for children with special learning needs, such as dyslexia or autism. We see all students as equal and with our products for children with special needs, we focus not only on disabilities, but also the unique strengths and talents all children have.

71% (2019: 55%) of teachers agree that our learning materials help engage their students

85% (2019: 83%) of teachers agree that our learning materials help students reach curriculum objectives

76% (2019: 70%) of teachers agree that our learning materials help them be more efficient in their work

(For comparability, 2021 figures exclude Spain as Spain was not included in the 2019 survey. The 2019 and 2021 figures have been normalised for the number of primary and secondary school teachers in each surveyed market.)

Promoting equal access to education

We promote equal access to education and equal learning opportunities through external initiatives in our operating countries. Educational systems vary between the countries and therefore the local co-operation with NGOs and governmental organisations is key when striving together towards equality in education. We take part in various initiatives in our operating countries to, for example, raise awareness of equal learning opportunities, bring attention to the needs of children in online learning or to encourage students in reading and writing.

On the UN International Literacy Day 8 September 2021, we celebrated the Read Hour campaign which aims to inspire especially young people to read more. In 2021, the key message of the campaign, organised by the Children and Youth Foundation in Finland, was brief and to the point: Read more. With the campaign becoming more international, in 2021 also our Learning companies across Europe joined the Read Hour campaign.

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 for minority languages. Through the local co-operation we are able to reach and impact more students and support them in their individual learning path.

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2021
Financial performance	■ Comparable net sales growth: 2-5% ■ Operational EBIT margin excl. PPA: above 23%	■ 7% (2020: 5%) ■ 21.0% (2020: 19.2%)
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 (2019: 55%) ■ 85% of teachers agree that our learning materials help students reach curriculum objectives (2019: 83%) ■ 76% of teachers who agree that our learning materials help them be more efficient in their work (2019: 70%)

Sustainability highlights from our learning business

Prismas: digital learning solution of the future

Prismas, developed by Santillana Spain, offers a collaborative learning space for teachers and students. It is designed to meet the learning objectives in a heterogeneous classroom, enabling students to learn in different ways. LEARN MORE ▶

External audit on diverse and inclusive content

Sanoma Pro evaluates diversity and inclusion in one of its schools books, 'Kätkö'. The material portrays an equal view of gender roles in everyday situations and avoids any stereotypical character traits related to gender. LEARN MORE ▶

Bingel: personalised learning through gamification

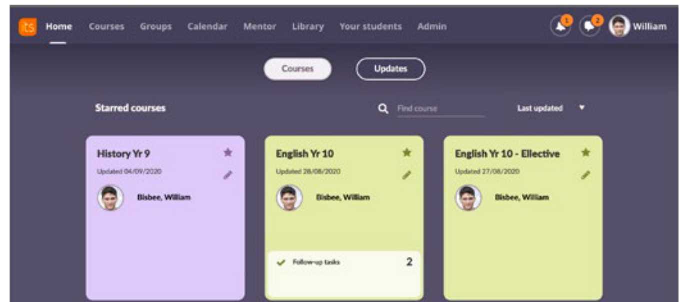
How to engage all pupils in a heterogenous classroom, offering them equal and personalised learning opportunities? This is where our digital learning platform Bingel steps in. LEARN MORE ▶

Malmberg school books support responsible forestry

To strengthen its commitment to responsible sourcing and sustainable environment, Malmberg has obtained an FSC® certificate for its school books. LEARN MORE ▶

Learning solutions for special educational needs

We believe that every child deserves equal opportunities. Our learning companies, such as Nowa Era in Poland and Sanoma Utbildning in Sweden, design products for children with special learning needs, e.g., dyslexia or autism. LEARN MORE ▶



itslearning platform: accessibility for all

A trusted digital education ecosystem must have user-friendly tools and learner-centred material hosted in a secure platform. And be accessible to all students. LEARN MORE ▶

Sustainable media

Providing trusted Finnish journalism and inspiring entertainment, now and in the future

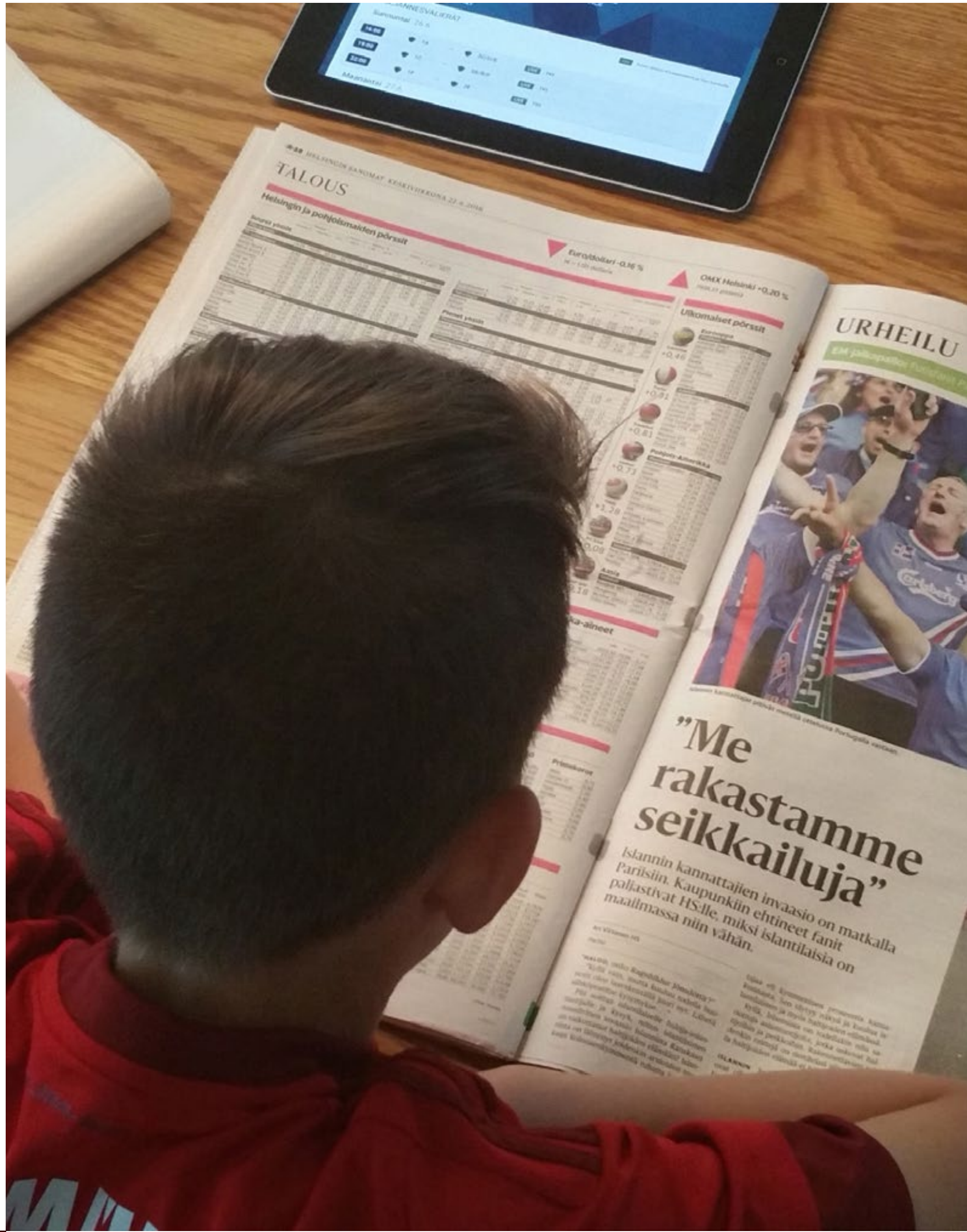
Sanoma Media Finland is the leading media company reaching 97% of Finns every week. Our mission is to offer Finnish media also for future generations. Our 2,400 employees are key to our success. For us, independent and trusted media is a vital ingredient of open democracy. Independent journalism is at the core of our sustainability in action: we promote freedom of expression, create public discussion and increase awareness. The entertainment we produce provides shared experiences and supports the Finnish audiovisual community. For advertisers, we ensure a safe, impactful marketing environment.

2,400
employees

97%
of Finns reached every week through our media

40
media brands

16
newspapers



![sanoma]

Ensuring independent journalism

Finland is known as a land of free press. Public trust towards media remains high and news media reaches 96% of Finns weekly (Media Audit Finland 2021). The number of Finns claiming trust towards media grew in 2021 by percent (Digital News Report, Reuters Institute). Maintaining and building this trust is crucial to us. It means we resist disinformation with fact-based content, commit to Guidelines for Journalists and communicate transparently our general editorial process.

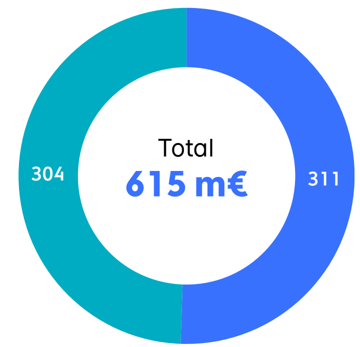
Sanoma Media Finland has over 40 media brands. 15 of these brands are newspapers. The largest newspaper in the Nordics, Helsingin Sanomat has around 2 million weekly readers in digital and print. In 2021, the number of subscriptions for Helsingin Sanomat increased for the fifth consecutive year. In 2021, Aamulehti celebrated 140 years of providing quality journalism in Tampere and the Pirkanmaa region. Satakunnan Kansa and 11 local newspapers together with the recently established editorial office in Turku further strengthen our news network ensuring independent journalism in Finland. Ilta-Sanomat is Finland's most read news media (FIAM). An example week 34 from 2021 includes 41 million mobile and webpage views and 160 million page views.

Sanoma has an extensive foreign correspondent network. Helsingin Sanomat has/hosts correspondents in Washington, Moscow, Beijing, Brussels, London, Stockholm and Berlin. In addition a theme-spesific correspondent focuses on nature, climate and loss of biodiversity. Both Helsingin Sanomat and Aamulehti host a correspondent on university and education related news. Ilta-Sanomat has a dedicated foreign correspondents for example for USA and for the National Hockey League.

A cornerstone for reliable and fair journalism in Finland is the unique self-regulating and independent committee of the Council for Mass Media (CMM) which has for decades been overseeing editorial ethics and is considered a highly valued industry standard. The CMM, established by publishers and journalists, provides guidelines for good professional practices and oversees the methods by which journalists acquire their information in the field of mass communication according to the Guidelines for Journalists. 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. It also gives 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. Anyone can submit a complaint concerning a breach of good professional practice to the Council for Mass Media. Complaints are handled without delay, impartially and free of charge. All handed cases are reported publicly on the website of the CMM.

When publishing content, we comply with the legislation concerning freedom of speech and freedom of expression and the media sector. We are a member of the CMM and committed to the Guidelines for Journalists. These principles guide all our journalistic work. Editors-in-Chief and supervisors of the editorial teams are responsible for ensuring all journalists working for us understand their professional responsibilities. The Editors-in-Chief and Sanoma's Forum for the Editors-in-Chief develop our editorial culture at Sanoma, provide guidance, follow reader surveys and customer feedback and take part in public discussion on editorial independence, ethics and journalism.

Net sales by category, m€



In 2021, the CMM dealt with a total of 403 cases in Finland and made 60 decisions of which 24 were condemnatory. Sanoma received 4 notifications (2020: 6) of violation concerning aspects of news articles and reported all cases promptly in the publication in question as stated in the Guidelines for Journalists. All cases are also reported publicly and transparently by the CMM.

We follow all CMM cases so that we can advance the debate on professional ethics. Helsingin Sanomat corrected an online story published only three months after its publication, after being informed of an error in a complaint to the Council of the Public Speech. The Council notes that it is the responsibility of the media to ensure that their feedback channels are accessible and operational, and that messages sent to the editorial board are handled with care. In its online and print versions, Ilta-Sanomat published a story that mentioned the source of information incompletely. The source should also be mentioned in the title of the online article and in the cover of the print magazine. Ilta-Sanomat's humor column made a joke about free electricity used for a the protesters' electric chair. A close-up picture of the young protesters was published in connection with the text. The joke combined with the picture violated the dignity of the protesters. The energy company financed Nelonen's TV series on climate change. Although the program was journalistic and dealt with the company critically, due to the collaborative pattern, the sponsor has in practice influenced the idea of the program and the choices of the authors. This undermined public confidence in the independence of journalism, especially as representatives of the energy company were strongly represented in the program.

■ Nelonen Media Live used the year put on hold by pandemic to work on its sustainability promises LEARN MORE ▸

■ Climate Crisis Font - awarded free font visualises the urgency of the climate crisis LEARN MORE ▸

Increasing awareness and media literacy

We strive to increase fact-based environmental and climate change awareness with our journalism. In 2021, our newspapers strengthened their environmental journalism. The new digital section of Helsingin Sanomat providing content on environmental and climate issues was published and has been especially well received by audiences under 45 years of age. Helsingin Sanomat also celebrated its journalist Heli Saavalainen who won an environmental award for her long-standing journalistic work on sustainable development. Early 2021 Helsingin Sanomat published the Climate Crisis Font, which visualises the Arctic ice melting. The Font was rewarded by several design awards, such as the D&AD Awards and Eurobest 2021 Grand Prix awards.

Supporting literacy and media literacy is important to us. The need for reliable news has risen over the recent years due to increasing misinformation (disinformation) through social media. To support media literacy and reading skills throughout society, Helsingin Sanomat publishes a weekly newspaper for children (HS Kids' News) in print and video. In addition, schools receive free copies of our newspapers to use in the classrooms every year. HS Kids' News was awarded first prize in the category of Products for Young Readers at the 2021 WAN-IFRA Print Innovation Awards.

In February we participate in Newsweek (Uutisten viikko, previously Sanomalehtiviikko), which is a week when schools in Finland focus on news and media. We participate in the annual Read Hour (a charity campaign to promote reading among children and teens) in September and make the campaign visible in our media. In addition, Donald Duck in Finland is known for its work to keep versatile and lively Finnish language alive for 70 years already. Finally, our audio-on-demand service Supla promotes Finnish literature by providing audio books and podcasts.

Through our magazine journalism our aim is to create public discussion reflecting diverse opinions and lifestyles and to increase empathy and tolerance with our journalism. In magazine journalism we continuously consider which stories are important to tell, what is our view of humanity and how can we contribute towards sustainability.

Shared experiences through entertainment

Nelonen Media is the leading broadcasting group in Finland focusing on TV, audio and podcasts. Our brands include Nelonen, Ruutu, Suomipop, Supla and Radio Rock. Our audio-visual productions empower and strengthen the Finnish audio-visual community by providing outlets and creating new channels for Finnish entertainment as well as by working closely together with Finnish artists, music industry and culture sector. By delivering information, inspiration, entertainment and experiences, we aim to increase awareness and reflect society with different viewpoints and lifestyles.

In our productions, we protect vulnerable audiences in accordance with National Audiovisual Institute guidelines. The National Audiovisual Institute (KAVI) is a subordinate to the Ministry of Education and Culture. KAVI is a supervisory agency whose task is to preserve the audiovisual cultural products and to promote audiovisual cultural heritage and media education. All audiovisual programmes supplied in Finland must be classified by the Act on Audiovisual Programmes. We are committed to this classification and the KAVI guidance. Materials that could potentially harm vulnerable audiences, such as children and youth, are published by the editorial teams according to the guidelines. We continuously develop our age classification process together with KAVI and the related staff is trained by KAVI.

Finlands biggest festival and event producer Nelonen Media Live organises annually more than 20 music festivals and concerts such as Tammerfest, Tikkurila Festival and Rockfest. Due to the continuing pandemic, fewer events have been organised in Finland and the role of entertainment has increased in the everyday life of Finns. Nelonen entertainment shows and on-demand services have provided joy and shared experiences when people have not been able to meet one another.

In 2021, Nelonen Media Live was already able to organise tens of local festivals, carefully following safety regulations. Finnish artists gathered people together and supported local vitality by bringing customers to local businesses. During 2021, Nelonen Media Live also published its sustainability guidelines for its events. According to Nelonen Media Live's "Events for a better tomorrow", we produce safe, accessible, communal, carbon-neutral, sustainable, fair and entertaining events.

Responsible marketing practices

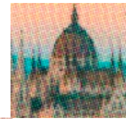
Our medias reaches 97% of Finns every week and a significant part of our offering is made possible by enabling companies to market their products and services efficiently in our curated media. Sanoma's high-quality journalism and interesting entertainment content offer advertisers a trustworthy marketing environment. Through marketing we can support sustainable Finnish businesses as well as the Finnish economy through making businesses thrive.

In all marketing, we follow the International Chamber of Commerce (ICC) Advertising and Marketing Communications Code. Our professional process for screening advertising materials supports the brand safety of our customers and ensures targeting appropriate marketing content to right audiences.

Our medias separate advertising and journalistic content in the manner required by the Council for Mass Media and implement advertisement restrictions to the types of advertising agreed. The editor-in-chief of each newspaper and magazine is always responsible for the content, including advertisements, in digital and printed media. Therefore, the editor-in-chief has the power to decide what kind of marketing is displayed in media. On TV, radio, audio and video platforms, the TV, radio and event director is the ultimate decision-maker on advertising content. We do not target digital advertising to children. We follow the IAB Europe EU Framework for Online Behavioral Advertising as well self-regulatory codes for marketing by the Data & Marketing Association of Finland.

Purchasing of advertising using systems is known as programmatic advertising. In programmatic advertising, we use whitelisting, meaning that advertising is only accepted from specific trusted buyers and advertisers. Correspondingly, an advertiser can be blocked from advertising platforms through blacklisting. In addition, we use ad quality specifications for the advertising distribution platform. Advertising using certain keywords is prevented. Advertising can also be targeted by excluding certain target groups.

Our trained advertising material reviewers inspect all materials and can advise the advertiser already at the start of the process when preparing content.



HS Vaientamattomat (unsilenced)

Monday, the 3rd of May is International Press Freedom Day. Helsingin Sanomat honoured the day by reminding Finns of the importance of freedom of the press by publishing a mini-documentary called Vaientamattomat, which shows that freedom of the press is under threat even within the EU.

LEARN MORE ▸

Commercial materials that do not indicate that they are an advertisement or who is behind it will be blocked by our process. Advertisements are also reviewed for contrary to accepted principles of morality with regard to swearing or nudity, among other things.

The Ethical Council of Advertising gives statements whether advertising is according to good manners, such as discriminating or not suitable for children, and applies the ICC Advertising and Marketing Communications Code. During 2021 Sanoma had two cases of non-compliance with the Advertising and Marketing Communications Code. These two cases were categorised as notifications and did not include any fines. The marketing of the erotic equipment in question was not prohibited and we advised the advertisers to use different ad materials.

During 2021, Sanoma has followed preparing of industry related legislation closely. The Ministry of Justice is preparing a proposal to the Finnish government on post-confirmation in tele sales, which is expected to proceed to the Parliament approval in 2022. In Norway and Denmark media is carved out from this type of legislation. Therefore, supported by The Finnish Media Federation, Sanoma supports carving media out of the proposed regulation.

Sanoma made a state aid complaint to the European Commission's competition authority to investigate whether Finland is operating in accordance with EU state aid regulations. 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 dealt with by the Commission's competition authority, and it is estimated that it will take at least a year to find a solution.

5 x Sustainable media in practice: To explain sustainable media in practice and answer frequently asked questions, we published a series of five articles LEARN MORE ▸

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2021
Financial performance	- Comparable net sales growth: +/- 2% - Operational EBIT margin excl. PPA: 12-14%	- 7% (2020: -10%) - 11.9% (2020: 11.8%)
Sustainability performance	- 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	- 4 notifications of violation concerning aspects of news articles as defined in the Guidelines for Journalists by The Council of Mass Media (2020: 6) - Protecting vulnerable audiences as defined by guidance of the National Audiovisual Institute - Responsible marketing practices as defined by the Advertising and Marketing Communications Code by the International Chamber of Commerce: two cases of non-compliance (2020: 2)

Valued people

Equal and inspiring workplace with excellent opportunities to develop

Great results call for people working towards shared goals in a secure and positive environment. Our motivated employees around Europe are the key factor to our success. Our aim is to maintain and develop good work-life balance, create an inspiring workplace together and offer opportunities to develop.

More than
5,000
employees

90%
response rate in Employee Engagament Survey

11
countries with a variety of nationalities

39%
of our senior management are women

Passionate employees

Valued people is one of the six themes in our Sustainability Strategy, setting the focus and targets for developing our workplace. We focus especially on developing employee experience and wellbeing, competence development, and diversity and equality. As a creative and expert organisation, our people are the key to our success. It is the capabilities of our employees, their motivation and drive as well as the culture we create together that makes us the company we are today.

At the end of December, we had a total of 5,359 (2020: 4,564) employees working in eleven countries across Europe, corresponding to 4,822 FTE. 90% (2020: 88%) of our employees are permanent employees. In the beginning of 2021, we welcomed over 500 new employees to Sanoma due to the acquisition of Santillana, a leading provider of K12 learning materials in Spain.

In 2021, our key focus areas continued to be supporting our employees during the coronavirus pandemic and together develop a successful hybrid way of working. During the year, office workers had the voluntary option to partly return to the offices. For us it is essential that all employees feel that they have a safe working environment and have equal opportunities whether working remotely or on-site. We deployed a hybrid work model in all our operating countries – developed in close co-operation with our personnel and with local adaptations. As the pandemic progressed at different speeds in different countries, our local companies have been responsible for responding to the local restrictions and recommendations.

Going forward in 2022, we will focus especially on developing diversity, equality and inclusion, enhancing mental and physical wellbeing, and continuing to develop our people by offering them interesting development and career opportunities.

Engaging with our people

During 2021, due to the hybrid way of working, it became increasingly important to engage employees across our organisation to evaluate different aspects of work-life balance. Our frequent Pulse surveys were carried out by all our businesses during the year. The Pulse survey covers questions on employee experience, work-life balance and other wellbeing topics. In 2021, the Pulse survey also studied how the remote and hybrid way of working was perceived by employees, enabling us to adapt actions and communications accordingly.

In addition to the frequent Pulse surveys, Sanoma conducts an annual Employee Engagement Survey (EES) for all its employees at the beginning of each calendar year. As of 2020, 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. Both the Pulse survey and EES results are reported to the Sanoma management and the Board of Directors, and shared and discussed in each of the operating companies.

For our 2021 EES survey, we reached an excellent response rate of 90% (2020: 88%). Our Employee Experience Index was 7.3 (2020: 7.4), being slightly below target level. However, compared to peers, Sanoma's EEI still remains above benchmark level of 7.1. For some part, we see the ongoing remote work reflecting the overall results. The highest score (8.2) was reached on leadership and relationship with direct manager, the benchmark being 7.0. Our employees value especially managers' skills in building relationships with employees and showing trust and respect. The work environment and collaboration with colleagues is also stated to be on a very good level. In addition, the results show a clear customer focus above benchmark level.

Areas of improvement include training and development, well-being and work enablement. In 2021, we included for the first time a question on bullying and harassment, and received a favorable score of 8.1 (benchmark 7.2).

90% response rate in our Employee Engagement Survey

7.3 Employee Engagement Index (scale 1-10)

RESULTS OF THE EMPLOYEE ENGAGEMENT SURVEY

	2019	2020	2021
Employee Experience Index[1]	-	7.4	7.3
Response rate %	88	88	90

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

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Developing diverse, equal and inclusive workplace

Inequality continues to exist in many ways in society and our daily lives. This is why we acknowledge that diversity, equality and inclusion (DE&I) are topics that we need to pay attention to every day also in our working environment. Our strategic ambition is a culture where everyone is welcomed and valued as they are, as inclusion is an essential part of wellbeing, engagement and commitment at work.

DE&I is at the core of our Sustainability Strategy, and our community at Sanoma is diverse in many aspects. We operate in 11 countries, and our people come from different cultural and educational backgrounds and a variety of age groups. We track the diversity of our employees by gender, nationality, years of service and age on an annual basis. In 2021, we had 293 (2020: 292) employees working on-call for Sanoma. These freelancers support mostly our event and editorial staff especially in Sanoma Media Finland.

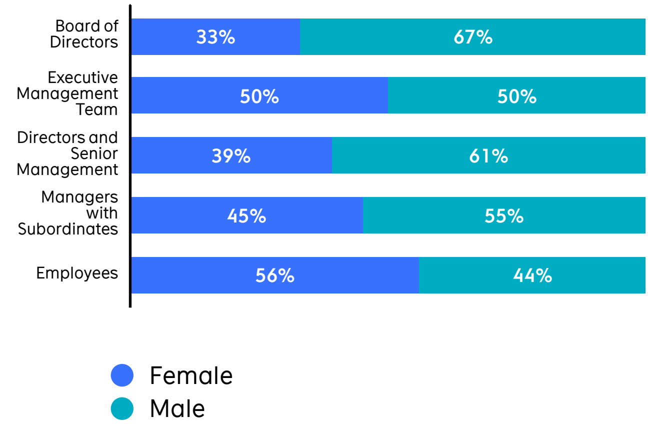
Sanoma's Diversity and Inclusion Policy updated in 2021, sets our ambition for a diverse and inclusive workplace: for example, fair treatment and equal opportunities, non-discrimination, equal pay for equal roles, and gender-neutral experience. The Policy is approved by the Sanoma Board of Directors. In most of our operating countries, our equality actions are centered around local equality and non-discrimination plans. Recruitment, remuneration and career advancement are based on employee competence and performance.

Ensuring that our employees feel that we provide equal opportunities is an important indicator for our work on equality and inclusion. We track the Equal opportunities rating in our annual Employee engagement survey, the rating in 2021 being 7.3 (2020: 7.6). The result is slightly below our target level, and we will focus on the topic in our diversity, equality & inclusion planning going forward.

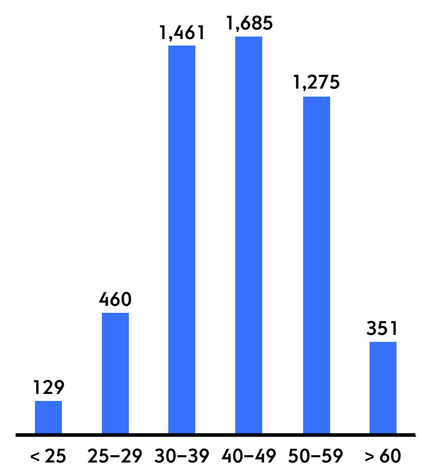
We promote diversity and gender neutrality throughout our business. Of all our employees, 55% (2020: 55%) are women and 45% (2020: 45%) men. Although our overall gender diversity ratio is on a very good level, we recognise that we need to focus on enhancing gender diversity in certain teams, such as technology. We recognize that in our managerial positions the gender mix is different from that in our overall number of employees. In 2021, 45% (2020: 45%) of team managers and 39% (2020: 31%) of directors or senior management were women. At the end of 2021, 33% (2020: 20%) 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 going further than gender only.

In 2021, Sanoma joined the Diversity Roundtable – a unique cross-functional forum bringing together leaders of some of the most influential Finnish companies and universities with the objective of advancing diversity in Finland facilitated by Boston Consulting Group (BCG) and UN Women Finland. As a part of this newly launched initiative, BCG also performed a baseline analysis on the status of diversity, equity and inclusion (DEI) in our organisation to understand where we are currently at compared to other companies, and identify key areas to advance. The survey was conducted in November 2021, and was targeted at senior leaders in different business units and Group functions. Based on the survey, 95% of Sanoma respondents see DEI as critical for future competitiveness, and 88% find our culture to be inclusive. Positive differentiators are very low level of discrimination and strong commitment to Sanoma as an

Gender diversity at Sanoma



Employee distribution by age



employer. One of the key identified developments areas is to communicate a clear DEI strategy in the organisation. These findings are one important source of insight for our Diversity & Inclusion approach for 2022 and onwards.

We have zero tolerance for any form of discrimination, harassment or bullying at the workplace. To ensure that everyone is treated fairly and equally, 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 encourage our employees to report any misconduct through the anonymous Sanoma-WhistleB reporting hotline. We monitor the total number of reported misconduct cases and all cases are investigated thoroughly by our Internal Audit team in cooperationwith our Compliance and Legal team and Local Compliance officers. Learn more about our actions on preventing misconduct on p. 46-51.

Promoting wellbeing, training and safety

Enhancing wellbeing through various initiatives

The majority of our employees generally work in offices where the key health risks are mostly related to mental well-being and ergonomics. Our top priority is to ensure employees' work-life balance, workload and related stress factors. Sanoma also owns printing facilities in Finland, where we focus on preventive measures to ensure safe work procedures, and health risks are mainly related to tripping or slipping. In warehouses, the most common injuries are related to handling loads, falling or forklift truck accidents.

We support our employees' work-life balance with flexible working time and tools and equipment for remote work. Locally, our companies offer a variety of support to promote mental wellbeing. In 2021, all employees had the opportunity to participate in, for example, online wellbeing lectures.

Sanoma Learning employees were invited to a shared platform providing support with healthy work-life balance, self-leadership, increasing creativeness, and team work. Sanoma also celebrated the International Happiness at Work Week in September giving special attention and time to focus on wellbeing at work. Activities varying from online yoga classes to mindfulness sessions were organised throughout the week bringing together Sanoma Learning employees across Europe.

In Sanoma Media Finland, a wellbeing mentoring network funded by the Finnish Work Environment Fund was launched 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 based on needs in collaboration with external service providers and professionals.

To reduce the impacts of sitting and to increase overall wellbeing at work, we also encouraged our employees to focus on physical wellbeing through walking challenges, walking meetings and other locally arranged activities as well as offering employee benefits for physical wellbeing, among other activities and services.

We provide health services to all our employees, complying with the legal requirements of our operating countries. During the pandemic, the services have been offered also remotely when possible to ensure employees safe access to the services. In 2021, Sanoma's overall sick absence rate was 3.1% (2020: 2.4%), reflecting partly the increase of absences due to pandemic especially in some of our operating countries.

Ensuring professional development opportunities

As a learning and media company, professional development of employees is central for our business. New skills are required for future growth and retaining and attracting talents is crucial for our success going forward. 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. Career development is supported also, for example, by job rotation possibilities.

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 the business. To develop skills and competences corresponding to the transformation and growth of the business and to enhance collaboration, we will launch two training academies in 2022, specifically tailored to our finance and our technology teams.

In Sanoma Learning, 35 employees from local operating companies participated in the Challenge talent programme. The aim of the programme is to support the participants in their leading roles and personal development as well as to provide a practical methodology and skillset for strategy development and execution. The programme continues in 2022 with new talents joining from across the business.

sanoma

OUR BUSINESSES IN BRIEF

SUSTAINABILITY

Our Sustainability Strategy

Inclusive learning

Sustainable media

■ Valued people

Trustworthy data

Vital environment

Responsible business practices

Managing sustainability

Sustainability and ESG performance

FINANCIALS

GOVERNANCE

In Sanoma Media Finland, the second cohort of the NEXT programme, focusing on developing strategy and leadership skills, was launched with 40 participants. Also, an in-house cross-functional mentoring programme with over 50 participants was carried out to increase cross-functional knowledge sharing, and this will continue also in 2022. The 'Sanoma Academy' trainings cover topics such as coaching leadership, expert trainings, self-leadership, and a strategic leadership programme for management. In addition, we offer online training courses on various topics for all our employees. We also support professional development through regular performance and development reviews. In 2021, approximately 96% (2020: 90%) of employees had a regular performance and development review with their manager.

Focusing on safety

During the pandemic, our first priority has been to ensure the health and safety of our employees. In 2021, we encountered different phases of the pandemic in the countries in which we operate at different moments in time and flexibly adapted our safety measures and guidance on hybrid work accordingly. We see that the pandemic will drive a permanent change in our ways of working and therefore we focused on creating with all our employ-ees together, a working environment that inspires and engages also in the future.

In 2021, Sanoma owned three printing facilities, which employ 216 (2020: 226) people in Finland (4% of the total number of employees). The work in the printing facilities deviates from office work. Therefore, we follow and report accidents at work only concerning our printing facilities. All 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 means of ensuring safety at work. Likelihood of accidents is reduced by carefully processing every observation in our printing facilities and reviewing it with employees to ensure the right precautionary attitude towards incidents. No work-related, serious or fatal accidents took place during 2021. The lost time accident injury rate (LTA) for our own printing facilities was 7.7 (2020: 17.2). In 2021, 4 (2020: 9) injuries resulting in lost day occurred, 1 (2020: 2) of them when commuting to work. In warehouses located in our various countries, we focused on ensuring continued operations during the pandemic by, for ex-ample, non-overlapping shifts.

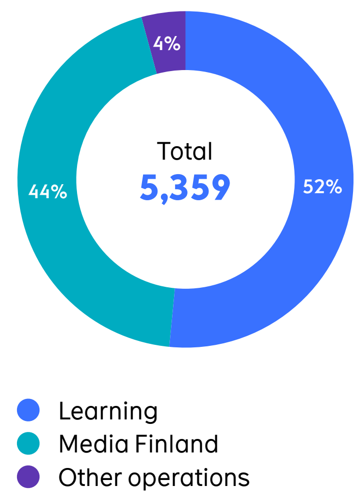
Some of our journalists work abroad in high-risk regions, and we pay special attention to their safety. Journalists who work in crisis regions have been trained on safety risks before the assignment. There is also guidance giv-en on precautions for working in pandemic areas with limited access to medical care. Counselling is offered for journalists returning from high-risk areas or potentially traumatic assignments.

Building a great workplace

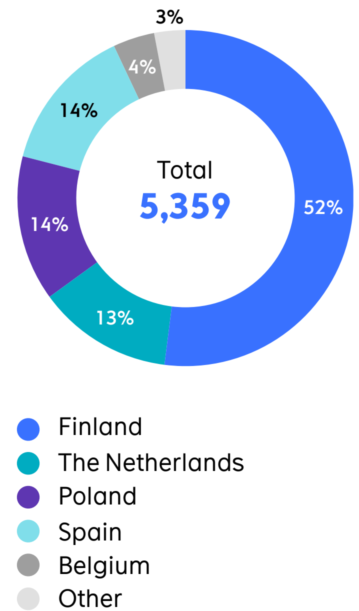
Building a great workplace with an inspiring and sustainable company culture plays a key role in attracting and retaining talent, as well as increasing commitment and engagement. Our employees are highly committed to Sanoma and 41% (2020: 39%) of them have worked for their local company for more than 10 years.

The Employee Net Promoter Score (eNPS) signals how likely employees would recommend Sanoma as an employer. The eNPS measured in the 2021 EES improved to 11.5 (2020: 8.6) on a scale from -100 to +100. The

Personnel by SBU, % at the end of 2021



Personnel by country, % at the end of 2021



European benchmark is 8.4. In 2021, we set an aim to reach an eNPS score above 10 by 2025, and the positive rise already in 2021 gives us a solid basis to further develop Sanoma as a great place to work..

In 2021, we recruited 616 (2020: 514) new employees despite the pandemic and welcomed over 500 new colleagues through the Santillana acquisition. In total 617 (2020: 453) employees left the company resulting in an average employee turnover of 11.5% (2020: 10.6%).

One key area of focus during the year at Sanoma Learning was the successful integration of Santillana. As the acquisition of itslearning and Santillana brought us into new countries that our learning business had not been active before, we carried out a cultural programme with a culture awareness workshop for both senior leadership and employees. Also, to bring together our Learning companies, an international onboarding model was introduced. In November, 'Share views week' gathered online more than 2,700 employees from Sanoma Learning and Group functions in inspirational sessions on how we bring our strategy into action and the positive impact we create every day.

In 2020, Sanoma Media Finland launched four leadership promises focusing on employee-oriented management to set a common, company-wide standard for good leadership. These promises are: I trust people. I bring joy and happiness. I encourage. I face people as human to human. The leadership promises are based on an extensive culture survey carried out in 2019. In 2021, trainings were organised for all managers to implement the leadership promises in every day work. The promises are now also part of all related HR processes.

Leading and managing our human resources work

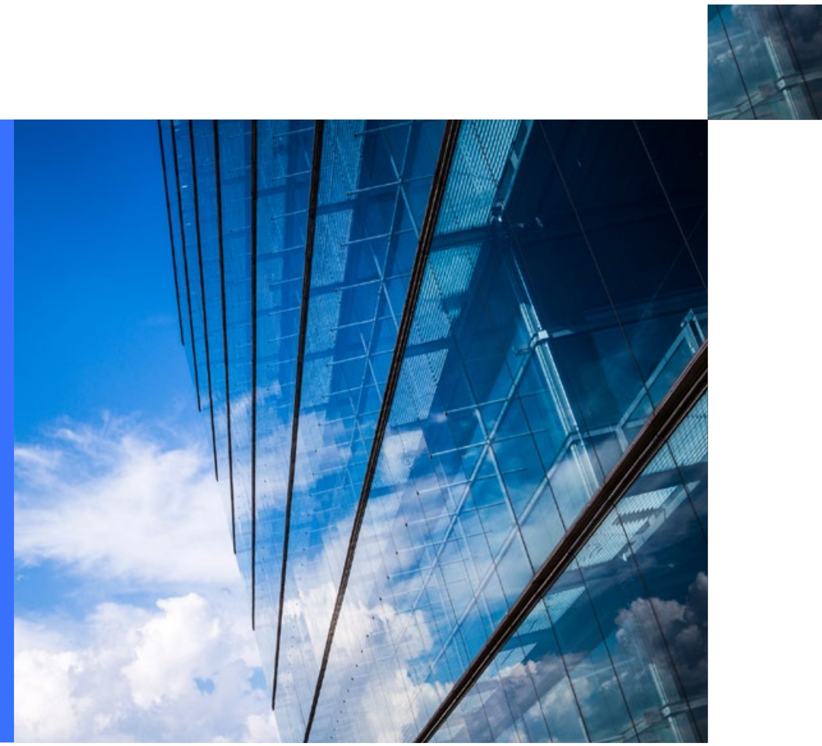
In Sanoma Learning, our human resource development is led by the Chief Human Resources Officer, and on a local level by the respective HR Director and organisation in each country or region. In Sanoma Media Finland, human resource development is led by the Chief Human Resources Officer for the whole business and a team embedded in the different business units within our Media business. 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.

Our human resources management model ensures a well-organised management of the occupational safety, health and wellbeing of our people. 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 department. Formal participation includes workers’

7 x Sustainability How do our employees see sustainability?

We asked them and recorded the responses on this video. Engaging with employees to develop sustainability is an important part of Sanoma’s sustainability in action.

LEARN MORE ►



representation in local joint management–worker health and safety committees, for example.

In Finland, a reorganisation and outsourcing of the occupational healthcare was initiated during the year with the aim of harmonising healthcare services and ensuring better access to services also in hybrid work-era, and will become effective as of 2022. As part of the reorganisation, we will also train our managers in work ability matters and develop our processes on leading work ability.

Employee benefits offered to our employees are defined on the local level. Information on the remuneration principles of the Board of Directors, the President and CEO and the Executive Management Team can be found in our Remuneration Report 2021.

Employees' right to freedom of association is an important value supported by Sanoma. Sanoma is a signatory of the UN Global Compact and committed to the Principle 3 on the right to freedom of association and collective bargaining. By end of 2021, 68% (2020: 59%) of Sanoma employees were covered by collective bargaining agreements.

During 2021, no significant workforce restructurings or redundancies took place. In regards to notice periods, Sanoma complies with local legislation in all of its operating countries, and the notice periods specified in collective agreements.

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2021
■ 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 cultur	■ Annually, our Employee Experience Index is on a favorable level ≥ 7.5	■ Employee Experience Index: 7.3 (Scale 0-10, European Benchmark 7.1)[1] (2020: 7.4)
	■ We promote diversity and gender neutrality throughout our business and aim for a 50/50 gender balance in managerial positions by 2030	■ Managers with subordinates: 45% w / 55% m (2020: 45% / 55%) ■ Directors and Senior Management: 39% w / 61% m (2020: 31% / 69%)
	■ Our people feel that we provide equal opportunities, and our Equal opportunities rating is on a favorable level, ≥ 7.6	■ Equal opportunities in my company rating 7.3 (Scale 0-10, European Benchmark 7.1)[1] (2020: 7.6)
	■ 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: 11.5 (Scale -100 to +100, European Benchmark 8.4)[1] (2020: 8.6)

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

Trustworthy data

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

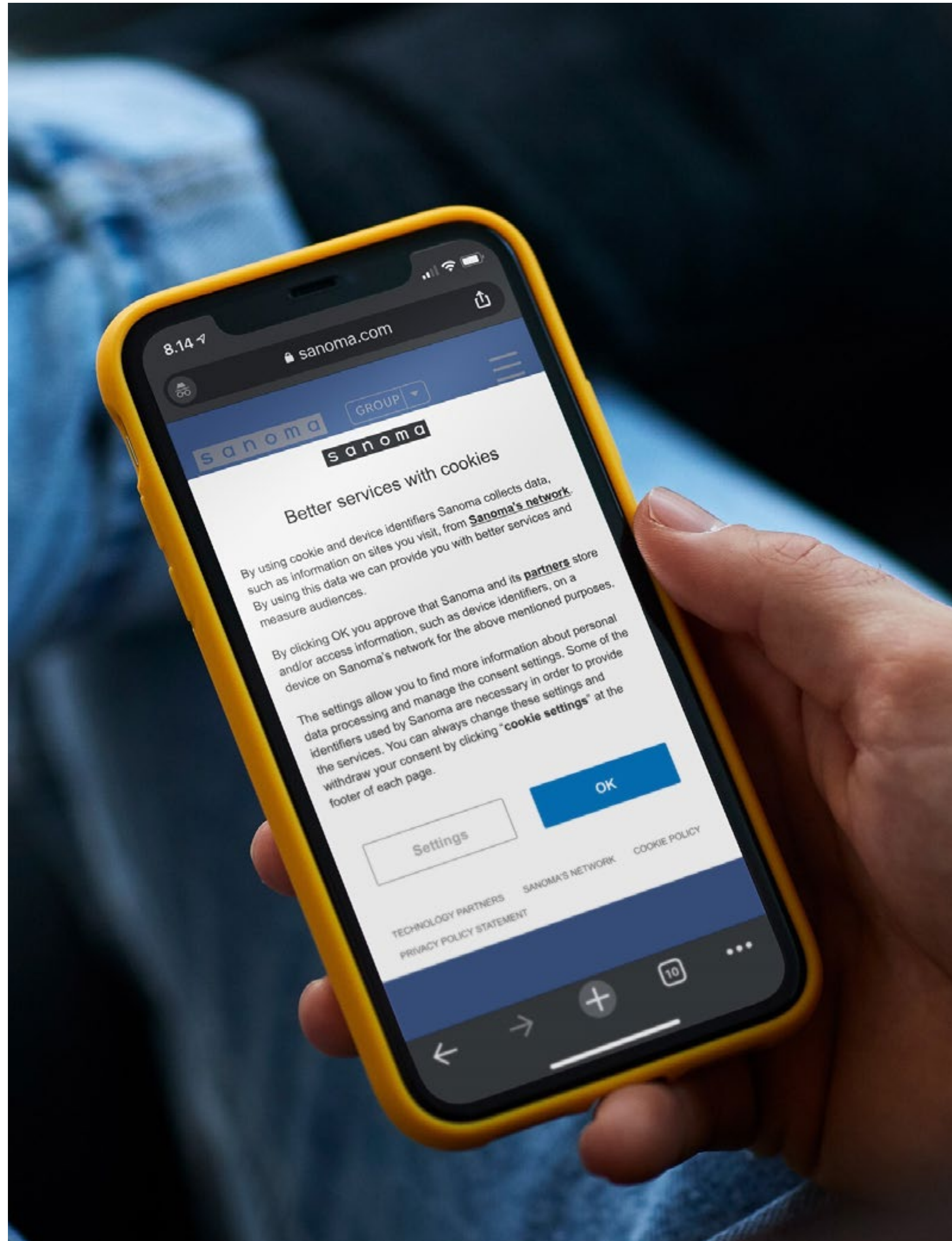
Data, especially personal data, is becoming an increasingly essential part of our business proposition and thus it is essential that we put privacy and customer trust at the core of our daily work. Data empowers teachers to optimise teaching and students to receive personalised learning. With the customer data entrusted to us, we develop high-quality and personalised media that is more informative and engaging for the readers

Continuous training
of all employees in privacy and information security

36
Privacy & Security champions with privacy responsibilities

0
Major privacy breaches

282
Minor privacy breaches



sanoma

Fair use of data is at the core of our business

Educational technology is at a crossroads taking rapidly evolving steps from smart to intelligent digital classrooms. Sanoma Learning is on the leading edge of the digital transformation of education with advanced multi-channel learning solutions. Data is an integral part of our 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 the schools and municipalities decide the purposes and lawful basis for the data processing and instruct us to process the data accordingly.

Data is of great importance to us when creating fact-based journalism and providing tailored information and services for our media customers. In Sanoma Media Finland, our role is mostly that of 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 any personalisation feature. Personal data is also an essential asset in digital advertising, where advertisers value the ability to target customers by segments and viewers prefer to see relevant advertising only.

Every day as a privacy day

Protecting personal data throughout the entire lifecycle is at the core of our everyday business. Our Group-wide Privacy Programme ensures that we continuously develop responsible use of personal data in compliance with privacy laws. 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 the governance model that guide the implementation of relevant privacy laws into our operations. The Policy is reviewed on an annual basis and eventual changes are approved by the Board. The Privacy Programme is supported by a separate Information Security Programme to help build robust Information security measures across the organisation to protect personal data and other key Sanoma assets.

Our Privacy and Security-by-Design process is embedded into business development

Privacy is incorporated into our product and business development through a ‘Privacy- and Security by Design’ process, supported by ’Privacy Champions’, who are nominated employees with privacy responsibilities in their respective business areas. During 2021, we had in total 36 (2020: 34) nominated Privacy Champions across our businesses. Privacy Champions are trained to be the first line of support in privacy related topics. All Privacy Champions are trained to follow relevant privacy laws, as well as privacy guidelines created to help implement privacy into everyday operations. In some of our businesses, the role of a Privacy Champion has become a full-time position.

Key stakeholders involved in ensuring privacy and security

Privacy Champions are responsible for ensuring that Privacy Impact Assessments (PIAs) are conducted for new personal data processing purposes. PIAs are the key mechanisms for ensuring that new purposes of data processing are compliant with requirements of privacy laws. Privacy requirements are also considered when selecting suppliers to provide software or digital services required to implement our data processing. When developing our own digital products, product development teams are required to review privacy and security check-lists, to conduct threat assessments for the planned technical changes, and to 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.

Data lifecycle management ensures sustainable use of data

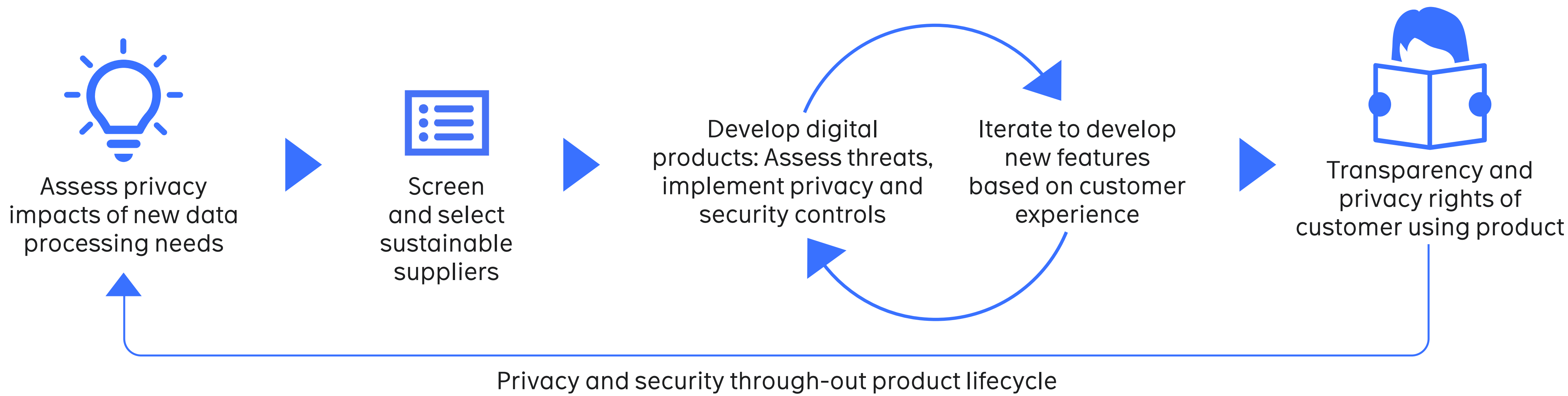
All our businesses need to record how data is processed and how data retention times are implemented. The implementation of our data lifecycle management process is validated regularly by our Privacy team which reviews the defined retention periods and validates that they are implemented.

Third party companies processing data on our behalf are contractually bound to comply with Sanoma's 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, we have put specific emphasis on assessing how our suppliers transfer data especially outside the European Economic Area, through 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.

Addressing data subject rights

We continuously develop transparency of data processing by providing Privacy Policy Statements and Privacy Notices about our products to data subjects, meaning our customers, our readers and viewers. Our customers have the right to ask us as a data controller to provide them access and correct or delete their data, if needed. In 2021, Sanoma Media Finland received 67 (2020: 62) consumer requests for data access, deletion and portability. The purposes of data processing and the privacy obligations for

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



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OUR BUSINESSES IN BRIEF

SUSTAINABILITY

Our Sustainability Strategy

Inclusive learning

Sustainable media

Valued people

■ Trustworthy data

Vital environment

Responsible business practices

Managing sustainability

Sustainability and ESG performance

FINANCIALS

GOVERNANCE

processing personal data are described in detail in Privacy Policy Statements at sanoma.com (in Finnish).

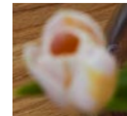
Robust incident and personal data breach management to safeguard data

We follow a personal data breach management process 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 the annual number of data breaches classified as major and minor. During 2021, Sanoma had a total number of 282 (2020: 196) personal data breaches, out of which 0 (2020: 0) major ones. 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 increased in 2021 in comparison to 2020 due to increased business volume and customer database integrations from acquired and merged new business areas. Sanoma did not receive any formal notices, orders or penalties related to personal data breaches from the regulatory authorities during 2021.

Monitoring Privacy Policy compliance

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 Sanoma Learning and Sanoma 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. 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.

In order to ensure that employees know how to apply data security and privacy practices in their daily work, various privacy and security trainings are provided to employees to guide their work. Sanoma's Code of Conduct, mandatory for all employees, contains dedicated sections for privacy and security. In 2021, we renewed our Code of Conduct e-learning content and our new e-learning replaced previous separate e-learnings on privacy and security. Instead of separate e-learnings, the new Code of Conduct e-learning now has dedicated sections for general ethics, antibribery and corruption rules, competition law, privacy, security and compliance in the supplier relationship management. Our goal is that all new employees complete our mandatory Code of Conduct e-learning upon the first month of employment. All employees will need to update their Compliance training annually and in 2021, 97% (2020: 95%) of employees completed the training.



Data is at the core of our business

Sanoma hosted an Sustainability Day for investors and stakeholders in June 2021. See our Chief Information Officer Ken Bårdsen talk about the role of data both delivering great learning materials and trusted media.

LEARN MORE ▶

In addition, privacy trainings have been tailored for more specific privacy responsibilities related to the 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.

Fair and transparent use of AI

Analytics plays an increasingly relevant role in the fast transformation of media and learning services, helping end users use services optimally. 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. This is why we are committed to developing principles of ethical use of artificial intelligence (AI). AI can be used for, among other things, providing journalistic recommendations, personalised features in entertainment in Sanoma Media Finland, and adaptive learning solutions in Sanoma Learning. Already, when using AI, we apply privacy and personal data protection principles and practices defined in Sanoma's Privacy and Data Protection Policy.

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

During 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 would allow us to commit to such ethical AI principles.

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2021
■ 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: 36 (2020: 34)
	■ 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 amount of data breaches: – Major data breaches: 0 (2020: 0) – Minor data breaches: 282 (2020: 196)

sanoma

Vital environment

Protecting the climate and building awareness of sustainability

Reducing climate change impacts is one of the most critical challenges facing all industries and societies. Although we operate in a low-carbon industry, minimising our environmental footprint and raising fact-based climate awareness are important to us. Our goal is to reach carbon neutrality by 2030, both in our own operations and in our value chain.

5%
of GHG emissions from own operations (Scope 1&2)

100%
of waste reused and recycled in our printing facilities

95%
of GHG emission from value chain (Scope 3)

95%
of wood fiber used originates from certified sources

Photo: Eeva Valtokari, Aamulehti

Commitments guide our action

As a leading learning and media company we have a unique position to combat climate change. Through fact-based media and learning content we are able to support society at large to understand climate change and the need and possibilities to reduce CO_2 emissions. 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. We take the risks associated with climate change into account and therefore have also set a series of concrete targets to reach net carbon neutrality in our operations and throughout our value chain by 2030.

In June 2021, we committed to validating our climate targets through the Science-Based Target Initiative to align our actions with the Paris Agreement. 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.

During 2021, we joined the Climate Ambition Accelerator programme, supported by the United Nations Global Compact. The programme brought together companies throughout Europe working together towards ambitious climate action and aligning with the Science Based Targets initiative. It accelerated our progress towards setting science-based emissions reduction targets aligned with the 1.5 °C pathway of the Paris agreement.

During 2021, we analysed our climate-related risks and opportunities using the Task Force on Climate-related Financial Disclosure (TCFD) framework, which supports companies in disclosing climate-related governance, strategy, risk management, metrics and targets. Our TCFD disclosure can be found on page 68. 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 with a score of B (D in 2020) in the international CDP Climate Change rating in 2021. The scoring varies on a scale from A to D-. In addition, Sanoma improved its CDP Forest rating from C to B.

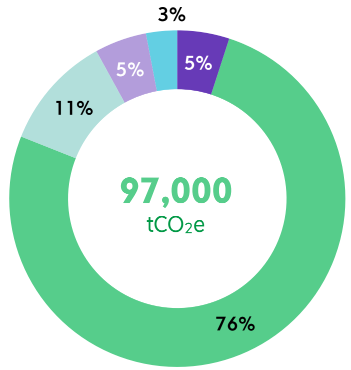
During 2021 we joined the United Nations Global Compact Climate Ambition Accelerator-programme, which accelerated our progress towards science-based emissions reduction targets

GREENHOUSE GAS (GHG) EMISSIONS tCO_2e AND INTENSITY

	2019	2020	2021	Change
Scope 1, 2 and 3: Direct and indirect GHG emissions, total	82,761	96,917	96,993	0.1%
Scope 1. Direct GHG emissions tCO_2e	51	70	276	
Scope 2. Energy indirect GHG emissions tCO_2e, market-based	8,449	10,116	4,374	-54%
Scope 2. Energy indirect GHG emissions tCO_2e, location-based	5,497	6,564	8,496	
Scope 3. Other indirect GHG emissions tCO_2e, total	74,261	86,731	92,343	6%
Category 1. Purchased goods and services	63,963	75,098	73,321	
Category 4. Upstream transportation and distribution	1,924	863	2,078	
Category 5. Waste generated in own operation	4,043	4,348	5,246	
Category 6. Business travel	716	244	665	
Category 8. Upstream leased assets	467	490	2,024	
Category 9. Downstream transportation and distribution	3,148	5,688	9,011	
GHG emission intensity in own operations: Scope 1 and 2 GHG emissions tCO_2e /employee	2.4	2.4	0,9	-64%
GHG emission intensity in own and value chain: Scope 1, 2 and 3 GHG emissions tCO_2e /employee	23	23	18	-21%
GHG emission intensity in own and value chain: Scope 1, 2 and 3 GHG emissions tCO_2e / turnover	91	91	77	-15%

Emissions calculated according to the GHG protocol. Learn more about Sanoma's GHG emissions calculation and scope on page 58.

Sanoma's carbon footprint



- Scope 1 & 2: Own operations
- Scope 3: Purchased goods and services
- Scope 3: Upstream and downstream transportation and distribution
- Scope 3: Waste generated
- Scope 3: Other emissions

Our carbon footprint

To ensure our climate action is fact-based, we analyse, measure and report our greenhouse gas (GHG) emissions on an annual basis according to the GHG Protocol. Our climate footprint is the result of both our own operations and supply chain. According to annual third-party assured calculations, our direct Scope 1 and indirect Scope 2 GHG emissions were 5% (2020: 10%) of total GHG emissions in 2021. Our most significant impacts derive from the indirect Scope 3 emissions through our supply chain, mainly resulting from paper purchases, energy usage for manufacturing of paper and print supplies and the transportation and distribution of our learning and media products. 95% (2020: 90%) of our GHG emissions result from the supply chain. In total, our direct and indirect GHG emissions totalled 96,993tCO_2e (2020: 96,917tCO_2e).

We halved our own operations GHG emissions

For all our operating businesses, our target is to use only carbon neutral electricity by 2023 and halve GHG emission in own operations by 2025. Our own operations create emissions mainly from energy used, for example, in printing facilities and offices. We use purchased electricity, for example, in printing and office facilities, as well as for digital services and technological solutions. During 2021, the energy consumption of electricity, district heating and cooling in both owned and leased properties controlled by us was 49 GWh (2020: 46.8 GWh). Our energy use increased mainly due to the acquisition of Santillana, where we are responsible for several new facilities. Also, during 2021 we report for the first time full year figures for the acquired regional news media business in Finland, including a modern, state-of-the-art printing plant in Tampere as well as new office facilities. In 2020, data from the latter acquired business were included in our calculations only from May 2020 onwards.

Despite the increase in energy used, we were already able to halve our own operations emission in 2021, several years ahead of our target. The indirect CO_2 emissions resulting from the electricity we used decreased during 2021 due to moving to carbon neutral electricity in Finland. Also our office facilities in Sanoma Utbildning in Sweden, Malmberg in the Netherlands, Van in in Belgium and Santillana in Spain also use carbon neutral electricity. These actions resulted in a 54% decline in emissions from our own operations. Already 54% of energy used by Sanoma in 2021 was carbon neutral. During the past few years, we have also invested in developing energy efficiency at Sanoma House and the Sanomala printing facility in the Helsinki-region. These investments annually reduce our energy usage. As a result of halving our own operations GHG emissions, also our own operations intensity figures declined.

During 2021, our reserve power usage increased significantly due to the the largest printing facility in Finland, Sanomala, being regulated to provide reserve for the Finnish electricity grid. This resulted in nonrecurring energy production emissions under Scope 1. When the electricity grid is in danger of being overloaded, Sanomala's backup power plants are switched on and used to generate electricity for the national grid. Due to exceptionally high unbalance in the Finnish electricity market in late 2021, Sanomala's reserve power was used multiple times.

ENERGY INTENSITY

	2019	2020	2021	Change
Energy consumption of the organisation, MWh	34,680	46,883	49,003	5%
Electricity consumption of the organisation, MWh	20,875	26,507	29,899	13%
Share of carbon neutral electricity used %	-	-	54 %	
Energy intensity, MWh/employee	9.7	11,0	9.1	-11%

Includes energy used in Sanoma's own printing facilities and in office facilities around Europe.

OUR BUSINESSES IN BRIEF
SUSTAINABILITY
Our Sustainability Strategy
Inclusive learning
Sustainable media
Valued people
Trustworthy data
Vital environment
Responsible business practices
Managing sustainability
Sustainability and ESG performance
FINANCIALS
GOVERNANCE

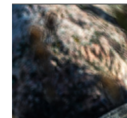
Printing newspapers with an environmental focus

Sanoma owned three printing plants in Finland: Varkaus, Tampere and Vantaa in 2021. These plants 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 newspaper printing facility Savon Paino, located in Varkaus, which will impact our reporting from 2022 onwards. Savon Paino will continue printing regional editions of Helsingin Sanomat and Ilta-Sanomat as well as the weekly product HS Viikko with a long-term contracts as a supplier.

Our printing facilities in Varkaus and Vantaa use the ISO 14001 environmental management system to support our environmental management in our printing plants and operate according to the environmental guidelines approved by the printing facilities management. These guidelines combine quality, environmental and safety management together into one integrated management system. A concrete example of the level of environmental friendliness of our prints is that no environmental permits are required by the Finnish Centre for Economic Development, Transport and the Environment.

In everyday action we 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. We monitor the amount of paper, printing plates, ink, wetting water additive and water, as well as energy use and greenhouse gas emissions, among other things. For example, the electricity we used is 100% carbon neutral.

We aim to minimise the materials used in our printing plants and maximise the recycling and reuse rate of materials. The combined recycling and reuse rate for Sanoma-owned printing plants was 100% in 2021 (2020: 100%). Raw materials that are safe for employees and the environment are selected as production materials. All ink used is from plant-based sources. Aluminium printing plates are a recyclable raw material for industrial purposes after use in our printing plants.



Sanoma moved to carbon neutral electricity in Finland and as a result, halved the emissions of its own operations

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Sanoma joins the Science Based Targets initiative

By committing to the initiative we want to future-proof our growth strategy and ensure that our plans for carbon reduction meet the level needed to limit global warming in line with the Paris Agreement.

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Value chain climate action

Our most significant climate impacts derive from the indirect emissions of our supply chain. To reduce GHG emissions, we cooperate with suppliers towards reducing our common climate footprint. During 2021, we have been developing our engagement programme to systematically cooperate with our key suppliers to reduce emissions and will continue in 2022 and beyond. 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 suppliers to also set 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 such as the environmental standards ISO 14000 -series and quality management standards ISO 9000 -series. Third-party verified management systems support in evaluating a supplier's approach and give a systematic view to environmental management. These standards encourage companies to continuously improve their environmental performance in all operations.

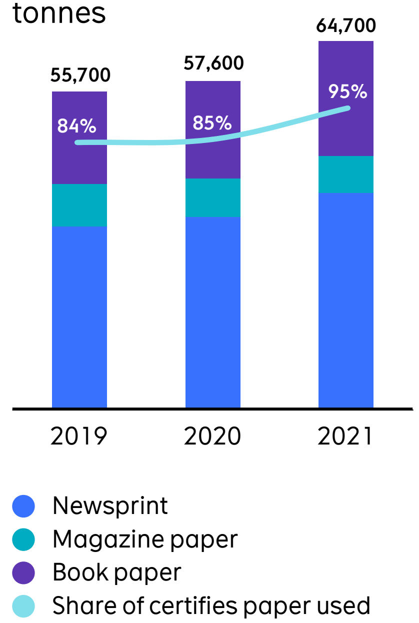
During 2021, our emission intensity declined despite the growth of our business. Our suppliers continued to transition to renewable energy. Also in our media business the transition from print to digital impacted the amount of emissions from paper produced. At the same time our paper usage in learning increased due to the growing business. Our absolute GHG emissions within the value chain increased due to the acquisition of Santillana and the regional news media business including new office facilities and a printing facility. The acquisition affected our emissions from purchased goods and services including the material and energy use of printing and also our emissions resulting from the transportation and distribution of our products. Our 2020 calculation only includes the latter acquired business's data from May 2020 onwards.

Managing biodiversity impacts

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 FSC or PEFC certified and sustainable managed forests i.e. traceable, verified and legal sources. Sanoma continuously seeks to increase the share of certified fibre used in its paper products.

Sanoma's target is to only purchase paper made of certified fibre by 2023, the share of certified fibre in 2021 was over 95% (2020: 85%). The increase in the amount of certified paper fiber is mainly a result of active engagement with suppliers to ensure use of certified paper and increased follow-up method of certified paper used. Our Paper Procurement Standard is annexed to all direct and indirect

Paper and share of certified fiber used, tonnes



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.

paper procurement agreements and aims to ensure that paper used by us is produced responsibly and originates from traceable and verified sources. In the learning business, use of book paper grew in-line with net sales development and due to the acquisition of the Spanish learning business Santillana. In our media business, driven by the prevailing media trend of consumers moving from printed to hybrid and digital media products, comparable paper usage continued to decline.

Using our voice for change

To minimise our environmental impacts, we believe we need to continuously develop our knowledge and increase our climate and environmental awareness through facts. All decisions made to publish environmental or climate-related content are made on an independent journalistic basis or according to the learning curriculum requirements in each country. For example, Helsingin Sanomat launched several climate initiatives during 2021, such as assigning a correspondent team fully focusing on climate and environmental journalism. Helsingin Sanomat Climate Crisis Font was rewarded three times during 2021: by the Society for News Design, by the Vuoden huiput by Grafia, and by the Design Grand Prix of the Eurobest Awards. This variable font helps people to see the urgency of climate change in a tangible form. The font's weight responds to NSIDC's (National Snow and Ice Data Center) Arctic sea ice data from 1979 to 2019 and IPCC's prediction all the way to 2050, showing how the ice is expected to melt because of climate change. Currently we are developing training for all employees to raise climate and environmental awareness, which will be rolled out during 2022. Fact-based knowledge provided to employees would support their expertise in creating media and learning content on sustainability and environmental awareness.

In 2021, we took significant steps in improving our CDP Climate Change and Forest ratings to B LEARN MORE ▶

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2021
▪ We set science-based emission 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	▪ By 2023, we validate carbon reduction targets for our own operations and our value chain according to the Science Based Target initiative (SBTi) ▪ By 2023, we use only carbon neutral electricity ▪ By 2025, we reduce emissions of our own operations by 50% ▪ By 2030, we will be carbon neutral by 2030	▪ Greenhouse gas emissions in own operations (Scope 1 & 2): 4,650 tCO_2e (2020: 10,116 tCO_2e) ▪ Greenhouse gas emissions in value chain (Scope 3): 92,343 tCO_2e (2020: 86,731 tCO_2e) ▪ Emission intensity: 77 (2020: 91 gCO_2e/€ turnover) ▪ Energy used: 49,003 MWh (2020: 46,834 MWh) ▪ Share of renewable: 54%
	▪ By 2023, all wood fibre in the paper qualities used by Sanoma originates from trusted certified sources, like FSC or PEFC	▪ Amount of certified wood fiber in direct paper purchases: 95% (2020: 85%)

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. Sanoma promotes the UN Sustainable Development Goals through its Sustainability Strategy and joined the UN Global Compact as a signatory in May 2021. We are committed to the Ten Principles of the UN Global Compact on human rights, labour, environment and anti-corruption.

89m€
taxes borne

1m€
community investments

97%
employees trained on ethics through Code of Conduct e-learning

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

Following strong business ethics

Our Code of Conduct and policies guide our action

Our Sanoma Code of Conduct (the Code) outlines our shared ethical standards for employees and business partners. During 2021, we updated the Code and clarified our human rights commitments. The Code acts as an umbrella for all policies and standards within Sanoma. It encompasses the Ten Principles of the UN Global Compact. Through the Code we also commit to the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN's Convention Against Corruption.

In addition to our Code and Corporate Governance Framework, policies complement and guide our actions. Policies are applicable to all employees in the Sanoma Group. Once a year, or more frequently if needed, the policy owners submit necessary updates or new policies to the Board for approval. The Sanoma Board of Directors approves all new policies and amendments to existing policies. Each policy has a specified owner in the organisation. During 2021 for example our Diversity and Inclusion Policy was updated and made public, in addition to the update of our Code and Supplier Code. Learn more about Sanoma's policies at sanoma.com.

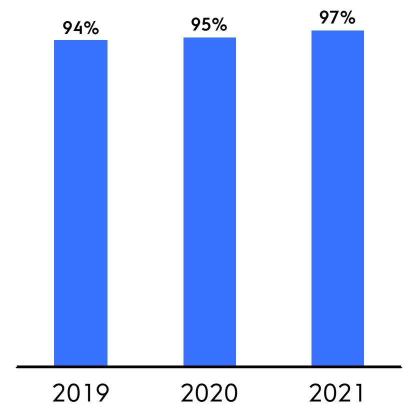
Enrolling role-based compliance training

All employees are required to apply the Code and all policies in full in their day-to-day conduct and business decisions. In 2021, we renewed our Code of Conduct e-learning content. The new e-learning replaces previous separate e-learnings on Code of Conduct, antibribery and corruption, privacy and security. Instead of separate e-learnings, the new Code of Conduct e-learning now has dedicated sections for general ethics, antibribery and corruption rules, competition law, privacy, security and compliance with supplier relationship management. Annually, our goal is that all new employees complete our mandatory Code of Conduct e-learning in their first month of employment. In 2021, 97% (2020: 95%) of employees completed this annual training. In the newly acquired companies, the e-learnings take place typically within 3–6 months after the acquisition is completed.

In addition to the mandatory Code of Conduct e-learning, required from all employees, we have 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 local 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.

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



Gifts and Hospitality

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 an management team member. Our Audit Committee receives regular updates on Sanoma's compliance program and compliance activities, including anti-corruption. All employees are trained through our annual Code of Conduct e-learning, which 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 2021, we also rolled out an internal gifts and hospitality awareness campaign throughout Sanoma to remind employees on our rules just before Christmas-time.

Zero tolerance for misconduct

Sanoma's externally hosted, independent whistle-blowing hotline enables Sanoma Group employees, customers and business partners to report suspicions of misconduct confidentially and anonymously. Violations of the Code, or any related policy or law, are encouraged to be reported through the Sanoma-WhistleB reporting hotline. With this early warning system we foster high business ethics, maintain customer and public trust, and reduce risks for misconduct. Cases are also reported via other channels (e-mail, top management, HR, internal audit), which indicates trust among the organisations. Sanoma has a zero-tolerance policy on discrimination.

During 2021, in total 9 (2020: 16) 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 oversight. Six out of nine of the allegations reported in 2021 were found to be partially or completely true. All proven cases were handled with care and respecting the privacy of the parties. Misconduct leads to disciplinary, legal or other actions. By early 2022, all nine incidents have been resolved and cases were closed.

Sustainability throughout supply chain

SWe are committed to responsible business practices and ethics throughout our value chain. Sanoma supplier spend was 572 million euros in 2021. We have over 14,000 suppliers ranging from small local service providers to large corporations, but only 6% of these suppliers are considered key suppliers above 100,000 euros spend. To ensure business continuity, compliance and sustainability throughout our value 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 the supply chain. During 2021, our focus has been to build long-term cooperation with our suppliers to reduce greenhouse gas (GHG) emissions and to increase fact-based decision making on our climate action. With suppliers that process our data, we have continued extensive risk assessments and supplier engagement to ensure focus on management of privacy risks. We have also invested in integrating the acquired Santillana Spain supplier base to Sanoma's processes, screening all existing and new suppliers with our Know Your Counterparty tool.

We screen our suppliers for sustainability

Ensuring a sustainable supply chain begins with selecting our suppliers. 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 potential new vendors are carried out by our Procurement department. 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 and due diligence checks. In cases of medium or high risk, the tool refers employees to consult the Legal department.

Our Supplier Code is embedded into supplier co-operation

Our Supplier Code of Conduct (the Supplier Code), last updated in 2021 to comply with latest international standards, 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 and purchasing 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. Sanoma's suppliers and service providers are expected to commit to and respect the Ten Principles of the UN Global Compact. In addition, our Paper Procurement standard is embedded into our paper supplier agreements. The standard includes environmental criteria related to the use of FSC or PEFC certified wood fibre and recommendations for suppliers to use environmental and quality management systems.

All new suppliers go through Sanoma's source-to-contract solution, which incorporates the Supplier Code as a mandatory step for successful selection. The Supplier Code is an integral component of the standard contractual procurement and purchasing framework, including supplier selection, evaluation and performance appraisal. In addition to the Supplier Code, we require all suppliers to comply with the Sanoma General Procurement Terms and Conditions and the Data protection and Information Security requirements. The Supplier Code is available in English, Finnish, Dutch, Spanish, Polish and Swedish at sanoma.com.

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

We estimate that almost all new key suppliers have agreed to our Supplier Code of Conduct. In addition, we have been further developing our contracting tool for tracking such agreements. This development work is ongoing and will continue in 2022. We aim to report the amount of new suppliers accepting the Supplier Code of Conduct in 2022 reporting. Currently we are already able to cover all other businesses with the exception of Santillana and Iddink in which our system integration is ongoing.

Sanoma has over 14,000 suppliers from small service providers to large corporations, but only 6% are key suppliers

In 2021, we updated our Sanoma Code of Conduct and Supplier Code of Conduct to stress and clarify our commitment to global human rights agreements

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, Belgium, Norway, Sweden, Germany, Denmark, France and the United Kingdom.

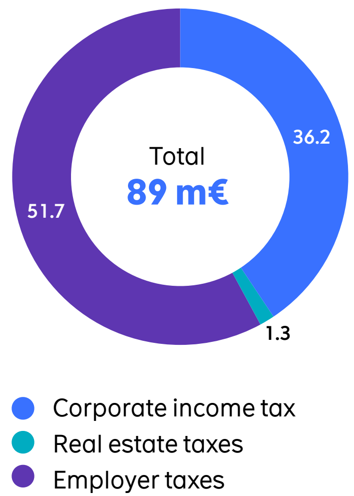
Our total tax contribution in 2021 was EUR 89 million in taxes borne and EUR 149 million in taxes collected. Taxes borne include tax and tax-like payments that we have paid as a taxpayer. Taxes collected include tax and tax-like payments that we have collected on behalf of the government, including, 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. Following the annual policy update process, 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.

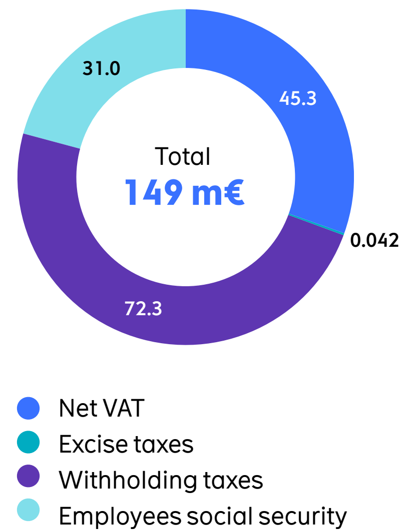
The Sanoma CFO is ultimately responsible for tax-related matters. The CFO is responsible for informing the Board of Directors and Audit Committee of material tax matters. The Tax Department ensures that material tax-related matters are handled centrally in a consistent way and in accordance with the Group Tax Policy and other Sanoma's Policies and Standards. Individual legal entities are responsible for their local taxes and in the first instance 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 the management of taxes by improving our processes as well as communication and knowledge sharing around tax-related topics. We proactively engage with the local tax administrations in order to maintain a constructive, collaborative and professional relationship. We also keep track of the latest tax developments and new legislation coming into force.

Taxes borne, m€



Taxes collected, m€



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 -2018. We have appealed the decisions. On 1 July 2021, Sanoma has paid the required VAT, the related penalty and interests of EUR 25 million in order to avoid potential further interest accumulation. On August 2021, the tax authorities made an ex officio decision on corporate income tax adjustment as a consequence of value added tax adjustment and refunded EUR 3.4 million of corporate income tax. While the dispute is ongoing, these amounts are excluded from the presented total taxes borne and collected.

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OUR BUSINESSES IN BRIEF

SUSTAINABILITY

Our Sustainability Strategy

Inclusive learning

Sustainable media

Valued people

Trustworthy data

Vital environment

▪ **Responsible business practices**

Managing sustainability

Sustainability and ESG performance

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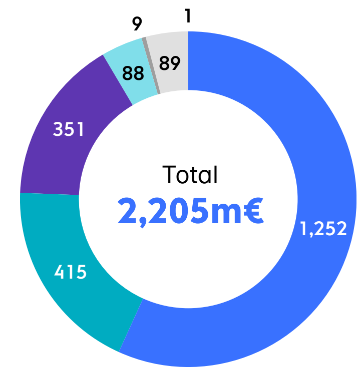
Distributing economic value

Sanoma is included in the following ESG ratings: MSCI ESG Rating Index (Leader with an AA rating on a scale of AAA-CCC), Sustainalytics Risk Rating (Negligible risk 9.8 on a scale of negligible 0-10, low 10-20, medium 20-30, high 30-40, severe 40+) and the ISS QualityScore for ESG Governance. In the CDP Climate Change 2021 assessment and the CDP Forest 2021 assessment Sanoma achieved the Management level with B -rating on a scale of A to D-. Sanoma also measures its Net impact using Upright Project's net impact model. Results of this modelling can be found on p. 70.

Our good financial position supports sustainable business development and the economic added value we have towards society. At the end of 2021, we employed more than 5,000 people around Europe and paid almost EUR 351 million (2020: 295) 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 from the Netherlands, Spain and Poland.

In 2021, we supported carefully selected partners with donations to strengthen our positive impact towards society and local communities. Sanoma's Annual General Meeting 2021 decided that a sum of EUR 700,000 shall be transferred to the donation reserve and used at the Board of Directors' discretion. 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 2021, we supported, for example, freedom of speech and media education, youth's social wellbeing and climate and environmental efforts with donations. In total, paid and decided donations amounted to EUR 1,027,000 (2020: 788,000). This includes EUR 42,000 transferred from 2020 to 2021 donations. Some of these donations will be paid in 2022. There is no donation reserve proposed to the Annual General Meeting in 2022.

Economic value distributed in 2021
m€



- Revenue
- Operating costs
- Employee wages and benefits
- Dividends to shareholders
- Payments to providers of capital
- Payments to government: Income tax, Real estate tax, Employer charges
- Community investments: Direct donations

Our targets and performance

OUR FOCUS	OUR TARGETS	KPIs AND PERFORMANCE 2021
▪ 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: 97% (2020: 95%)
	▪ All new key suppliers commit our Supplier Code of Conduct	▪ Percentage of new key suppliers tracked via Sanoma's centralised procurement system accepting the Supplier Code of Conduct: developing system to track coverage

Managing sustainability

Stakeholder engagement and materiality

Our business affects a variety of stakeholders every day. Our primary stakeholders are consumers and customers, employees, analysts, shareholders and suppliers. In addition, governmental organisations and regulators are important stakeholders that we engage with when participating in consultation processes and advisory groups.

Through active dialogue, we strive to better understand the challenges and opportunities related to our business environment and sustainability. 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. This work is primarily managed by the Investor Relations and Sustainability Team under the CFO together with the Public Affairs Officer. The company's business functions are responsible for cooperation with their respective customers.

Given the nature of our business, material issues do not change annually, and therefore our Sustainability Strategy is set for the long-term. Our latest materiality assessment was conducted in autumn 2020 for our sustainability topics and we will update our assessment during 2022. Throughout our businesses safe and transparent use of data is of highest importance for Sanoma and this priority is shared by all of our stakeholders. Responsible and fair use of data was ranked as the top prioritised topic in our materiality review in 2020. This includes the responsible handling of customer data, customer privacy, cyber security and developing our use of AI ethically.

Our people and their wellbeing and especially safety of our employees during the pandemic is of high importance to all our stakeholders and us. Creating a great place to work and focusing on diversity and equal opportunities is important for keeping the talents we have and attracting new employees.

In learning the focus is especially on the high-quality of our learning materials, reliable digital learning platforms, diversity and inclusiveness in our learning materials and equal access to education. In our media especially independent journalism is of the highest priority. Stakeholders also expect responsible marketing and advertising practices and entertainment. Additionally, our stakeholders expect transparent communication on our climate and environmental action. To respond to stakeholders' expectations, the updated Sanoma Sustainability Strategy focuses on clarifying what is important for us within sustainability.

During 2021, we have reviewed stakeholders' views of our operations by organising internal and external online events and meetings, conducting surveys on chosen topics and taking part in seminars and events significant for our industry and business operations. During 2021 we also arranged employee discussion forums and trained our employees on sustainability-related issues.

Learn more about our stakeholder groups and memberships at sanoma.com.

Sustainability governance

Sanoma has defined management principles for sustainability and sustainability is guided by our Sustainability Strategy approved by the Board of Directors, last updated in December 2020 and published in March 2021. Sanoma develops sustainability in compliance with the legislation applicable to business activities in the learning and media industry. The company's internal control, risk management and governance support the management of sustainability. In addition to legislation, we follow sustainability principles that are embedded into our policies and development is guided by Sanoma Group policies, guidelines and sustainability commitments. These policies governing Sanoma's action are described in detail in the Management approach on the next section of this report on p. 54.

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

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.

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 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.

Together with the Strategic business units, the Sanoma Sustainability Team prepares sustainability development measures and actions, coordinates sustainability progress and makes proposals to the EMT. The Head of IR and Sustainability, reporting to the CFO, and the Sustainability Manager support the Sanoma Business Units (SBU) in achieving their targets, project implementation and communications. In addition, sustainability development on the SBU-level is supported by dedicated roles in Sanoma Learning and Sanoma Media Finland.

Our 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.

Sanoma has embedded sustainability to the incentive programme of the senior management. In 2021, sustainability targets made up 20% of Sanoma's annual short-term management incentives on the target level. Half of these targets were related to the results of the Employee Engagement Survey (EES) and half to achieving certain data and privacy targets. In addition, for example the sustainability team and employees in Sanoma's own printing facilities and facilities' management are incentivised on sustainability-related energy or climate targets.

Management approach

Our Sustainability Strategy becomes concrete through companywide goals, roadmaps, guidelines and follow-up methods. The following table describes our goals and performance indicators together with the UN Sustainable Development Goals we contribute to. It also clarifies the guidelines guiding our daily work and 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 according to the materiality analysis	GRI topic-specific standard and indicator or own indicator	Related policies and guidelines
4 QUALITY EDUCATION 17 PARTNERSHIPS FOR THE GOALS	**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' right	Own indicators: ■ Learning impact: Percentage of teachers indicating that Sanoma methods support them in realising learning objectives of their class ■ Learning efficacy of our services: Percentage of teachers indicating that Sanoma methods support them in efficiently teaching and managing their classes ■ Student engagement: Percentage of teachers indicating that Sanoma methods support them in engaging and motivating pupils	■ National level curriculum guidelines ■ Sanoma Learning editorial guidelines ■ Operating companies editorial guidelines ■ Sanoma Code of Conduct ■ Sanoma Supplier Code of Conduct
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	**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	■ Independent journalism ■ Freedom of expression ■ Diverse media content ■ Media literacy in society	Own indicators: ■ Compliance with professional practices as defined in the Guidelines for Journalists by The Council for Mass Media (CMM)	■ 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	■ Role of media in society	Own indicators: ■ Compliance with age-limits and protecting vulnerable audiences as defined by guidance of the National Audiovisual Institute	■ 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 and advertising	■ GRI 417-3: Marketing and Labeling, Incidents of non-compliance concerning marketing communications	■ 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

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OUR BUSINESSES IN BRIEF

SUSTAINABILITY

- Our Sustainability Strategy
- Inclusive learning
- Sustainable media
- Valued people
- Trustworthy data
- Vital environment
- Responsible business practices
- ■ Managing sustainability
  - Stakeholder engagement and materiality
  - Sustainability governance
  - Management approach
- Sustainability and ESG performance

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UN Sustainable Development Goals we commit to	Sanoma Sustainability Strategy topic	Sanoma Sustainability Strategy goals	Material aspects according to the materiality analysis	GRI topic-specific standard and indicator or own indicator	Related policies and guidelines
5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS	**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	■ GRI 405-1 Diversity and Equal Opportunity: Diversity of governance bodies and employees ■ GRI 406-1 Non-discrimination: Incidents of discrimination and corrective actions taken	■ 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	■ GRI 401-1: Employment: New employee hires and employee turnover ■ GRI 403-1 Occupational health and safety management system ■ GRI 403-2 Hazard identification, risk assessment, and incident investigation ■ GRI 403-3 Occupational health services ■ GRI 403-4 Worker participation, consultation, and communication on occupational health and safety ■ GRI 403-5 Worker training on occupational health and safety ■ GRI 403-6 Promotion of worker health ■ GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships ■ GRI 403-8 Workers covered by an occupational health and safety management system ■ GRI 403-9 Work related injuries ■ GRI 403-10 Work related ill health ■ GRI 404-3 Training and Education: Percentage of employees receiving regular performance and career development reviews	■ 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	Own indicators: ■ Sanoma Employee Engagament Survey results	■ Sanoma Code of Conduct
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	**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	■ GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data Own indicators: ■ The number of nominated Privacy Champions across our businesses	■ 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	■ No indicator	■ Sanoma is developing ethical guidelines for AI

UN Sustainable Development Goals we commit to	Sanoma Sustainability Strategy topic	Sanoma Sustainability Strategy goals	Material aspects according to the materiality analysis	GRI topic-specific standard and indicator or own indicator	Related policies and guidelines
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS	**VITAL ENVIRONMENT** We will be carbon neutral by 2030 and build awareness of sustainability issues	▪ We set science-based emission reduction targets and will reach carbon neutrality in own operation and supply chain 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	▪ GRI 301-1 Materials used by weight or volume in own printing plants	▪ Sanoma Code of Conduct ▪ Sanoma Supplier Code of Conduct ▪ Procurement Policy ▪ Paper Procurement Guidelines ▪ Paper purchases agreements ▪ Environmental guidelines for Sanoma owned printing plants ▪ ISO 14001 Standard for Sanomala and Savon Paino printing plants ▪ Travel Policy
				▪ GRI 308-1 Supplier Environmental Assessment: Key paper suppliers that were screened using environmental criteria	
			▪ Energy and emissions	▪ GRI 302-1 Energy: Energy consumption within the organisation ▪ GRI 302-3 Energy: Energy intensity ▪ GRI 302-4 Energy: Reduction of energy consumption	
				▪ GRI 201-2 Economic Performance: Financial implications and other risks and opportunities due to climate change ▪ GRI 305-1 Emissions: Direct (Scope 1) GHG emissions ▪ GRI 305-2 Emissions: Energy indirect (Scope 2) GHG emissions ▪ GRI 305-3 Emissions: Other indirect (Scope 3) GHG emissions ▪ GRI 305-4 Emissions: GHG emissions intensity ▪ GRI 305-5 Emissions: Reduction of GHG emissions	
				▪ 306-1 Waste: Waste generation and significant waste-related impacts ▪ 306-2 Waste: Management of significant waste-related impacts ▪ GRI 306-3 Waste: Waste generated ▪ GRI 306-4 Waste: Waste diverted from disposal ▪ GRI 306-5 Waste: Waste directed to disposal	
8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS	**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	▪ GRI 201-1 Economic Performance: Direct economic value generated and distributed	▪ Corporate Governance Framework ▪ Fair Competition Policy ▪ Insider Policy ▪ Sponshorship and Donations Policy ▪ Tax Policy
				▪ GRI 201-3 Economic Performance: Defined benefit plan obligations and other retirement plans	▪ Remuneration Policy
				▪ GRI 205-2 Anti-corruption: Communication and training about anti-corruption policies and procedures	▪ Sanoma Code of Conduct ▪ Sanoma Supplier Code of Conduct ▪ Anti-Bribery and Corruption Policy

Sustainability and ESG performance

This section of our Annual Report 2021 includes our sustainability and ESG performance indicators as a summary. We report all our metrics according to the Global Reporting Initiative (GRI) together with our own topic specific indicators.

Reporting scope and practices

This Annual Report's Sustainability report 2021 is based on the Global Reporting Initiative (GRI) Standards Core option covering material aspects identified in our materiality review. Comparison to the GRI Standards can be found 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. In addition, from 2021 onwards, we 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 ans SASB Standards have been third party assured by Mitopro Oy and the Independent Assurance report can be found on p. 83. Our Sustainability Strategy and reporting are based on stakeholder engagement and materiality assessment. Material topics are also listed our topic specific Management approach on p. 54. Our Management approach also includes information on our contribution to the UN Sustainable Development Goals.

Reporting mostly follows the same rules as Sanoma's financial reporting for the financial year 2021. Any restrictions and omissions to the rules are reported in the GRI Content Index. This report includes continuing operations only. All of our business units are included in the reporting

from Sanoma Learning and Sanoma Media Finland as well as the Sanoma Group functions. All financial data and employee-related data have been collected via Sanoma's internal reporting systems. Employee-related data has been provided by our Human resources and we continue to develop our reporting by developing our Human resources data system. Environmental data outside the Greenhouse Gas (GHG) Protocol reporting has been collected internally from Sanoma owned prints' reporting systems and from Sanoma's procurement.

Greenhouse gas emissions reporting

Sanoma calculates its emissions in accordance with the Greenhouse Gas (GHG) Protocol. Figures are reported as tCO_2 equivalents. Sanoma's Greenhouse gas emissions calculation model has been developed in cooperation with an external partner. All companies with majority ownership (50% or over) have been taken into account in the calculations. A list of the Sanoma-owned companies can be found in the Report of the Board of Directors for 2021. Methods of collecting GHG emissions data both from Sanoma's systems and from suppliers are constantly being improved. Our reporting includes:

- **Direct Scope 1 emissions** from owned production fleet and from fossil fuels used to power stand-by generators in owned properties. Sanoma also has leased production fleet, which is reported under Scope 3, category 8 Leased assets. Road transport emission factors used from VTT's LIPASTO database and fuel emissions factors from Statistics Finland.
- **Indirect location-based and market-based Scope 2 emissions** from energy used in owned and leased properties with country-specific electricity averages and marked-based electricity emission factors. International heat emission factors are from the Ecoinvent 3.7. database. Location-based figures have been calculated using average country-specific emission factors. Residual mix used only in market-based method.
- **Indirect Scope 3 emissions:**
  - **Category 1: Purchased goods and services** GHG emissions from materials, such as paper used, in owned prints and in printing Sanoma's products by print suppliers. Includes also distribution emissions from for forest to paper mill due to Sanoma using paper profile data declared by paper suppliers. For magazines and book print suppliers data collected as allocated energy consumption from the production of our supply. Own prints energy consumption reported under Scope 2. Also cloud-based data usage calculated under category 1. Calculation method hybrid. Emissions factors from the Ecoinvent 3.7. database and Climatecalc -tool.
  - **Category 4: Upstream transportation and distribution emissions** from vehicles and ships distributing our materials to both owned printing facilities and to our printing suppliers. Calculation method tonnekilometer distance-based method. Road and sea transport emission factors from VTT's LIPASTO database.
  - **Category 5: Waste generated** includes emissions from waste generated in our own and controlled operations, referring to our printing facilities and in owned and leased office properties. Calculation method waste-type specific method. Waste treatment emission factors from WWF's climate calculator.
  - **Category 6: Business travel** includes emissions from travelling reported using data from travel claims and CWT Travel data. Calculation method combination of fuel- and distance based method. Reporting includes Sanoma Media Finland from 2019 onwards. Data from all operations, including Sanoma Learning operating companies is reported from 2021 onwards as we have been able to extend our reporting to all Sanoma's operating companies. Newly acquired Santillana's business travel not available and therefore excluded from the 2021 calculation. Business travel emission factors from VTT's LIPASTO database.
  - **Category 8: Upstream leased assets** includes emissions of leased cars used in our own operations in the Netherlands, Belgium, Poland and Spain. Calculation method asset-specific method. Road transport emission factors from VTT's LIPASTO database.
  - **Category 9: Downstream transportation and distribution** include delivering our products in both our businesses from the print production to either warehouse in Learning or to customer in Sanoma Media. Calculation method tonnekilometer and distance-based. Learning transportation data from warehouse to customer is missing. Road transport, air and train travel emission factors are from VTT's LIPASTO database.

- **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 a spend-based calculation to estimate whether the category is relevant for Sanoma or not. In addition, Sanoma has also used the GHG protocol Scope 3 Evaluator tool to identify relevant categories for GHG emission reporting.
  - **Category 2: Capital goods** The scale of capital goods related emissions is not extensive enough to exceed the boundary of reporting according to GHG protocol principles. Sanoma has estimated these emissions to be under 1% of total emissions using a spend-based evaluation. Therefore this category is not relevant for Sanoma's Scope 3 reporting.
  - **Category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)** According to our modelling, this category is not relevant for Sanoma's Scope 3 reporting, since Sanoma reports owned vehicles under Scope 1 and leased vehicles under Scope 3 category 8 Upstream leased assets. All Sanoma's energy-related activities have been reported under Scope 1 and 2 for own operations and Scope 3, category purchased goods and services for energy used by suppliers.
  - **Gategory 7: Employee commuting** The scale of employee commuting emissions is not extensive enough to exceed the boundary of reporting according to GHG protocol principles. Employee commuting emissions are estimated to be less than 1% of total emissions using a spend based estimation approach. Therefore this category not relevant for Sanoma's Scope 3 reporting.
  - **Category 10: Processing of sold products** This category is not relevant for our business since Sanoma produces end products, digital services and printed products for consumers and products are not processed before reaching the end-user.
  - **Category 11: Use of sold products** Sanoma does not currently include GHG emissions from the use of sold products (for example printed newspapers, magazines and books) in its calculations due to lack of data. We are currently investigating to develop product-based emission calculations, such as newspapers and magazines. In these calculations the digital use of our services will become relevant through the users electricity consumption of time used in our online services.
  - **Category 12: End of life treatment of sold products** Sanoma does not include the emissions of end-of-life of printed newspapers, magazines and books in its calculations. Due to the fact that for example most newspapers are disposed after use, we are considering adding this category into our calculations. Sanoma is not able to collect this data from our systems or customers.
  - **Category 13: Downstream leased assets** This category is not relevant for Sanoma since we do not have relevant downstream leased assets that have not been reported under Scope 2 emissions.
  - **Category 14: Franchises** This category is not relevant for our business since Sanoma has no franchising business. Therefore this category does not apply to Sanoma.
  - **Category 15: Investments** Sanoma has invested in several companies. Subsidiaries with ownership of 50% or over are included in the emission calculation. These GHG emission have been reported under relevant categories.
  - Nelonen Media Live events have not been included in the emission calculation due to the pandemic. We are developing event level calculations for the events organised annually. These GHG emission will be reported separately.

Sustainability and ESG performance figures

In these sustainability performance indicators we report our metrics according to the Global Reporting Initiative together with our own topic-specific indicators.

SUSTAINABILITY METRICS ACCORDING TO GLOBAL REPORTING INITIATIVE (GRI)
VALUED PEOPLE

GRI METRICS GENERAL DISCLOSURE

GRI 102 General Disclosures		2019	2020	2021	Notes
102-8	Persons under employment contract, total	4,283	4,564	5,359	
	Average number of employees (FTE)	3,567	4,255	4,885	
	Permanent employees	-	4,015	4,797	
	Temporary employees	-	549	562	
102-41	Percentage of total employees covered by collective bargaining agreements, weighted average	-	59%	68%	

102-8 Information on employees and other workers

Sanoma	Employees in total, amount	Employees in total, percentages	Permanent employees	Temporary employees	Fulltime employees	Part-time employees	On-call employees
Total	5,359	100%	4,797	562	4,349	716	293
Female	2,927	55%	-	-	2,245	493	189
Male	2,431	45%	-	-	2,104	223	104
Finland	2,783	52%	2,426	356	2,255	242	285
The Netherlands	709	13%	601	109	365	345	0
Sweden	90	2%	84	6	90	0	0
Germany	16	0%	13	3	13	3	0
France	16	0%	13	3	15	1	0
Belgium	188	4%	187	1	130	58	0
Denmark	10	0%	10	1	7	3	1
Poland	729	14%	663	66	710	18	0
Spain	727	14%	712	15	676	44	7
United Kingdom	12	0%	11	1	12	0	0
Norway	78	1%	77	1	76	2	0
Sanoma Media Finland	2,370	44%	2,035	335	1,858	227	285
Sanoma Learning	2,762	52%	2,545	217	2,272	481	8
Other (Sanoma Group, Sanoma B.V.)	227	4%	217	10	219	8	0

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SUSTAINABILITY METRICS ACCORDING TO GLOBAL REPORTING INITIATIVE (GRI)
VALUED PEOPLE

GRI METRICS SOCIAL DISCLOSURE				
GRI 401 Employment		**2020**	**2021**	**Notes**
401-1	New employee hires	514	616	
	Sanoma Media Finland	332	361	
	Sanoma Learning	151	204	
	Others (Sanoma Group, Sanoma B.V)	31	51	
	Female	-	365	
	Male	-	251	
	Employee turnover	453	617	
	Sanoma Media Finland	299	378	
	Sanoma Learning	125	210	
	Others (Sanoma Group, Sanoma B.V)	29	29	
	Female	-	318	
	Male	-	299	
	Total employee turnover, permanent staff, percentage	9.9%	11.5%	Data corrected for 2020
	Average employee turnover, percentage	10.6%	11.5%	
GRI 403 Occupational health and safety		**2020**	**2021**	**Notes**
403-9 **403-10**	Number of occupational accidents resulting in lost days in Sanoma owned printing plants, total	9	4	
	Work-related fatalities	0	0	
	Number high-consequence work-related injuries (excluding fatalities)	0	0	
	Accident at work	7	3	
	Accident while commuting to work	2	1	
	Number of hours worked	406,800	388,800	
	Injury rate LTA in Sanoma owned printing plants (Lost time accidents rate per million workhours)	17.2	7.7	
	Sick absence, days total	25,817	38,760	
	Percentage of annual working days lost due to sickness absences	2.4%	3.1%	
GRI 404 Training and education		**2020**	**2021**	**Notes**
404-3	Percentage of employees receiving regular performance and career development reviews, total	90%	96%	Calculated based on weighted average of number of employees in each personnel group. Data not available from all operating companies.
	Female	-	97%	
	Male	-	96%	
	Directors and Senior Mgmt	-	96%	
	Managers with subordinates	-	99%	
	Employees	-	96%	

Years of service, percentage		2020	2021	Notes
	Less than 1 year	12%	11%	
	1-4 years	32%	31%	
	5-9 years	18%	17%	
	10-19 years	23%	23%	
	20-29 years	9%	11%	
	Over 30 years	7%	7%	

SUSTAINABILITY METRICS ACCORDING TO GLOBAL REPORTING INITIATIVE (GRI)
VALUED PEOPLE

GRI METRICS SOCIAL DISCLOSURE					
GRI 405 Diversity and equal opportunity		**2019**	**2020**	**2021**	**Notes**
405-1	**Human resources by employee category and gender**				
	Personnel	4,283	4,562	5,358	
	Female	2,334	2,506	2,927	
	Male	1,949	2,056	2,431	
	Board of directors	9	10	9	
	Female	3	2	3	
	Male	6	8	6	
	Executive management team	4	4	4	
	Female	2	2	2	
	Male	2	2	2	
	Directors and senior mgmt	-	98	188	
	Female	-	30	73	
	Male	-	68	115	
	Managers with subordinates	-	516	571	
	Female	-	233	257	
	Male	-	283	314	
	Employees	-	3,950	4,601	
	Female	-	2,223	2,597	
	Male	-	1,727	2,004	

GRI METRICS SOCIAL DISCLOSURE					
GRI 405 Diversity and equal opportunity		**2019**	**2020**	**2021**	**Notes**
405-1	**Human resources by employee category and gender, percentage**				
	Directors and senior mgmt	-	2%	4%	
	Managers with subordinates	-	11%	11%	
	Employees	-	87%	86%	
	All employees				
	Female	54%	55%	55%	
	Male	46%	45%	45%	
	Board of directors				
	Female	33%	20%	33%	
	Male	67%	80%	67%	
	Executive management team				
	Female	50%	50%	50%	
	Male	50%	50%	50%	
	Directors and senior mgmt				
	Female	-	31%	39%	
	Male	-	69%	61%	
	Managers with subordinates				
	Female	-	45%	45%	
	Male	-	55%	55%	
	Employees				
	Female	-	56%	56%	
	Male	-	44%	44%	
	Human resources by age				
	Less than 25 years	117	135	129	
	25 -29 years	417	445	460	
	30 -39 years	1,298	1,301	1,461	
	40 -49 years	1,300	1,387	1,685	
	50 -59 years	942	1,029	1,275	
	More than 60 years	209	267	351	
	Human resources by age, percentage				
	Less than 25 years	3%	3%	2%	
	25 -29 years	10%	10%	9%	
	30 -39 years	30%	29%	27%	
	40 -49 years	30%	30%	31%	
	50 -59 years	22%	26%	24%	
	More than 60 years	5%	6%	7%	

GRI METRICS SOCIAL DISCLOSURE				
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%	

SUSTAINABILITY METRICS ACCORDING TO GLOBAL REPORTING INITIATIVE (GRI)
VITAL ENVIRONMENT

GRI METRICS ENVIRONMENTAL DISCLOSURE					
GRI 301 Materials used		**2019**	**2020**	**2021**	**Notes**
301-1	Paper used by weight in Sanoma, tonnes				
	Newsprint paper	32,126	33,727	38,053	
	Magazine paper	7,535	6,915	6,427	
	Book paper	15,965	17,028	20,255	
	Total	55,626	57,670	64,735	
	Paper used by weight in Sanoma, percentage				
	Newsprint paper	-15%	5%	13%	
	Magazine paper	-14%	-8.2 %	-7%	
	Book paper	1%	6.7 %	19%	
	Total	-10%	3.7 %	12%	
	Certified paper used in Sanoma, percentage	84%	85%	95%	
	Materials used in Sanoma owned printing facilities				
	Paper, tonnes	48,008	41,831	47,030	
	Paperwaste, percentage	7.9	7.9	7.8	
	Ink, tonnes	999	785	996	
	Printing plates, tonnes	259	248	255	
	Wetting water additive, tonnes	76	69	82	
	Water consumption in Sanoma owned printing facilities				
	Amount of water used in Sanoma owned printing facilities, m3	18,524	16,649	16,168	

GRI METRICS ENVIRONMENTAL DISCLOSURE					
GRI 302 Energy		**2019**	**2020**	**2021**	**Notes**
302-1	Energy consumption within the organisation, MWh	34,680	46,834	49,003	
	Electricity, MWh	20,875	26,507	29,899	
	Heating and cooling, MWh	13,805	20,328	19,105	
	Fuels (reserve power), liters	3,060	5,400	90,230	
	Share of carbon neutral energy used, percentage	-	-	54%	
302-3	Energy intensity, kWh/person/year	9,7	10,3	9,1	
GRI 305 Emissions tCO_2e					
	Scope 1, 2 and 3: Direct and indirect GHG emissions, total	82,761	96,917	96,993	
305-1	Scope 1. Direct GHG emissions, total	51	70	276	
305-2	Scope 2. Energy indirect GHG emissions, market based, total	8,449	10,116	4,374	
	Scope 2. Energy indirect GHG emissions, location based, total	5,497	6,564	8,496	
305-3	Scope 3. Other indirect GHG emissions, total	74,261	86,731	92,343	Data corrected for 2020.
	Category 1. Purchased goods and services	63,963	75,098	73,321	
	Category 4. Upstream transportation and distribution	1,924	863	2,078	
	Category 5. Waste generated in own operations	4,043	4,348	8,796	
	Category 6. Business travel	716	244	665	
	Category 8. Upstream leased assets	467	490	2024	
	Category 9. Downstream transportation and distribution	3,148	5,688	9,011	Data corrected for 2020.
305-4	Own direct and indirect (Scope 1 + 2) GHG emissions intensity, tCO_2e/employee	2.4	2.4	0.9	
	GHG emissions intensity, tCO_2e/employee	23	23	18	
	GHG emissions intensity, gCO_2e/€ turnover	91	91	77	Data corrected for 2020.
306 Waste					
306-1 306-3 306-4 305-5	Waste generated by Sanoma, tonnes	4,828	5,077	7,306	
	Waste in Sanoma owned printing facilities				
	All waste, tonnes	5,130	4,562	5,065	
	Non-hazardous recycled and reused waste, tonnes	5,129	4,562	5,065	
	Hazardous waste, tonnes	129	136	147	
	Incinerated hazardous waste, tonnes	14	11	10	

SUSTAINABILITY METRICS ACCORDING TO GLOBAL REPORTING INITIATIVE (GRI)
RESPONSIBLE BUSINESS PRACTICES

GRI METRICS ECONOMIC DISCLOSURE					
GRI 201 Economic value distributed		**2019**	**2020**	**2021**	**Notes**
201-1	Economic value distributed, EUR million				
	Revenue (net sales)	913	1,062	1,252	
	Operating costs	283	357	415	
	Employee wages and benefits	243	295	351	
	Dividends to shareholders	75	83	88	
	Payments to providers of capital	22	9	9	
	Payments to government: income tax, real estate tax, employer charges	18	23	89	
	Community investments: direct donations	0.4	0.8	1	
Taxes , EUR million		**2019**	**2020**	**2021**	**Notes**
	Total taxes borne and collected, total	-	-	238	
	Taxes borne	-	-	89	
	Corporate income tax	-	-	36	
	Real estate taxes	-	-	1	
	Employer taxes	-	-	52	
	Taxes collected	-	-	149	
	Net VAT	-	-	45.3	
	Excise taxes	-	-	0.04	
	Withholding taxes	-	-	72.3	
	Employees social security	-	-	31	
GRI 205 Anti-corruption					
205-2	Code of Conduct e-learning completion rate, percentage of employees	94%	95%	97%	

SUSTAINABILITY METRICS ACCORDING TO GLOBAL REPORTING INITIATIVE (GRI) SUSTAINABLE MEDIA

GRI METRICS SOCIAL DISCLOSURE					
GRI 417 Marketing and labelling		**2019**	**2020**	**2021**	**Notes**
417-3	Incidents of non-compliance concerning marketing communications, number of cases	-	2	2	
	Incidents of non-compliance with regulations resulting in a fine or penalty	-	0	0	
	Incidents of non-compliance with regulations resulting in a warning	-	0	0	
	Incidents of non-compliance with voluntary codes (the Advertising and Marketing Communications Code)	-	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				
	Rejected complaints	6	5	6	
	Condemnatory decisions	0	6	4	

SUSTAINABILITY METRICS ACCORDING TO GLOBAL REPORTING INITIATIVE (GRI) TRUSTWORTHY DATA

GRI METRICS SOCIAL DISCLOSURE					
418 Customer privacy		**2019**	**2020**	**2021**	**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	42	62	67	Reporting scope Sanoma Media Finland.
	Annual number of data breaches classified to major and minor, total	-	196	282	
	Annual number of data breaches major	-	0	0	
	Annual number of data breaches minor	-	196	282	

Task Force on Climate-related Financial disclosure

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.	▪ Sanoma's Board of Directors approves all strategic sustainability guidelines and monitors the Group's sustainability development and performance. Sustainability related issues are reviewed when approving annual short-term management incentives for the executive management, the Group's Financial Statements and the report of the Board of Directors' including the Non-financial Statement (NFI), and annual sustainability targets and action plans as part of the company's strategy. Audit Committee supports the Board e.g. in reviewing Sanoma's sustainability progress and ensuring regular monitoring of the Sustainability Strategy, including climate-related issues at least twice a year. In addition, the Audit Committee evaluates sustainability related risks as part of the annual risk assessment process.
	▪ Describe management's role in assessing and managing climate-related risks and opportunities.	▪ Sanoma's Executive Management Team is responsible for outlining the company's strategic approach to sustainability, managing sustainability development and monitoring how sustainability is reflected in the businesses. The President and CEO is responsible for overseeing sustainability, supported by the Executive Management Team (EMT). Together with the business units, the EMT develops 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.
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 risks on long-term related to carbon pricing mechanisms, 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 2021 response here.
	▪ 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 Sanoma Sustainability Strategy launched in March 2021. Sanoma has set a goal to become carbon neutral across value chain by 2030. During 2021 Sanoma committed to the Science Based Targets initiative (SBTi) and setting emission reduction targets aligned with the SBTi criteria 1,5°C goals to limit global warming in line with the Paris Agreement.

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

Topic	TCFD Recommended Disclosure	Sanoma's response
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 includes several phases further described in our Non-Financial Information (NFI) Statement and applies to our climate-related risk assessment. Sanoma has set strategic and operational targets for climate-action in it's Sustainability Strategy. In addition, we report on climate-related issues in our Sustainability Report 2021 to report GHG emissions and emission intensities according to Greenhouse Gas (GHG) protocol for scopes (1, 2 and 3).
	■ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	■ The most significant sustainability-related risks are identified and assessed as a part of the annual risk management cycle facilitated by Sanoma's risk management team and supported by Sanoma's sustainability team for climate-related issues. The risk management team monitors the level of risks and ensures that risks are mitigated appropriately by Sanoma's business units, functions, and country units. Our risk-based approach and our sustainability risks are further described in our NFI Statement. In addition, we publish our submissions for the CDP investor questionnaire each year.
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. ■ Disclose Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, and related risks.	■ Sanoma calculates is emissions according to the GHG protocol for Scopes 1, 2 and 3 and uses this information to assess climate-related risks. Learn more in the Sustainability Report 2021, p.41. ■ 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. Here risks relate to mainly 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.
	■ 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 Sanoma Sustainability Strategy launched in March 2021. Sanoma has set a goal to become carbon neutral across value chain by 2030. During 2021 Sanoma committed to the SBTi and setting emission reduction targets aligned with the SBTi 1.5°C criteria. Learn more about our targets and performance in our Sustainability Report 2021.

Net impact profile

In 2021, Sanoma's impact was quantified with Upright's net impact modeling tool. The output of the assessment is the net impact profile, which summarises the positive and negative impacts created by Sanoma's business on society, knowledge, human health, and the environment. The analysis focuses on Sanoma's product and service offering, and utilises 2021 data for net sales, business distribution and amount of employees as input. The assessment was carried out using artificial intelligence and the main source of information is scientific articles. Read more from sanoma.com

Net impact ratio

+69%

Value set: equal weights

IMPACT		SCORE	
Society	-0.0	**+5.1**	+5.1
Jobs		**+1.6**	+1.6
Taxes		**+1.7**	+1.7
Societal infrastructure		**+0.0**	+0.0
Societal stability	-0.0	**+1.7**	+1.7
Equality and human rights	-0.0	**+0.1**	+0.1
Knowledge	-1.8	**+4.6**	+6.4
Knowledge infrastructure		**+0.3**	+0.3
Creating knowledge		**+0.9**	+0.9
Distributing knowledge	-0.0	**+5.2**	+5.3
Scarce human capital	-1.8	**-1.8**	
Health	-0.8	**+1.3**	+2.1
Physical diseases	-0.7	**-0.4**	+0,2
Mental diseases	-0.0	**+0.1**	+0.1
Nutrition	-0.0	**+0.0**	+0.0
Relationships	-0.0	**+0.7**	+0.7
Meaning & joy	-0.1	**+1.1**	+1.1
Environment	-0.8	**-0.8**	+0.0
GHG emissions	-0.4	**-0.4**	+0.0
Non-GHG emissions	-0.0	**-0.0**	+0.0
Scarce natural resources	-0.0	**-0.0**	+0.0
Biodiversity	-0.0	**-0.0**	+0.0
Waste	-0.4	**-0.3**	+0.0

As the profile illustrates, Sanoma is a highly net positive business. This is visible through the high net impact ratio of 69%. The net impact ratio summarises the relationships between Sanoma's positive and negative impacts and implies that Sanoma's negative impacts are 69% smaller than its positive ones.

The analysis finds Sanoma creates a range of positive impacts in particular throughout the dimensions of society, knowledge and health. Sanoma's single biggest positive impact is on the distribution of knowledge. By providing journalism and news and learning materials, Sanoma creates new knowledge on the world and distributes it to readers and students. Learning materials and platforms also, in making their own contribution towards quality education, help create the positive impacts education has on societal stability and peace. Both educational materials as well as entertainment are, both in their own ways, the source of much enjoyment, fun, and fulfillment, which is visible as a positive impact within the health dimension. In addition to these, Sanoma impacts society positively as a taxpayer and employer.

To achieve these positive impacts, Sanoma uses scarce human capital (i.e. the opportunity cost of a highly skilled and educated workforce) and its services create some emissions. Some services also impact health negatively through contributing towards a sedentary lifestyle.

AA+ **Sanoma** has recieved a net impact rating of AA+ (Excellent+) in 2021, diven by it strong contributions to knowledge and society.

Sanoma+s net impact rating of AA+ is higher than:

- **96,9% of companies listed on Nasdaq Helsinki**
- **97% of large European companies**
- **90,2% of companies in the learning and media industry**

AAA	Prime
AA+	**Excellent +**
AA	Excellent
A+	Very good +
A	Very good
BBB	Good
BB	Fair
B	Adequate
CCC	Low
CC	Poor

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GRI content index and UN Global Compact disclosure

Sanoma's Annual Report's Sustainability section is prepared in accordance with the Global Reporting Initiative (GRI) Standards Core-version using the 2016 version of the standards or newer. 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. Our reporting covers all General Disclosures, as well as Topic-specific Standards identified material in our materiality review. Material topics for Sanoma can be found in our Management Approach on page 54. The GRI Content Index 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	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDG's)
GRI 102: Foundation					
GRI 102: General Disclosures	**General Disclosures**				
	Organisational profile				
	102-1 Name of the organisation	Sanoma Corporation			
	102-2 Activities, brands, products, and services	Annual Report 2021			
	102-3 Location of headquarters	Töölönlahdenkatu 2, Helsinki, Finland			
	102-4 Location of operations	Finland, the Netherlands, Poland, Belgium, Sweden, Spain, Norway, Denmark, France, Germany and UK			
	102-5 Ownership and legal form	Annual Report 2021			
	102-6 Markets served	Annual Report 2021			
	102-7 Scale of the organisation	Annual Report 2021			
	102-8 Information on employees and other workers	Annual Report 2021, Sustainability, Sustainability and ESG performance figures		6	5, 8, 10
	102-9 Supply chain	Annual Report 2021, Sustainability, Responsible business practices			12
	102-10 Significant changes to the organisation and its supply chain	Annual Report 2021, Sustainability, Responsible business practices			
	102-11 Precautionary Principle or approach	Annual Report 2021, Report of the Board of Directors 2021, Risk review		7	
	102-12 External initiatives	Annual Report 2021, Sustainability, Responsible business practices			17
	102-13 Membership of associations	Annual Report 2021, Sustainability, Stakeholder engagement and materiality			17

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDG's)
GRI 102: General Disclosures	**Strategy**				
	102-14 Statement from senior decision-maker	Annual Report 2021, Letter from the CEO Annual Report 2021, Letter from the Chairperson of the Board			4, 8, 9, 12
	102-15 Key impacts, risks, and opportunities	Annual Report 2021, Report of the Board of Directors 2021, Non-financial information and Risk review. Risk management principles reported in the Corporate Governance Statement 2021.			4, 8, 9, 10, 12, 13
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	Annual Report 2021, Sustainability, Responsible business practices		10	5, 8, 10, 16
	102-17 Mechanisms for advice and concerns about ethics	Sanoma WhistleB-reporting tool; Annual Report 2021, Sustainability, Responsible business practices.			16
	Governance				
	102-18 Governance structure	Annual Report 2021, Corporate Governance Statement 2021			
	102-19 Delegating authority	Annual Report 2021, Sustainability, Responsible business practices			
	102-20 Executive-level responsibility for economic, environmental, and social topics	Annual Report 2021, Sustainability, Responsible business practices			
	102-32 Highest governance body's role in sustainability reporting	Annual Report 2021, Sustainability, Responsible business practices			
	102-35 Remuneration policies	Annual report 2021, Remuneration Report 2021			
	102-36 Process for determining remuneration	Annual report 2021, Remuneration Report 2021			
	102-37 Stakeholders' involvement in remuneration	Annual report 2021, Remuneration Report 2021			
	Stakeholder engagement				
	102-40 List of stakeholder groups	Annual Report 2021, Sustainability, Stakeholder engagement and materiality.			
	102-41 Collective bargaining agreements	Annual Report 2021, Sustainability, Sustainability and ESG performance figures		3	5, 8, 10, 16
	102-42 Identifying and selecting stakeholders	Annual Report 2021, Sustainability, Stakeholder engagement and materiality			
	102-43 Approach to stakeholder engagement	Annual Report 2021, Sustainability, Stakeholder engagement and materiality			
	102-44 Key topics and concerns raised	Annual Report 2021, Sustainability, Stakeholder engagement and materiality			

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDG's)
GRI 102: General Disclosures	**Reporting practice**				
	102-45 Entities included in the consolidated financial statements	Annual Report 2021, Financial Statements 2021, note 6.4 Subsidiaries and equity-accounted investees			
	102-46 Defining report content and topic Boundaries	Annual Report 2021, Sustainability, Reporting scope and practices. Reporting continuing operations only.			
	102-47 List of material topics	Annual Report 2021, Sustainability, Management approach			
	102-48 Restatements of information	Annual Report 2021, sustainability report, Reporting scope and practices			
	102-49 Changes in reporting	Annual Report 2021, sustainability report, Reporting scope and practices			
	102-50 Reporting period	1 January - 31 December 2021			
	102-51 Date of most recent report	8 March 2021			
	102-52 Reporting cycle	Annual			
	102-53 Contact point for questions regarding the report	sustainability@sanoma.com			
	102-54 Claims of reporting in accordance with the GRI Standards	GRI Standard, reporting according to Core using 2016 Standards or newer			
	102-55 GRI content index	Annual Report 2021, Sustainability, GRI content index.			
	102-56 External assurance	Annual Report 2021, Sustainability, External assurance report			

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDG's)
Material Topics Topic specific content is reported regarding aspects identified as material.					
Economic topics					
Economic Performance					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Annual Report 2021, Sustainability, Sustainability and ESG performance figures			8
	201-2 Financial implications and other risks and opportunities due to climate change	Annual Report 2021, Sustainability, Task Force on Climate-related Financial disclosure (TCFD)			13
	201-3 Defined benefit plan obligations and other retirement plans	Annual Report 2021, Financial Statements 2021			
Anti-corruption					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	Annual Report 2021, Sustainability, Responsible business practices		10	16

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDG's)
Environmental topics					
Materials					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 301: Materials	301-1 Materials used by weight or volume	Annual Report 2021, Sustainability, Sustainability and ESG performance figures	Reported only from owned printing plants.		9, 12
Energy					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 302: Energy	302-1 Energy consumption within the organisation	Annual Report 2021, Sustainability, Sustainability and ESG performance figures		7, 8	13
	302-3 Energy intensity	Annual Report 2021, Sustainability, Sustainability and ESG performance figures		7, 8	13
	302-4 Reduction of energy consumption	Annual Report 2021, Sustainability, Vital environment			
Emissions					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Annual Report 2021, Sustainability, Sustainability and ESG performance figures		7, 8	13
	305-2 Energy indirect (Scope 2) GHG emissions	Annual Report 2021, Sustainability, Sustainability and ESG performance figures		7, 8	13
	305-3 Other indirect (Scope 3) GHG emissions	Annual Report 2021, Sustainability, Sustainability and ESG performance figures		7, 8	13
	305-4 GHG emissions intensity	Annual Report 2021, Sustainability, Sustainability and ESG performance figures		7, 8	13
	305-5 Reduction of GHG emissions	Annual Report 2021, Sustainability, Vital environment			

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDG's)
Waste					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 306: Waste	306-1 Waste by type and disposal method	Annual Report 2021, Sustainability, Sustainability and ESG performance figures		8	12
	306-2 Management of significant waste-related impacts	Annual Report 2021, Sustainability, Sustainability and ESG performance figures		8	12
	306-3 Waste generated	Annual Report 2021, Sustainability, Sustainability and ESG performance figures		8	12
	306-4 Waste diverted from disposal	Annual Report 2021, Sustainability, Sustainability and ESG performance figures	Reporting only a-c.	8	12
	306-5 Waste directed to disposal	Annual Report 2021, Sustainability, Sustainability and ESG performance figures	Reporting only a.	8	12
Supplier Environmental Assessment					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 308: Supplier Environmental Assessment	308-1 Key paper suppliers screened using environmental criteria	Annual Report 2021, Sustainability, Responsible business practices		8	12, 13

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDG's)
Social topics					
Employment					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 401: Employment	401-1 New employee hires and employee turnover	Annual Report 2021, Sustainability, Sustainability and ESG performance figures	Reporting only information divided by businesses. Not reported by by age group, gender and region.	6	5, 8
Occupational Health and Safety					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	Annual Report 2021, Sustainability, Valued people	Reporting scope Sanoma owned printing plants.		8
	403-2 Hazard identification, risk assessment, and incident investigation	Annual Report 2021, Sustainability, Valued people	Reporting scope Sanoma owned printing plants.		8
	403-3 Occupational health services	Annual Report 2021, Sustainability, Valued people			8
	403-4 Worker participation, consultation, and communication on occupational health and safety	Annual Report 2021, Sustainability, Valued people			8
	403-5 Worker training on occupational health and safety	Annual Report 2021, Sustainability, Valued people			8
	403-6 Promotion of worker health	Annual Report 2021, Sustainability, Valued people			8
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Annual Report 2021, Sustainability, Valued people			8
	403-8 Workers covered by an occupational health and safety management system	Annual Report 2021, Sustainability, Valued people			8
	403-9 Work related injuries	Annual Report 2021, Sustainability, Sustainability and ESG performance figures; Valued people	Sick absence reported as total amount of sick absence days. Occupational accidents reporting scope Sanoma owned printing plants.		8
	403-10 Work related ill health	Annual Report 2021, Sustainability, Sustainability and ESG performance figures; Valued people	Reporting scope Sanoma owned printing plants.		8

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDG's)
Training and Education					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 404: Training and Education	404-3 Percentage of employees receiving regular performance and career development reviews	Annual Report 2021, Sustainability, Sustainability and ESG performance figures; Valued people			8
Diversity and Equal Opportunity					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Annual Report 2021, Sustainability, Sustainability and ESG performance figures; Valued people		6	5, 8
Non-discrimination					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Annual Report 2021, Sustainability, Responsible business practices	No incidents of discrimination in 2021.		8
Marketing and Labeling					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 417: Marketing and labeling	417-3 Incidents of non-compliance concerning marketing communications	Annual Report 2021, Sustainability, Sustainability and ESG performance figures; Sustainable media	Reported as number of non-compliance cases according to the Advertising and Marketing Communications Code.		12

GRI Standard	Disclosure number and title	Location of information	Omissions and remarks	Linked UN Global Compact Ten Principles	Related UN Sustainable Development Goals (SDG's)
Customer Privacy					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annual Report 2021, Sustainability, Sustainability and ESG performance figures; Trustworthy data			12
	The number of nominated Privacy Champions across our businesses	Annual Report 2021, Sustainability, Trustworthy data			
Other own indicators					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report 2021, Sustainability, Management approach			
	103-2 The management approach and its components	Annual Report 2021, Sustainability, Management approach			
	103-3 Evaluation of the management approach	Annual Report 2021, Sustainability, Management approach			
Inclusive learning	Learning impact: Percentage of teachers indicating that Sanoma methods support them in realising learning objectives of their class.	Annual Report 2021, Sustainability, Inclusive learning	The figures for 2019 have been corrected. The 2019 and 2021 figures have been normalised for the number of primary and secondary teachers in each surveyed market.		4,17
	Learning efficacy of our services: Percentage of teachers indicating that Sanoma methods support them in efficiently teaching and managing their classes.	Annual Report 2021, Sustainability, Inclusive learning			4, 17
	Student engagement: Percentage of teachers indicating that Sanoma methods support them in engaging and motivating pupils.	Annual Report 2021, Sustainability, Inclusive learning			4, 17
Sustainable media	Compliance with professional practices as defined in the Guidelines for Journalists by The Council for Mass Media (CMM)	Annual Report 2021, Sustainability, Sustainable media			8, 16, 17
	Compliance with age-limits and protecting vulnerable audiences as defined by guidance of the National Audiovisual Institute	Annual Report 2021, Sustainability, Sustainable media			8, 16, 17
Valued people	Results of the Employee Engagement Survey	Annual Report 2021, Sustainability, Valued people			8

Sustainability Accounting Standards Board disclosure

Sanoma's reporting against the Sustainability Accounting Standard Board's (SASB) includes the 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 includes information on reasons for omissions or changes in our reporting scope, if necessary.

Code	Accounting Metric	Category	Unit of Measure	Location of information	Omissions
Media and Entertaintment					
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	Quantative	Percentage (%)	Annual Report 2021, Sustainability, 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 2021, Sustainability, 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	Quantative	EUR	Annual Report 2021, 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	Quantative	EUR	Annual Report 2021, Report of the Board of Directors. EUR 246 million of Sanoma Media Finlands revenue came from print advertising and non-print advertising. Both include embedded advertising.	
	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 2021, Sustainability, 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 2021, Sustainability, Trustworthy data and Sanoma's IP policy at sanoma.fi (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	Quantative	Number	Annual Report 2021, Sustainability, Sustainable media All TV and radio reaches in Finland are reported publicly by Finnpanel. Reporting covers Sanoma's channels.	Reporting 1, 2 and 4.
SV-ME-000.B	Total number of media productions and publications produced	Quantative	Number	Annual Report 2021, Sustainability, Sustainable media	

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Code	Accounting Metric	Category	Unit of Measure	Location of information	Omissions
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 2021, Sustainability, 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 2021, Report of the Board of Directors. 40% (EUR 246 million) of Sanoma Media Finlands revenue came from print advertising and non-print advertising. Both include embedded advertising.	
	Total amount of monetary losses as a result of legal proceedings associated with consumer privacy	Quantitative	EUR	Annual Report 2021, 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 2021, 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 2021, Sustainability, Sustainable media, Programmatic advertising reviews are conducted by automated system checks and by also regular manual checks.	
	Percentage of campaigns that promote alcohol or tobacco products	Quantitative	Percentage (%) by revenue	Annual Report 2021, Sustainability, 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 2021, Sustainability, 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 reaches 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 magines and newspapers in Finland (in Finnish). Reporting covers Sanoma's channels.	
SV-AD-000.B	Number of exposures to advertisements or marketing campaigns	Quantitative	Number	All TV and radio reaches 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 magines and newspapers in Finland (in Finnish). Reporting covers Sanoma's channels.	
SV-AD-000.C	Median frequency of exposures	Quantitative	Number	All TV and radio reaches 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 magines and newspapers in Finland (in Finnish). Reporting covers Sanoma's channels.	
SV-AD-000.D	Number of employees	Quantitative	Number	Annual Report 2021, Sustainability, Sustainability and ESG performance	

Code	Accounting Metric	Category	Unit of Measure	Location of information	Omissions
Education					
Data Security					
SV-ED-230a.1-3	Description of approach to identifying and addressing data security risks	Discussion & Analysis	N/A	Annual Report 2021, Sustainability, 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 2021, Sustainability, Trustworthy data. Sanoma operates as a prosessor 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	Quantative	Number, Percentage (%)	Annual Report 2021, Sustainability, Trustworthy data. Sanoma operates as a prosessor 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	Quantative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.	
	On-time completion rate	Quantative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.	
	Job placement rate	Quantative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.	
	(1) Debt-to-annual earnings rate and (2) debt to-discretionary income rate	Quantative	Percentage (%)	Not relevant. Sanoma does not operate as an education organiser.	
	Program cohort default rate	Quantative	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	Quantative	EUR	Annual Report 2021, 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	Quantative	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	Quantative	EUR	Not relevant for the company, Sanoma does not operate as an education organiser.	
Activity metrics					
SV-ED-000.A	Number of students enrolled	Quantative	Number	Annual Report 2021, Sustainability, Inclusive learning. Sanoma does not operate as an education organiser.	
SV-ED-000.B	Number of applications received for enrollment	Quantative	Number	Not relevant. Sanoma does not operate as an education organiser.	
SV-ED-000.C	Average registered credits per student, percentage online	Quantative	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	Quantative	Number	Not relevant. Sanoma does not operate as an education organiser.	

Independent Assurance Report

To the Management and Stakeholders of Sanoma Corporation

Scope and Objectives

The Management of Sanoma Corporation ("Sanoma") commissioned us to perform a limited third-party assurance engagement regarding sustainability performance data ("Sustainability information") disclosed in the Sustainability Review of Sanoma Annual Report 2021 for the period of 1st January to 31st December 2021. The assurance engagement was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information'.

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 the Sustainability information is not fairly stated and has not been prepared, in all material respects, in accordance with the Reporting criteria.

Responsibilities

Sanoma is responsible for the collection, calculation, and presentation of the Sustainability information according to the Reporting criteria. The Management of Sanoma has approved the Sustainability information disclosed in the report. Our responsibility as assurance providers is to express an independent conclusion on the Sustainability information subject to the limited assurance engagement. To assess the Sustainability information, which includes an assessment of the risk of material misstatement in the report, we have used Global Reporting Initiative's GRI Standards, Sustainability Accounting Standard Board's (SASB) Media & Entertainment, Advertising & Marketing and Education sectors Sustainability Accounting Standards and Sanoma's internal reporting instructions (the "Reporting criteria").

Assurance Provider's Independence and Competence

Sanoma is responsible for the collection, calculation, and presentation of the Sustainability information according to the Reporting criteria. The Management of Sanoma has approved the Sustainability information disclosed in the report. Our responsibility as assurance providers is to express an independent conclusion on the Sustainability information subject to the limited assurance engagement.

Basis of Our Opinion

Assurance providers are obliged to plan and perform the assurance process so as to ensure that they collect adequate evidence for the necessary conclusions to be drawn. The procedures selected depend on the assurance provider's judgement, including their assessment of the risk of material misstatement adhering to the Reporting criteria.

Our opinion is based on the following procedures performed:

- Interviews with Sanoma's specialists responsible for data collection and reporting of the Sustainability information.
- Review of systems and procedures to generate, collect and report the Sustainability information for the Group reporting.
- Assessment of calculations and data consolidation procedures and internal controls to ensure the accuracy of the Sustainability information.
- Testing the accuracy and completeness of the Sustainability information from original documents and systems on a sample basis.
- Review of data sources, data generation and reporting procedures at Sanoma's two printing houses and real estates in Finland and Santilliana operations in Spain.

Inherent limitations

Our assurance relies on the premise that the data and information provided by Sanoma to us as part of our review procedures have been provided in good faith. Because of the selective nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities may not have been detected. For instance, greenhouse gas (GHG) emissions calculations are subject to inherent limitations, given the nature and the methods used for determining such data. Finally, the selection of different but acceptable measurement techniques may result in materially different measurements.

Helsinki, Finland, 22 February 2022

Mitopro Oy

Mikael Niskala
Independent Sustainability Practitioner

Tomi Pajunen
Independent Sustainability Practitioner

sanoma

Financials

Description of our financial performance in 2021

Report of the Board of Directors for 2021

Report of the Board of Directors 2021

Strategic review

Sanoma continued its successful transformation and growth strategy in 2021. The main focus areas were the integration of the recent major acquisition of Santillana in Spain, finalisation of the integrations of the regional news media business in Finland and the learning service provider Iddink in the Netherlands, as well as clarifying Sanoma's Sustainability Strategy. The integrations proceeded according to plan, and the targeted synergies were reached. Sanoma's strategic transformation has resulted in a well-balanced business portfolio. In 2021, approx. 75% of the Group's revenues were attributable to the stable learning and B2C media businesses, and Learning contributed close to 70% of the Group's earnings.

In Sanoma's key businesses, the operating environment and market demand were relatively stable despite the fact that the exceptional conditions caused by the coronavirus pandemic continued. The company's focus on its customers, the digitalisation of its offering and its increased scale successfully contributed to the organic net sales growth and improved profitability during the year and are expected to continue bringing benefits in the coming years. During 2021, Sanoma's first priority has continued to be to ensure the health and safety of its employees and with its approach to the pandemic the company's management and employees have demonstrated responsibility and agility.

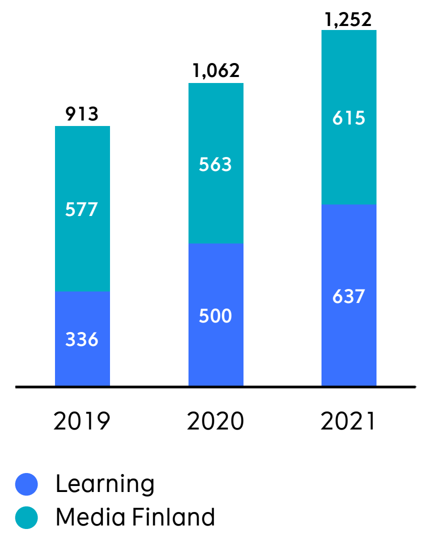
Sustainability is deeply rooted into the purpose of Sanoma's learning and media business, which have a positive impact on the lives of millions of people every day. Sanoma's Sustainability Strategy highlights six themes – Inclusive learning, Sustainable media, Trustworthy data, Vital environment, Valued people, and Responsible business practices – and incorporates aspiring targets related to sustainable business across the value chain towards 2030.

Sanoma is in good position and has a solid balance sheet to continue the implementation of its strategy. Sanoma's aim is to be a leader in K12 learning services in Europe and beyond by growing its business both organically and through M&A. In Media Finland, the company will continue its successful path of digitalisation in the three strategic strongholds – news & feature, entertainment and B2B marketing solutions and be a leading cross-media company in Finland.

Financial review

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%).

Net sales by SBU, m€



7%
Comparable net sales growth

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.

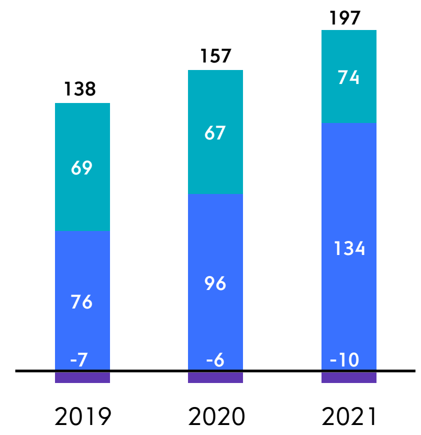
EBIT was EUR 142 million (2020: 270). The IACs totalled EUR -16 million (2020: 136) and consisted largely of integration costs related to recent acquisitions, strategic business development costs and impairments related to discontinuation of a minor business line in Learning. In 2020, the EBIT and IACs 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.

Operational EBIT excl. PPA by SBU, m€



197m€

Operational EBIT excl. PPA

IACS, PPAS AND RECONCILIATION OF OPERATIONAL EBIT

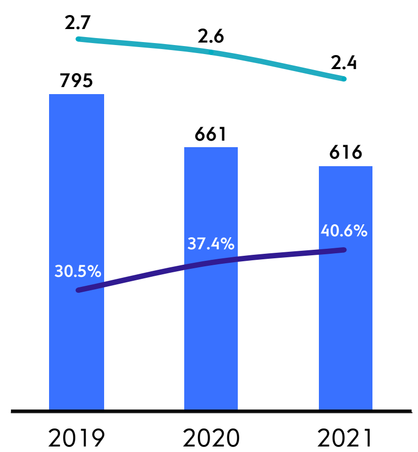
EUR million	2021	2020
EBIT	**142.4**	**270.1**
Items affecting comparability (IACs)		
Restructuring expenses	-15.2	-28.5
Impairments	-4.3	-0.6
Capital gains/losses	3.7	165.0
IACs total	**-15.8**	**135.9**
Purchase price allocation adjustments and amortisations (PPAs)	**-39.0**	**-22.3**
Operational EBIT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

A detailed reconciliation on SBU level is presented on p. 115.

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%).

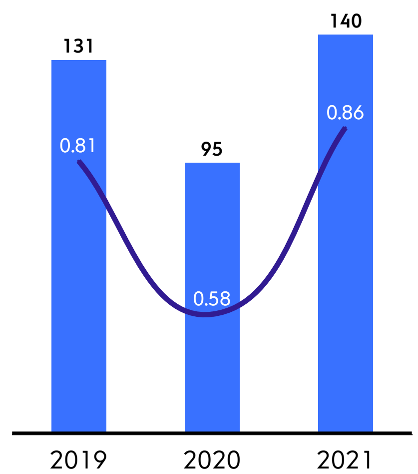
At the end of December 2021, the Group's equity totalled EUR 721 million (2020: 710) and the consolidated balance sheet amounted to EUR 1,933 million (2020: 2,048).



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 sanoma.com.

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.

Strategic Business Units

In 2021, Sanoma Group included two strategic business units (SBU), Sanoma Learning and Sanoma Media Finland.

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 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	2021	2020	Change
Net sales	637.3	499.7	28%
Operational EBITDA[1]	213.1	167.1	28%
Operational EBIT excl. PPA[2]	133.9	95.9	40%
Margin[2]	21.0%	19.2%	
EBIT	90.5	66.4	36%
Capital expenditure	33.7	32.6	3%
Average number of employees (FTE)	2,599	1,987	31%

[1] Excluding IACs

[2] Excluding IACs of EUR -11.1 million in FY 2021 (2020: -13.2) and PPA adjustments and amortisations of 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. 115.

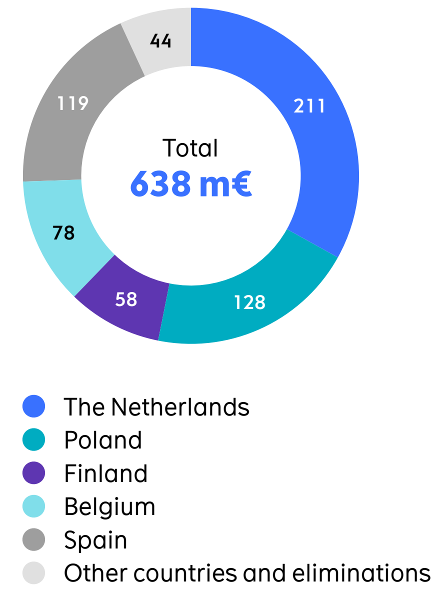
Net sales of Learning grew by 28% and amounted to EUR 637 million (2020: 500). Net sales of Santillana contributed EUR 101 million. Learning material sales grew across all markets, growth being strongest in Poland and the Netherlands. In Poland, a curriculum renewal ending in the autumn 2021 amplified 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.

Net sales by country, m€



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, 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	2021	2020	Change
Net sales	615.3	562.6	9%
Operational EBITDA[1]	155.0	146.6	6%
Operational EBIT excl. PPA[2]	73.5	66.6	10%
Margin[2]	11.9%	11.8%	
EBIT	60.6	209.6	-71%
Capital expenditure	4.9	5.1	-4%
Average number of employees (FTE)	2,072	2,052	1%

[1] Excluding IACs
[2] Excluding IACs of EUR -6.1 million in FY 2021 (2020: 149.1) and PPA adjustments and amortisations of EUR 6.8 million in FY 2021 (2020: 6.1).

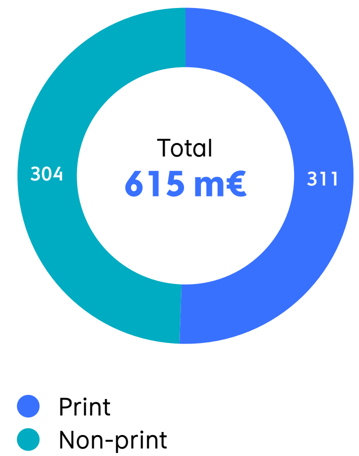
Full reconciliation of operational EBITDA and operational EBIT excl. PPA is presented in a separate table on p. 115.

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.

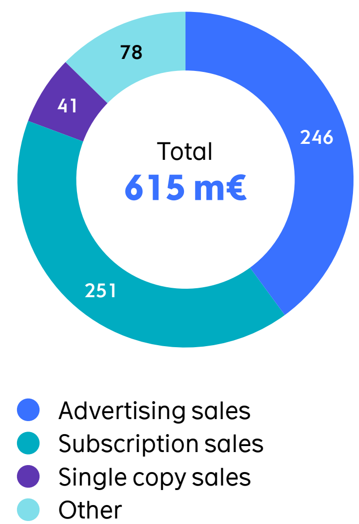
According to the Finnish Advertising Trends survey for December 2021 by Kantar TNS, the advertising market in Finland grew by 10% year-on-year on a net basis in 2021. In online, advertising grew by 18% excluding search and social media and by 21% including search and social media. Advertising grew by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

Net sales by category, m€



Net sales by category, m€



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).

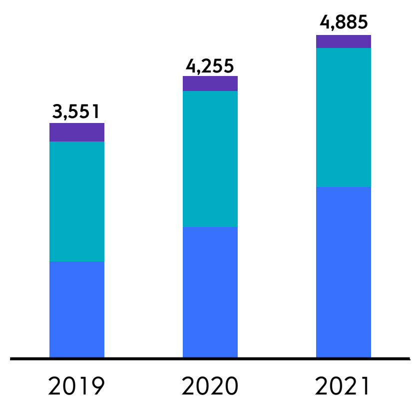
Capital expenditure totalled EUR 5 million (2020: 5) and consisted of maintenance investments.

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).

Personnel by SBU,
FTE, average



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.

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 teachers inclusive learning solutions, 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 review, more information on Sanoma's sustainability is available in the Sustainability section on p. 16-83, prepared according to the Global Reporting Initiative (GRI) standards and Sustainability Accounting Standard Board's (SASB) -standards. Sanoma's EU Taxonomy Disclosure can be found on p. 97-98.

Sanoma's business model as well as role and impacts in its value chain are described in more detail in the value creation model on p. 15. Risks related to non-financial aspects are reported under Risks and risk management on p. 99-105. Sanoma's governance structure and framework is presented in the Corporate Governance Statement 2021.

Valued people: Social and employee matters

Sanoma's strategic ambition is a culture where everyone is welcomed and valued as they are, as inclusion is an essential part of wellbeing, engagement and commitment at work. The expertise and creativeness of Sanoma's employees are key factors to success and an essential part of Sanoma's value creation. Substantial effort is put into maintaining and developing management culture and employees' skill sets.

Sanoma's Diversity and Inclusion Policy was updated in 2021, setting an ambition for a diverse and inclusive workplace and guiding local actions on, for example, fair treatment and equal opportunities, non-discrimination, equal pay for equal roles, and gender-neutral work experience. Recruitment, remuneration and career advancement are based on employee competence and performance.

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 2021, Sanoma employed more than 5,000 people across 11 countries. One of the key focus areas continued to be supporting employees during the coronavirus pandemic. Sanoma deployed a hybrid working model developed in close co-operation with personnel in all its operating countries. In 2021, Sanoma recruited 616 (2020: 514) new employees despite the pandemic, while 617 (2020: 453) employees left the company, resulting in an average employee turnover of 11.5% (2020: 10.6%). In addition, more than 500 new colleagues had joined the Group through the acquisition of Santillana in Spain on 31 December 2020.

During 2021, no significant workforce restructurings or redundancies took place. 41% (2020: 39%) of employees have worked for Sanoma for more than 10 years. The commitment to the right of freedom of association and collective bargaining is embedded into Sanoma's Code of Conduct. By the end of 2021, 68% (2020: 59%) of Sanoma employees were covered by collective bargaining agreements.

Sanoma conducts an annual Employee Engagement Survey for all its employees. In 2021, the Employee Experience Index (EEI) was stable at 7.3 (2020: 7.4) despite the challenges caused by the second year of the pandemic. Sanoma's EEI remains above the industry benchmark level of 7.1, which has showed a slight decline during the pandemic. Sanoma's long-term target level for the EEI is 7.6.

In 2021, the EEI result made up 10% of Sanoma's short-term management incentives and the performance outcome was within the target range.

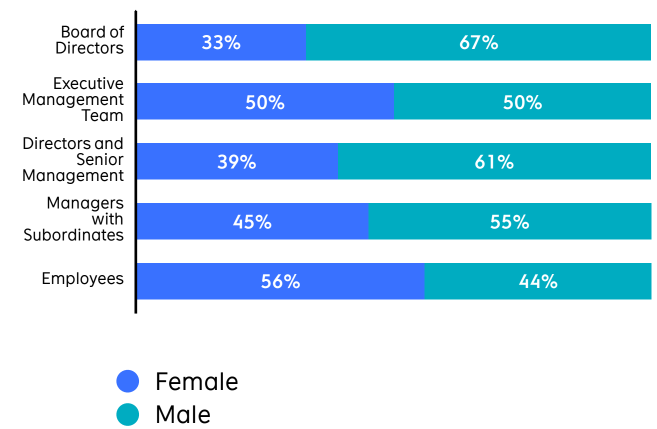
RESULTS OF THE EMPLOYEE ENGAGEMENT SURVEY

	2019	2020	2021
Employee Experience Index[1]	-	7.4	7.3
Response rate %	88	88	90

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

Starting from 2022, Sanoma has 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 2021, 55% (2020: 55%) of all employees were women and 45% (2020: 45%) men. 45% (2020: 45%) of team managers, 39% (2020: 31%) of directors or senior management and 33% (2020: 20%) of Board members were women.

Gender diversity at Sanoma



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 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 help build robust information security measures across the organisation and to 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. The 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.

Outcomes and performance

Sanoma closely follows the number of major and minor data breaches. During 2021, Sanoma had no (2020: 0) major and 282 (2020: 196) minor data breaches. The number of data breaches in Media Finland increased in 2021 in comparison to 2020 due to increased business volume and customer database integrations from acquired and merged new business areas. Sanoma did not receive any formal notices, orders or penalties related to personal data breaches from the regulatory authorities. 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 67 (2020: 62) consumer requests for data access, deletion and portability.

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. 97% (2020: 95%) of all employees participated in the training. In 2021, data and privacy related targets made up 10% of Sanoma's short-term management incentives on target level. Performance outcome was within the target range.

In 2021, 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.

Vital environment: Climate and biodiversity

Although Sanoma operates in a low-carbon industry, minimising its environmental footprint and raising fact-based climate awareness are important, and Sanoma aims to become carbon-neutral in its operations and throughout the value chain by 2030. 95% of Sanoma's greenhouse gas emissions derive from its value chain and are mainly related to paper, transportation, distribution and suppliers' energy use. In 2021, Sanoma committed to validating its climate targets through the Science-Based Target Initiative (SBTi), aligning its actions with the Paris Agreement. 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 matters at Sanoma, in the Sustainability section on p. 68-69.

Sanoma's printing facilities in Varkaus (sold on 3 Jan 2022) and Vantaa are certified in accordance with the requirements of the ISO 14001. 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 was updated in 2021 to ensure its alignment with current requirements and regulations. The Supplier Code of Conduct is included in the terms of contract with all key suppliers.

Outcomes and performance

In total, direct and indirect greenhouse gas (GHG) emissions totalled 96,993 tCO_2e (2020: 96,917). Direct Scope 1 and indirect Scope 2 GHG emissions were 5% (2020: 10%) of total GHG emissions. Sanoma´s emission intensity declined despite the growth of the business. In its own operations, Sanoma's target is to use only carbon neutral electricity by 2023 and halve its GHG emissions by 2025. The consumption of electricity, district heating and cooling in both own and leased properties increased to 49 GWh (2020: 46.8). This was mainly due to the acquisitions of Santillana and the regional news media business in Finland, including a printing facility in Tampere. Despite the increase in energy used, we were already able to halve our own operations emission in 2021, several years ahead of our target. The indirect CO_2 emissions resulting from the electricity we used decreased during 2021 due to moving to carbon neutral electricity in Finland and some European locations. In total, 54% of energy used was renewable.

The amount of paper used by Sanoma increased by 12% mainly due to acquisitions. Sanoma's target is to use only paper made of certified wood fibre by 2023. In the end of 2021, 95% (2020: 85%) of paper used originated from certified sources.

In 2021, Sanoma developed an engagement programme to systematically cooperate with its key suppliers to reduce emissions and will continue to work according to the programme also in the coming years.

GREENHOUSE GAS (GHG) EMISSIONS AND INTENSITY

	2020	2021	Change
Scope 1, 2 and 3: Direct and indirect GHG emissions total, tCO_2e	96,917	96,993	0,1 %
Scope 1 and 2. Own operations direct and indirect GHG emissions total, tCO_2e	10,186	4,650	-54 %
Scope 3. Value chain indirect GHG emissions total, tCO_2e	86,731	92,343	6 %
GHG emission intensity in own operations: Scope 1 and 2 GHG emissions, tCO_2e/employee	2.4	0.9	-64%
GHG emission intensity in own and value chain: Scope 1, 2 and 3 GHG emissions, tCO_2e/employee	23	18	-21%
GHG emission intensity in own and value chain: Scope 1, 2 and 3 GHG emissions, gCO_2e/€ net sales	91	77	-15%

ENERGY INTENSITY

	2020	2021	Change
Energy consumption of the organisation, MWh	46,834	49,003	5%
Share of carbon neutral electricity used, %	-	54	-
Energy intensity, MWh/employee	11,0	9,1	-11%

PAPER AND SHARE OF CERTIFIED FIBRE USED

	2019	2020	2021	Change
Newsprint	32,126	33,727	38,053	13%
Magazine paper	7,535	6,915	6,427	-7%
Book paper	15,965	17,028	20,255	19%
Total	**55,626**	**57,670**	**64,735**	**12%**
Share of certified paper used	**84%**	**85%**	**95%**	

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.

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 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, updated in 2021, sets out the responsible business principles its suppliers are required to comply with and expected to apply to their employees, affiliates, and sub-contractors. In addition to the Supplier Code, all suppliers are required to comply with Sanoma's General Procurement Terms and Conditions and Data protection and Information Security requirements. 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, compulsory for all employees, was renewed in 2021. Instead of earlier separate e-learnings, the updated e-learning has dedicated sections for general ethics, anti-bribery and corruption rules, competition law, privacy, security and compliance in supplier relationship management. 97% (2020: 95%) of all employees completed the updated training. Sanoma estimates that almost all new key suppliers have agreed to the Supplier Code of Conduct. In addition, Sanoma is further developing its contracting tool for tracking such agreements.

EU Taxonomy disclosure

Consolidated disclosures pursuant to Art. 8 Taxonomy Regulation

The European Union's Sustainable Finance Classification System ('Taxonomy') provides a common system to define sustainability of 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 to the other environmental objectives (i.e. complies with technical screening criteria in the delegated acts supplementing the Taxonomy Regulation) and complies with minimum safeguards related to 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 2021, public interest entities are, for the first time, required to report the proportion of the Taxonomy-eligible and non-eligible activities of the first two objectives, climate change mitigation and climate change adaptation, in their total turnover, capital expenditure and operating 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.

Sanoma's Taxonomy disclosure is based on the first assessment on the Taxonomy-eligibility of its businesses that was carried out during 2021. The assessment was conducted in internal workshops with representatives from the businesses, sustainability and finance operations teams. According to Sanoma's assessment, the following economic activities are identified as eligible under the climate change adaptation objective:

TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

Eligible economic activity	Description	NACE code
Information and communication		
8.2 Computer programming, consultancy and related activities	Digital learning businesses	J62
8.3 Programming and broadcasting activities	TV and radio broadcasting business in Finland	J60
Arts, entertainment and recreation		
13.1 Creative, arts and entertainment activities	Live events business in Finland	R90
13.3 Motion picture, video and television programme production, sound recording and music publishing activities	Music publishing business in Finland	J59

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.

Taxonomy eligibility in 2021

For 2021, the proportion of Taxonomy-eligible and non-eligible economic activities was assessed in three KPIs, turnover, capital expenditure ('capex') and operating expenses ('opex'), all according to the Taxonomy accounting policies.

PROPORTION OF TAXONOMY-ELIGIBLE ACTIVITIES IN 2021

	Group total, EUR million	Proportion of Taxonomy-eligible economic activities	Proportion of Taxonomy-non-eligible economic activities
Turnover	1,252	14%	86%
Capex	152	43%	57%
Opex	52	54%	46%

Taxonomy accounting policies

The Taxonomy-eligible turnover, capex and opex has only been accounted once, although some taxonomy-eligible businesses would be eligible under several economic activities.

Taxonomy-eligible turnover: Turnover of Taxonomy-eligible economic activities is reported in relation to Group's total net sales. The turnover of products and services associated with Taxonomy-eligible economic activities is divided by the Group's consolidated net sales. The Taxonomy-eligible turnover includes net sales of the activities 8.3, 13.1 and 13.3. Net sales of the economic activity 8.2. is not included in the Taxonomy-eligible net sales, because this activity is not an enabling activity.

Taxonomy-eligible 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 activities 8.3, 13.1 and 13.3 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-eligible 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 activities 8.3, 13.1 and 13.3 includes distribution expenses and direct employee expenses of broadcasting activities.

Taxonomy regulation and reporting requirements will evolve in the coming years, and Sanoma will update its Taxonomy assessment according to the requirements. In 2022 Sanoma will, e.g., conduct a Taxonomy-alignment assessment for the identified eligible activities. According to its initial analysis, Sanoma expects the alignment percentages of its currently identified Taxonomy-eligible activities to be low compared to the eligibility percentages 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.

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 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. Reporting of the 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. Risk management and internal control policies, processes, roles and responsibilities are presented in more detail in the Corporate Governance Statement 2021 and in the Sustainability section.

Strategic risks

Mergers & Acquisitions (M&A)

Sanoma's strategic aim is to grow through acquisitions in predominantly in Learning and also in Media Finland. In Learning, Sanoma is looking for growth opportunities in new geographies and in expanding its offering in the current eleven operating countries. In Media Finland, Sanoma may be 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.

The success of the 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 business in the manner or within the timeframe anticipated, and, therefore, achieve the anticipated benefits of the acquisitions.

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 decision-making, organisation and follow-up of M&A transactions. Despite this, 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 blended (i.e. combination of printed and digital) learning materials, methods and platforms have gradually been gaining ground, and the outbreak of the coronavirus pandemic has further amplified the growing need for remote learning tools and digital learning materials. Also 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 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. The increasing consumption of video-on-demand (VOD) content and increasing global competition in that area are decreasing the viewing time of free-to-air (FTA) television. The demand for advertising derived from printed media has also been in decline in recent years. 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 digital advertising.

To mitigate these risks, Sanoma is continuously developing digital and hybrid learning and media products and services. In the learning business, Sanoma maintains close and long-term relationships with schools, teachers and governing bodies and typically sells digital solutions and printed materials together. In its media business, the wide cross-media offering provides Sanoma a solid base 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 of consumer preferences 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 media and learning markets in which the Group operates are highly competitive and include many regional, national and international companies. Competition may arise from large international technology and media 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, in addition to the risk stemming from large international companies, digital entrants, educational technology companies, open educational resources, publicly-funded digital platforms and user-generated content may compete in the same markets. Furthermore, Sanoma is exposed to competition also from traditional publishers in different countries. In media, competition is also affected by the level of consolidation within the Group's markets as well as by the development of alternative distribution channels for media products and services.

To mitigate these risks, the Group's ability to compete effectively will require continuous efforts 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 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. In general, political risks associated with the performance of Learning relate to the development of public and private education spending especially during the curriculum renewals. Although legislation related to learning is typically country-specific, which limits the magnitude of said risk at Group level, Sanoma faces an increased legislative risk in Poland, one of its largest markets, where the risks are related to possible evolution of the political landscape, and broad or abrupt education-related legislative changes could have a material effect on Learning.

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. value-added tax) may have an effect on the operations of the Group or on its financial performance. For example, imposing additional value added taxes on newspapers and magazines could have a material adverse effect on the Group's circulation sales due to a potential decrease of demand. 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 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 regarding the use of consumer 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 the 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. 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.

To mitigate these risks, Sanoma aims to anticipate any changes by close monitoring of 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 market conditions in Sanoma's operating countries and overall industry trends could influence Sanoma's business activities and operational performance. In Learning, the introduction or delay, pace, scope and timing of changes of curriculum renewals in the markets in which Learning operates in may influence its 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. In Media Finland, risks associated with business and financial performance typically relate to advertising demand in particular, and to a lesser extent to consumer spending. For example, in 2020–2021, the coronavirus pandemic caused significant fluctuation in Media Finland's advertising sales, which grew on a comparable basis (excl. acquisitions and divestments) by 8% in 2021 after declining by 9% in 2020. In addition, economic conditions may be affected by various additional events that are beyond Sanoma's control, such as natural disasters and epidemics, which can have an adverse impact on Sanoma's possibilities to do business or incur additional costs. Increase in interest rates and overall inflation could have a direct or in-direct adverse impact on the operational and financial performance of the Group's businesses. Overall increasing geopolitical risks could also have an impact on Sanoma's possibilities to run its business operations in a normal manner.

Sanoma's diverse business portfolio and active actions to manage the risks and costs related to prevailing and expected economic conditions, including the impact of the coronavirus pandemic, partially mitigate these risks. In 2021, approx. 51% (2020: 47%) of Sanoma's net sales was derived from learning, approx. 23% (2020: 26%) from single copy or subscription sales, approx. 5% (2020: 6%) from print advertising, approx. 15% (2020: 16%) from non-print advertising and approx. 6% (2020: 5%) from other sales.

Operational risks

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 Learning assessment businesses, students and citizens. Sanoma is subject to the General Data Protection Regulation (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 also imposes requirements for online data collection and use.

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, 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, for example 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. A data breach 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.

To mitigate these risks, Sanoma runs a privacy programme that monitors development and enforcement of privacy regulations. 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 implementation of data subject rights. However, 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, or that data breaches will not occur or, in the event that breaches do occur, that Sanoma will be able to mitigate the effects of such a breach.

Information and communication technology (ICT)

Functioning and reliable information and communication technology systems are integral aspects of the Group's business. The systems include online services, digital learning platforms, newspaper and magazine subscriptions, advertising and delivery systems, as well as various systems for production control, customer relations management, and supporting functions, information and communication technology security risks related to confidentiality, integrity, and/or 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, for example malware attacks, hacking of personal data or other sensitive data assets, and employee or software failure.

To mitigate these risks, Sanoma has continuity and disaster recovery plans in place for its critical systems and clear responsibilities regarding information and communication 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 coverage for insurable information security risks, the maximum sum insured is EUR 10 million aggregate per annum, first party (Sanoma) and third party losses, investigation and defence costs in connection to cyber liabilities. However, the Cyber insurance does not provide coverage for all and any costs outside the agreed scope and limit, if information security incidents were to occur. 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 communication 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 plays an integral role in Sanoma's daily business. 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 both for Learning and Media Finland. Therefore, risks relating to the availability, price, quality and delivery schedules of third-party suppliers are material for Sanoma's operations. Potential raw material shortages and paper mill shutdowns as well as increased costs and availability of paper, electricity and transport are likely to have impact on both Sanoma's own printing capabilities as well as third party printing services used in the form of unexpected price increases and potential distribution in supply.

Sanoma also utilises freelancers to support its own editorial staff in content creation. The status of freelancers 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. 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 by Sanoma. In addition, cooperation with third parties exposes Sanoma to certain data-related risks.

Sanoma's daily business is dependent on its ability to find third-party suppliers 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 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, including a Know Your Counterparty (KYC) process to identify any risks related to anti-bribery, sanctions and other issues. Despite the processes and risk mitigation activities that Sanoma has in place, Sanoma may not be able to ensure that its third-party suppliers comply or are willing to agree with all relevant regulations and its internal policies and standards.

Intellectual Property Rights (IPRs)

The Group's products and services largely consist of intellectual learning and media property delivered through a variety of media. Key IPR related to Sanoma's products and services are copyrights including publishing rights, trademarks, business names, domains, and know-how owned and licensed by the Group. 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.

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 environmental risks

Operational disruption to the Group's business may be caused by a major disaster and/or external threats that could restrict the Group's ability to supply products and services to its customers. The Group is exposed to various health & safety and environmental risks, such as natural disasters, that are beyond Sanoma's control and that could cause business interruption and result in significant costs. Climate-related extreme weather patterns, for example flooding, can have an impact on and pose a risk to Sanoma's office facilities and printing facilities e.g. through disruption in energy supply. Also the delivery of Sanoma's products could be disturbed and the online distribution of learning and media products might be threatened. External threats, including, but not limited to pandemics, such as the coronavirus pandemic, terrorist attacks, strikes and weather conditions, could affect the Group's businesses and employees, disrupting daily business activities. 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, in recovering from such risks or in mitigating their impacts. 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.

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 the company to a 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. 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 professional development, 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 and Inclusion Policy. Sanoma measures employee engagement on an annual basis, and the results are also linked to the executive and senior management remuneration.

Environmental and climate related risks

Sanoma's most significant environmental impacts derive from greenhouse gas emissions caused by the energy and paper 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 in both its own operations and in the supply chain. The effects of climate change are wide-ranging and may bring considerable social uncertainty although Sanoma's business is not highly carbon intensive and climate change risks are not estimated to have a material financial impact.

Sanoma mitigates climate-related risks through an ambitious climate strategy and by developing sustainability together with stakeholders and suppliers. To identify and control environmental and climate-related risks and opportunities, Sanoma evaluates them as part of its annual risk-assessment process. In addition, in 2021 Sanoma analysed its climate-related risks and opportunities using the Task Force on Climate-related Financial Disclosure (TCFD) framework. Sanoma's TCFD disclosure is available in the Sustainability section.

Risks related to human rights, anti-corruption and bribery

Sanoma operates in eleven 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 unethically, or in a way that violates human rights or anti-corruption and bribery laws and regulations. Learning's business partners mainly include municipalities, other governmental units and schools, while Media Finland, for example, uses many third-party content providers.

Sanoma is committed to ethical and responsible conduct in its operations and expects the same commitment from all of its suppliers. All 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. Sanoma aims to ensure compliance with a mandatory e-learning course on the Code of Conduct to 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 damages affecting Sanoma's operations, which could have a material adverse effect on Sanoma's business, financial condition or results of operations. The requirements of the Code of Conduct are extended to Sanoma's suppliers through the Supplier Code of Conduct, which sets out the ethical standards and responsible business principles the suppliers and service providers are required to comply with in their dealings with Sanoma.

Financial risks

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 debt 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.

Currency risks

The majority of the Group cash flow from operations is denominated in euros. However, the Group is exposed to transaction risk resulting from cash flows related to sales and expenditure in different currencies. The Group has adopted forward contracts as means of hedging against significant transaction risks. Group companies are responsible for monitoring and hedging against transaction risk related to their business operations in accordance with the Group's Treasury Policy. The majority of the Group's transaction risk in 2021 was related to the procurement of IT services and TV programming rights, both denominated in U.S. dollars. Derivative instruments are used to hedge future cash flows, hence changes in their value offset changes in the value of cash flows. Materialisation of any of these risks could have a material 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.

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.

In order to minimise its liquidity risk, Sanoma aims to ensure sufficient sales and maintain adequate committed credit limits. 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. 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 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 due to coronavirus, which may adversely affect Sanoma's funding costs and access to funding and ultimately affect Sanoma's ability to finance its operations.

Credit risks

The Group is exposed to credit risks related to its business operations, that is, the risk of the Group not being able to collect the payments for its receivables. Possible weakening of the economy, whether related to coronavirus or not, may increase the Group's credit risk, although potential concentrations of credit risk are offset by the Group's credit insurance, diversified operations and the fact that no individual customer or group of customers is material to the Group.

The financial instruments Sanoma has agreed 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 operation. In accordance with the Group's Treasury Policy, 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. 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 at 31 December 2021, the Group's consolidated balance sheet included EUR 1,426 million (2020: 1,438) in goodwill, immaterial rights and other intangible assets compared to consolidated equity of EUR 721 million (2020: 710), respectively. The 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 a need for impairment. The company carefully monitored any impairment triggers caused by the coronavirus pandemic during the year, and performed an annual impairment tests. The impairment losses on goodwill, immaterial rights and other intangible assets for continued and discontinued operations totalled EUR 5 million (2020: 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 in Sanoma's balance sheet in the future in connection with the completions of acquisitions.

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

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.

Corporate Governance

Separate Corporate Governance Statement 2021 and Remuneration Report 2021 can be found here.

Decisions of the Annual General Meeting 2021

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 Ihamuotila, 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.

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 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.

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Changes in the management

On 21 December 2021, Alex Green was appointed Chief Financial Officer of Sanoma Corporation 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.

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 2021, Note 6.1.

Annual General Meeting 2022

Sanoma's Annual General Meeting 2022 will be held on Tuesday, 7 April 2022. The shareholders of the Company and their proxy representatives can only participate in the meeting and 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 11 February 2022.

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

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.

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 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.

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)

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

On 31 December 2021, 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% (2020: 19.1%) of all shares and votes. More information on management shareholding and remuneration is available in Note 6.3.

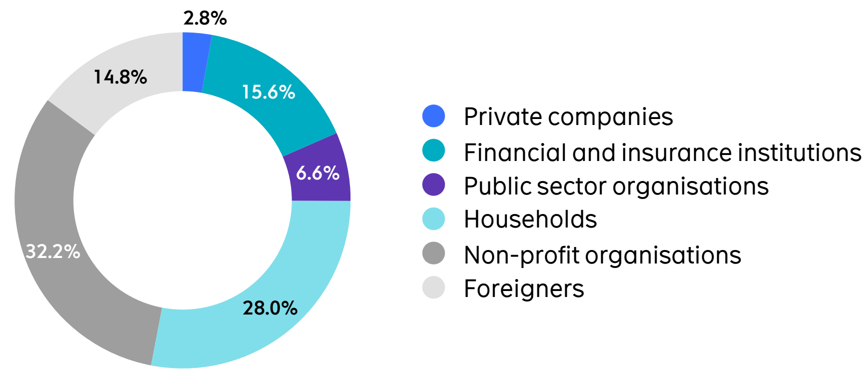
MAJOR SHAREHOLDERS 31 DECEMBER 2021

	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 Juhani	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	4,514,800	2.76
7	Varma Mutual Pension Insurance Company	2,542,136	1.55
8	Noyer Alex	1,903,965	1.16
9	Aubouin Lorna	1,852,470	1.13
10	The State Pension Fund	1,760,000	1.08
11	Foundation for Actors' Old-Age Home	1,700,000	1.04
12	Elo Mutual Pension Insurance Company	1,538,804	0.94
13	OP-Finland Small Firms Fund	1,085,508	0.66
14	Stiftelsen för Åbo Akademi	1,000,000	0.61
15	Evli Finnish Small Cap Fund	903,000	0.55
16	Sanoma Oyj	679,614	0.42
17	Folkhälsan i svenska Finland rf Inez och Julius Polins fond	646,149	0.40
18	Langenskiöld Lars Christoffer Robin	645,996	0.39
19	Langenskiöld Bo Sebastian Eljas	645,963	0.39
20	Langenskiöld Pamela	645,963	0.39
	20 largest shareholders total	**108,949,765**	**66.61**
	Nominee registered	**20,333,944**	**12.43**
	Other shares	**34,281,954**	**20.96**
	Total	**163,565,663**	**100.00**

SHAREHOLDERS BY NUMBER OF SHARES HELD 31 DECEMBER 2021

Number of shares	Number of shareholders	%	Number of shares	%
1 – 100	8,032	34.46	390,579	0.24
101 – 500	8,467	36.33	2,320,079	1.42
501 – 1,000	2,924	12.55	2,286,520	1.40
1,001 – 5,000	3,023	12.97	6,628,272	4.05
5,001 – 10,000	424	1.82	3,012,511	1.84
10,001 – 50,000	316	1.36	6,115,180	3.74
50,001 – 100,000	54	0.23	3,909,819	2.39
100,001 – 500,000	43	0.18	8,750,494	5.35
500,001 +	25	0.11	130,072,760	79.52
Total	**23,308**	**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 2021



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 Keskisuomalainen. 36 employees of Savon Paino were transferred to Keskisuomalainen 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.

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. 113-114. Reconciliations are available on p. 115-116. More information on discontinued operations is available on p. 154.

Key indicators and definitions

Key indicators

EUR million	2021	2020	2019	2018	2017 [2]
Net sales [1]	1,251.6	1,061.7	912.6	891.4	1,434.7
Operational EBITDA [1]	361.0	309.9	276.8	244.7	392.3
% of net sales [1]	28.8	29.2	30.3	27.4	27.3
Operational EBIT excl. PPA [1]	197.2	156.5	137.6	122.8	
% of net sales [1]	15.8	14.7	15.1	13.8	
Operational EBIT [1]					176.7
% of net sales [1]					12.3
Items affecting comparability in EBIT [1]	-15.8	135.9	-22.5	-9.6	-417.2
Purchase price allocation adjustments and amortisations (PPAs) [1]	39.0	22.3	10.5	6.5	
EBIT [1]	142.4	270.1	104.5	106.7	-240.5
% of net sales [1]	11.4	25.4	11.5	12.0	-16.8
Result before taxes [1]	133.8	261.0	82.7	94.2	-262.4
% of net sales [1]	10.7	24.6	9.1	10.6	-18.3
Result for the period from continuing operations [1]	101.4	237.8	64.8	72.6	-301.6
% of net sales [1]	8.1	22.4	7.1	8.1	-21.0
Result for the period	101.2	247.1	13.3	125.6	-299.3
% of net sales	8.1	23.3	1.5	14.1	-20.9
Balance sheet total	1,932.5	2,048.3	1,997.9	1,519.0	1,590.1
Capital expenditure	41.7	42.5	31.7	32.0	36.5
% of net sales	3.3	3.7	2.5	2.4	2.4
Free cash flow	139.7	94.8	131.3	108.9	104.7
Return on equity (ROE), %	14.7	40.7	2.2	22.1	-48.0
Return on investment (ROI), %	10.2	24.0	5.4	18.1	-17.0
Equity ratio, %	40.6	37.4	30.5	44.7	38.2
Net gearing, %	85.5	93.1	144.2	55.3	71.6
Interest-bearing liabilities	668.8	775.3	817.9	356.7	412.4
Non-interest-bearing liabilities	542.8	560.4	644.5	550.9	620.1
Net debt	616.4	660.7	794.7	337.8	391.8
Net debt / Adj. EBITDA	2.4	2.6	2.7	1.4	1.7
Average number of employees (FTE) [1]	4,885	4,255	3,551	3,404	4,746
Number of employees at the end of the period (FTE) [1]	4,822	4,806	3,937	3,410	4,425

[1] Figures contain only continuing operations.

[2] 2017 figures have been restated due to the implementation of IFRS 15 Revenue from Contracts with Customers.

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- Auditor's Report
- Assurance Report on ESEF Financial Statements
- Information for investors

GOVERNANCE

Share indicators

EUR	2021	2020	2019	2018	2017 [2]
Earnings/share, continuing operations[1]	0.62	1.46	0.39	0.44	-1.02
Earnings/share	0.61	1.51	0.07	0.76	-1.00
Earnings/share, diluted, continuing operations[1]	0.61	1.45	0.39	0.43	-1.02
Earnings/share, diluted	0.61	1.51	0.07	0.76	-1.00
Operational earnings/share, continuing operations[1]	0.69	0.58	0.50	0.49	0.70
Operational earnings/share	0.69	0.67	0.80	0.84	0.72
Free cash flow per share	0.86	0.58	0.81	0.67	0.64
Equity/share	4.38	4.23	3.25	3.73	3.34
Dividend/share[3]	0.54	0.52	0.50	0.45	0.35
Dividend payout ratio, %[3]	87.9	34.4	707.0	59.1	neg.
Operational dividend payout ratio, %[3]	77.9	77.9	62.5	53.4	48.3
Market capitalisation, EUR million[4]	2,218.5	2,240.1	1,539.7	1,379.7	1,774.5
Effective dividend yield, %[3]	4.0	3.8	5.3	5.3	3.2
P/E ratio	22.2	9.1	133.6	11.1	neg.
Adjusted number of shares at the end of the period[4]	162,886,049	163,036,686	163,016,523	162,504,370	163,249,144
Adjusted average number of shares[4]	163,165,194	163,041,596	162,933,737	163,084,958	162,544,637
Lowest share price	12.80	6.84	7.96	8.01	7.58
Highest share price	17.12	14.00	10.44	11.47	12.03
Average share price	14.54	10.15	9.03	9.28	8.9
Share price at the end of the period	13.62	13.74	9.45	8.49	10.87
Trading volumes, shares	16,289,472	29,310,738	19,098,115	39,317,670	36,232,649
% of shares	10.0	18.0	11.7	24.1	22.3

[1] Figures contain only continuing operations.
[2] 2017 figures have been restated due to the implementation of IFRS 15 Revenue from Contracts with Customers.
[3] Year 2021 proposal of the Board of Directors.
[4] The number of shares does not include treasury shares.

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 (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, %	=	Equity total / Balance sheet total - advances received	x 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	=	Free cash flow / 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	=	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
Earnings/share (EPS)	=	Result for the period attributable to the equity holders of the Parent Company / Weighted average number of shares on the market		Measures Sanoma's result for the period per share
Operational EPS	=	Result for the period attributable to the equity holders of the Parent Company - IACs / Weighted average number of shares on the market		In addition to EPS, reflects the underlying business performance and enhances comparability between reporting periods

Definitions of key indicators

KPI		Definition		Reason to use
Net gearing, %	=	Interest-bearing liabilities - cash and cash equivalents	x 100	Measures how much debt in relation to equity Sanoma is using to finance its assets
		Equity total		
Return on equity (ROE), %	=	Result for the period	x 100	Measures the company's relative profitability, ie. the profit received for the equity employed
		Equity total (average of monthly balances)		
Return on investment (ROI), %	=	Result before taxes + interest and other financial expenses	x 100	Measures the company's relative profitability, ie. the profit and interest received for net assets employed
		Balance sheet total - non-interest-bearing liabilities (average of monthly balances)		
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	x 100	
		Result/share		
Operational dividend payout ratio, %	=	Dividend/share	x 100	
		Operational EPS		
Effective dividend yield, %	=	Dividend/share	x 100	
		Share price on the last trading day of the year		
P/E ratio	=	Share price on the last trading day of the year		
		Result/share		
Market capitalisation	=	Number of shares on the market at the balance sheet date x share price on the last trading day of the year		

Reconciliation of certain key figures

Reconciliation of operational EBIT excl. PPA

EUR million	2021	2020
EBIT	**142.4**	270.1
Items affecting comparability (IACs) and PPA adjustments and amortisations[1]		
Learning		
Impairments	-3.1	-0.6
Restructuring expenses	-8.0	-12.7
PPA adjustments and amortisations	-32.2	-16.2
Media Finland		
Impairments	-0.6	
Capital gains/losses		164.8
Restructuring expenses	-5.5	-15.7
PPA adjustments and amortisations	-6.8	-6.1
Other operations		
Impairments	-0.6	
Capital gains/losses	3.7	0.2
Restructuring expenses	-1.7	-0.2
Items affecting comparability (IACs) and PPA adjustments and amortisations total	**-54.9**	113.6
Operational EBIT excl PPA, continuing operations	**197.2**	156.5
Depreciations of buildings and structures	-24.9	-23.8
Depreciation of rental books	-16.0	-13.2
Amortisation of film and TV broadcasting rights	-54.0	-52.4
Amortisation of prepublication rights	-25.5	-20.7
Other depreciations, amortisations and impairments	-47.3	-43.8
Items affecting comparability in depreciation, amortisation and impairments	3.8	0.6
Operational EBITDA	**361.0**	309.9

EUR million	2021	2020
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[2]		-1.8
Impairments		-2.6
Restructuring expenses	-0.6	-0.6
PPA adjustments and amortisations		-1.4
Total	**-0.6**	-6.4

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

[2] 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	2021	2020
Result for the period attributable to the equity holders of the Parent Company	**100.2**	246.7
Items affecting comparability	16.4	-131.6
Tax effect of items affecting comparability	-3.6	-6.3
Non-controlling interests' share of items affecting comparability		0.0
Operational result for the period attributable to the equity holders of the Parent Company	**113.0**	108.8
Weighted average number of shares on the market	163,165,194	163,041,596
Operational EPS	**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 in Note 3.2.

Reconciliation of adjusted EBITDA

EUR million	2021	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	2021	2020
Net sales	1,251.6	1,061.7
Impact of acquired and divested operations	-126.1	-13.0
Comparable net sales	**1,125.5**	1,048.8

Reconciliation of return on equity (ROE), %

EUR million	2021	2020
Result for the period	101.2	247.1
Equity total (average of monthly balances)	690.0	607.5
Return on equity, %	**14.7**	40.7

Reconciliation of return on investment (ROI), %

EUR million	2021	2020
Result before taxes	132.7	273.6
Interest and other financial items	15.3	14.7
Result before taxes excl. interests and other financial items	148.0	288.3
Balance sheet total (average of monthly balances)	2,036.6	1,784.9
Non-interest-bearing liabilities (average of monthly balances)	-585.5	-585.6
Balance sheet total - non-interest-bearing liabilities (average of monthly balances)	1,451.2	1,199.2
Return on investment, %	**10.2**	24.0

Non-interest-bearing liabilities 31 December 2020 include certain Learning operations that are presented as part of assets and liabilities held for sale in the balance sheet. More details are presented in Note 3.2.

Consolidated Financial Statements

Consolidated income statement

EUR million	Note	2021	2020
NET SALES	2.1, 2.2	**1,251.6**	1,061.7
Other operating income	2.3	23.7	207.5
Materials and services	2.5	-417.2	-356.5
Employee benefit expenses	2.4, 6.2, 6.3	-350.9	-294.9
Other operating expenses	2.5	-158.8	-171.9
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	-206.6	-176.3
EBIT		**142.4**	270.1
Share of results in associated companies	4.7	0.4	-0.4
Financial income	2.7	8.3	6.9
Financial expenses	2.7	-17.2	-15.7
RESULT BEFORE TAXES		**133.8**	261.0
Income taxes	2.8	-32.4	-23.2
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS		**101.4**	237.8
DISCONTINUED OPERATIONS			
Result for the period from discontinued operations	3.2	-0.2	9.3
RESULT FOR THE PERIOD		**101.2**	247.1

EUR million	Note	2021	2020
Result from continuing operations attributable to:			
Equity holders of the Parent Company		100.5	237.4
Non-controlling interests		0.9	0.4
Result from discontinued operations attributable to:			
Equity holders of the Parent Company		-0.2	9.3
Non-controlling interests			0.1
Result attributable to:			
Equity holders of the Parent Company		100.2	246.7
Non-controlling interests		0.9	0.5
Earnings per share for result attributable to the equity holders of the Parent Company:	2.9		
Earnings per share, EUR, continuing operations		0.62	1.46
Diluted earnings per share, EUR, continuing operations		0.62	1.45
Earnings per share, EUR, discontinued operations		0.00	0.06
Diluted earnings per share, EUR, discontinued operations		0.00	0.06
Earnings per share, EUR		0.61	1.51
Diluted earnings per share, EUR		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	2021	2020
Result for the period	101.2	247.1
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Change in translation differences	-0.6	-2.4
Items that will not be reclassified to profit or loss		
Defined benefit plans	18.1	4.1
Income tax related to defined benefit plans	-3.7	-0.8
Other comprehensive income for the period, net of tax	13.8	0.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**114.9**	248.0
Total comprehensive income attributable to:		
Equity holders of the Parent Company	114.0	247.6
Non-controlling interests	0.9	0.5

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

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Consolidated balance sheet

Assets

EUR million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2.3, 2.5, 3.4	57.1	73.9
Right-of-use assets	3.4	155.2	186.7
Investment property	2.3, 2.5, 4.6	5.2	7.9
Goodwill	3.3	753.3	752.7
Other intangible assets	3.3	672.8	685.7
Equity-accounted investees	4.7	3.3	2.3
Other investments	4.8	3.8	4.0
Deferred tax receivables	2.8	9.4	18.2
Trade and other receivables	4.2, 4.9	31.5	15.3
NON-CURRENT ASSETS, TOTAL		**1,691.6**	1,746.7
CURRENT ASSETS			
Inventories	4.1	35.7	45.8
Income tax receivables		16.6	19.4
Contract assets	2.2	0.4	0.4
Trade and other receivables	4.3	135.7	120.9
Cash and cash equivalents	5.3	52.4	114.6
CURRENT ASSETS, TOTAL		**240.8**	301.1
Assets held for sale and discontinued operations	3.2		0.4
ASSETS, TOTAL		**1,932.5**	2,048.3

Equity and liabilities

EUR million	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
EQUITY	5.4, 6.2		
Share capital		71.3	71.3
Treasury shares		-7.5	-4.3
Fund for invested unrestricted equity		209.8	209.8
Translation differences		-19.6	-19.0
Retained earnings		459.7	432.4
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
NON-CURRENT LIABILITIES			
Deferred tax liabilities	2.8	127.4	140.9
Pension obligations	4.9	5.9	7.4
Provisions	4.4	0.5	0.8
Financial liabilities	5.1	432.2	317.7
Lease liabilities	5.1	133.5	163.2
Contract liabilities	2.2	2.5	3.5
Trade and other payables	4.5	4.1	2.8
NON-CURRENT LIABILITIES, TOTAL		**706.2**	636.4
CURRENT LIABILITIES			
Provisions	4.4	1.1	0.9
Financial liabilities	5.1	75.0	265.0
Lease liabilities	5.1	28.1	29.4
Income tax liabilities		25.3	22.5
Contract liabilities	2.2	152.3	148.1
Trade and other payables	4.5	223.7	235.4
CURRENT LIABILITIES, TOTAL		**505.4**	701.4
Liabilities related to assets held for sale and discontinued operations	3.2		0.7
LIABILITIES, TOTAL		**1,211.6**	1,338.4
EQUITY AND LIABILITIES, TOTAL		**1,932.5**	2,048.3

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 2020	5.4	**71.3**	**-4.6**	**209.8**	**-16.6**	**269.7**	**529.4**	**21.5**	**550.9**
Result for the period						246.7	246.7	0.5	247.1
Other comprehensive income					-2.4	3.2	0.9		0.9
Total comprehensive income					**-2.4**	**249.9**	**247.6**	**0.5**	**248.0**
Purchase of treasury shares			-2.4				-2.4		-2.4
Share-based compensation	6.2					-0.4	-0.4		-0.4
Shares delivered	6.2		2.8			-2.8			
Dividends paid						-81.6	-81.6	-1.0	-82.6
Total transactions with owners of the company			**0.3**			**-84.8**	**-84.4**	**-1.0**	**-85.4**
Acquisitions and other changes in non-controlling interest						-2.4	-2.4	-1.3	-3.6
Total change in ownership interest						**-2.4**	**-2.4**	**-1.3**	**-3.6**
Equity at 31 Dec 2020		**71.3**	**-4.3**	**209.8**	**-19.0**	**432.4**	**690.2**	**19.7**	**709.9**
Equity at 31 Dec 2020		**71.3**	**-4.3**	**209.8**	**-19.0**	**432.4**	**690.2**	**19.7**	**709.9**
Correction of error[1]						-0.7	-0.7		-0.7
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**

[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

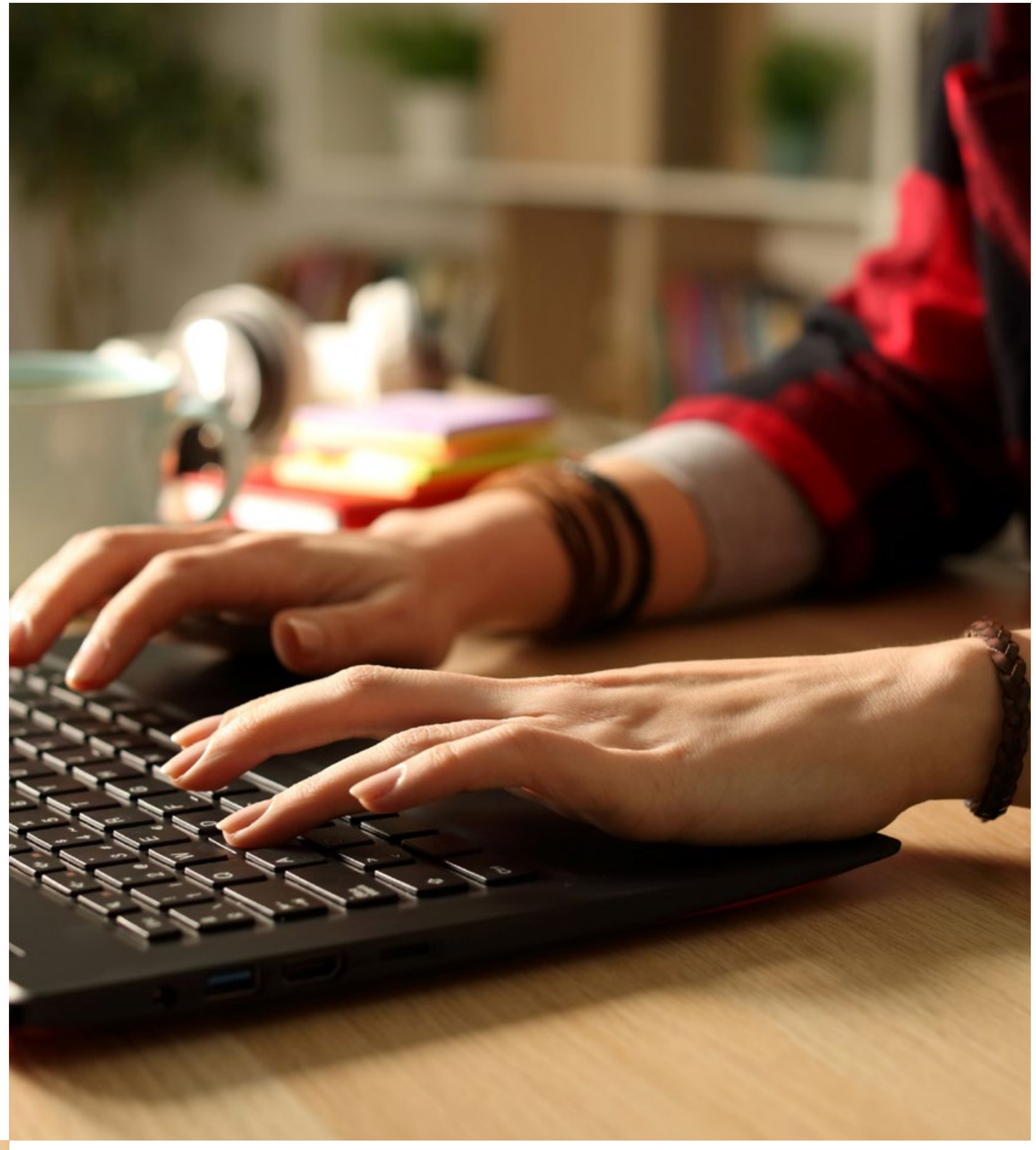
EUR million	Note	2021	2020
OPERATIONS			
Result for the period		101.2	247.1
Adjustments			
Income taxes	2.8	31.5	26.5
Financial expenses	2.7	17.2	16.0
Financial income	2.7	-8.3	-6.9
Share of results in equity-accounted investees	4.7	-0.9	-1.2
Depreciation, amortisation and impairment losses		206.6	177.8
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			
Change in trade and other receivables		-15.0	8.6
Change in inventories		9.9	1.5
Change in trade and other payables, and provisions		-5.6	-39.3
Acquisitions of broadcasting rights, prepublication costs and rental books		-105.1	-88.0
Dividends received		0.6	0.5
Interest paid		-10.2	-9.9
Other financial items		-3.4	-3.7
Taxes paid		-32.7	-26.6
CASH FLOW FROM OPERATIONS		**181.4**	137.4
INVESTMENTS			
Capital expenditure		-41.7	-42.5
Operations acquired	3.1	-5.7	-461.3
Joint ventures and associated companies acquired	4.7	-0.7	-0.7
Proceeds from sale of tangible and intangible assets		8.8	2.5
Operations sold	3.1		606.5
Sales of other investments		0.6	
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	5.1	-15.4	-325.8
Drawings of other loans	5.1	199.4	405.0
Repayments of other loans	5.1	-250.2	-109.3
Payment of lease liabilities	5.1	-30.4	-29.4
Acquisitions of non-controlling interests	3.1	-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 increase(+)/decrease(-) in cash and cash equivalents		**-62.2**	98.7
Cash and cash equivalents at 1 Jan		114.6	15.9
Cash and cash equivalents at 31 Dec	5.3	**52.4**	114.6

Includes continuing and discontinued operations.

Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 0.0 million (2020: 0.0) at the end of the period.

Notes to the Consolidated Financial Statements

1. Accounting policies for Consolidated Financial Statements



1.1 Corporate information

Sanoma is learning and media company. In 2021, 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 the leading European learning company serving over 20 million students in 11 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 10 February 2022, 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 2021, 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. Impact of covid-19 on impairment testing and financial assets is explained later in the accounting policies and notes. Other uncertainties related to management judgement are presented, as applicable, in the relevant notes.

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. For acquisitions prior to 1 January 2010, Sanoma applies the version of IFRS 3 standard effective as at the acquisition date.

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.

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. Intangible assets for which the expected useful lives cannot be determined are not amortised but they are subject to annual impairment testing. In Sanoma, expected useful lives can principally 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.

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.

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. As part of the 2021 reporting, Sanoma has reviewed the potential impact of the corona virus pandemic on the expected credit losses. Effects are described in more detail in Note 5.2.

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.

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.

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 following new standards, interpretations and amendments to standards and interpretations as of 1 January 2021:

- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurements, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases. The amendments do not have material effect on the Group's financial statements.
- Amendments to IFRS 16 COVID-19-Related Rent Concessions (effective on 1 June 2020). The amendments provide practical relief to lessees in accounting for rent concessions arising as a result of the Covid-19 pandemic. The amendments do not have 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.

2. Financial performance

Net sales
1,252m€

EBIT
142m€

EPS
0.62€

2.1 Operating segments

In 2021, 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 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.

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, 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.

Unallocated/eliminations

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

SEGMENTS 2021

EUR million	Learning	Media Finland	Unallocated/ 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 THE 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.

SEGMENTS 2020

EUR million	Learning	Media Finland	Unallocated/ eliminations	Total
External net sales	499.7	562.0		1,061.7
Internal net sales	0.0	0.5	-0.5	
NET SALES	499.7	562.6	-0.5	1,061.7
Depreciation, amortisation and impairment losses	-88.1	-86.2	-2.0	-176.3
EBIT	66.4	209.6	-5.8	270.1
OPERATIONAL EBIT EXCL PPA[1]	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 PERIOD				247.1
Capital expenditure	32.6	5.1	0.4	38.1
Goodwill [2]	812.5	107.3	-167.1	752.7
Equity-accounted investees		2.3	0.1	2.3
Segment assets	1,604.9	422.3	-132.1	1,895.2
Other assets				152.7
Asset held for sale and discontinued operations				0.4
TOTAL ASSETS				2,048.3
Segment liabilities	229.9	209.5	-40.3	399.1
Other liabilities				938.6
Liabilities related to assets held for sale and discontinued operations				0.7
TOTAL LIABILITIES				1,338.4
Free cash flow from continuing operations[1]	77.1	70.3	-8.6	138.8
Free cash flow from discontinued operations[1]				-44.4
Free cash flow[1]				94.8
Average number of employees (full-time equivalents)	1,987	2,052	216	4,255

[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 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

INFORMATION ABOUT GEOGRAPHICAL AREAS 2020

EUR million	Finland	The Netherlands	Other EU countries	Other countries	Total
External net sales	614.9	199.2	230.4	17.2	1,061.7
Non-current assets	522.3	538.4	642.2	10.2	1,713.2

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.

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 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 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 the books 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 the Dutch 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.

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 include 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 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 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**

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

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Contract balances

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

	2021		2020	
EUR million	Contract assets	Contract liabilities	Contract assets	Contract liabilities
1 Jan	**0.4**	**151.6**	0.4	133.9
Revenue recognised that was included in the contract liability at beginning of the period		-148.1		-129.7
Increases due to cash received, excluding amounts recognised as revenue during the period		151.2		147.5
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	0.4		0.4	
31 Dec	**0.4**	**154.8**	0.4	151.6

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 5.3 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	2022	> 2022	Total
Learning	82.1	2.5	84.6
Media Finland	70.2		70.2
Total	**152.3**	**2.5**	**154.8**

DISTRIBUTION OF NET SALES BETWEEN GOODS AND SERVICES, CONTINUING OPERATIONS

EUR million	2021	2020
Sale of goods	736.3	600.7
Rendering of services	513.9	461.1
Total	**1,251.6**	1,061.7

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	2021	2020
Technology service fees	1.8	13.9
Gains on sale of property, plant and equipment	0.8	0.5
Gains on sale of Group companies and operations		164.8
Gains on sale of investment property	3.7	0.2
Rental income from investment property	0.1	0.1
Other rental income	4.9	5.0
Government grants	0.1	0.1
Other	12.3	22.8
Total	**23.7**	207.5

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

Other operating income includes EUR 4.5 million (2020: 3.7) reprography fee income and EUR 1.8 million (2020: 1.5) income related to alternative payment methods. In 2020 Other operating income included EUR 7.2 million insurance claims related to cancelled festivals due to a coronavirus pandemic.

In 2020, gains on sale of Group companies and operations include EUR 165 million gain on sale of Oikotie Oy.

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

2.4 Employee benefit expenses

EMPLOYEE BENEFIT EXPENSES, CONTINUING OPERATIONS

EUR million	2021	2020
Wages, salaries and fees	-284.5	-242.7
Equity-settled share-based payments	-4.5	-3.7
Pension costs, defined contribution plans	-34.5	-30.0
Pension costs, defined benefit plans	-2.3	-2.3
Other social expenses	-25.1	-16.2
Total	**-350.9**	-294.9

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	2021	2020
Paper costs	-28.9	-27.5
Raw materials and supplies	-102.1	-81.3
Purchased transport and distribution service	-96.9	-90.9
Purchased printing	-38.9	-26.8
Sales and commission costs	-19.6	-18.2
Editorial subcontracting	-10.6	-11.7
Royalties	-41.9	-37.0
Other purchased services	-49.5	-34.5
Other	-28.8	-28.7
Total	**-417.2**	-356.5

OTHER OPERATING EXPENSES, CONTINUING OPERATIONS

EUR million	2021	2020
Operating costs of premises	-10.0	-8.4
Rents	-4.7	-2.2
Advertising and marketing	-37.5	-34.5
Office and ICT expenses	-83.3	-94.4
Professional fees	-24.0	-28.8
Travel expenses	-3.3	-3.1
Other	4.1	-0.6
Total	**-158.8**	-171.9

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.

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

EUR million	2021	2020
Expense relating to short-term leases	-2.9	-1.2
Expense relating to leases of low-value assets	-0.1	-0.4
Expense relating to variable lease payments not included in lease liabilities	-1.2	-0.7

AUDIT FEES

EUR million	2021	2020
Statutory audit	-1.1	-1.0
Audit related services	0.0	0.0
Tax services	0.0	0.0
Other non-audit services	-0.1	-0.5
Total	**-1.3**	-1.6

In 2021, 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 (2020: 0.0) during the financial year 2021. The services for the year 2021 included auditors' statements, tax services and other services.

2.6 Depreciation, amortisation and impairment losses

DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES, CONTINUING OPERATIONS

EUR million	2021	2020
Amortisation of intangible assets		
Purchase price allocation amortisation	-39.0	-22.3
Other amortisation of intangible assets		
Prepublication rights of learning materials	-25.5	-20.7
Film and TV broadcasting rights	-54.0	-52.4
Other intangible assets	-25.6	-27.4
Total	-144.1	-122.9
Depreciation of property, plant and equipment		
Rental books	-16.0	-13.2
Other depreciation	-8.7	-9.3
Total	-24.7	-22.5
Depreciation of right of use assets		
Buildings	-24.6	-23.6
Machinery and vehicles	-6.1	-4.7
Total	-30.7	-28.3
Impairment losses	-7.1	-2.6
Total	**-206.6**	-176.3

2.7 Financial items

FINANCIAL ITEMS, CONTINUING OPERATIONS

EUR million	2021	2020
Dividend income	0.1	0.1
Interest income from financial assets measured at amortised cost	0.1	1.5
Gains on sale of other investments	0.5	
Forward currency exchange contracts, no hedge accounting, change in fair value	0.3	0.0
Exchange rate gains	2.7	2.8
Other financial income	4.5	2.5
Financial income total	**8.3**	6.9
Interest expenses from financial liabilities measured at amortised cost	-6.5	-4.4
Interest expenses on leases	-5.2	-5.5
Impairment losses on other investments	-0.1	
Exchange rate losses	-3.5	-2.9
Other financial expenses	-1.9	-2.9
Financial expenses total	**-17.2**	-15.7
Total	**-8.9**	-8.8

In 2021 other financial income includes a EUR 4 million 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	2021	2020
Income taxes on operational income	-36.6	-27.7
Income taxes from previous periods	-3.3	4.3
Withholding tax on dividends	-0.3	
Change in deferred tax	7.7	0.2
Tax expense in the income statement	**-32.4**	-23.2

The Group's tax expenses, EUR 31.5 million (2020: 26.5), include the tax expense in the income statement of EUR 32.4 million (2020: 23.2), and the income taxes of the discontinued operations, EUR -0.9 million (2020: 3.3).

INCOME TAX RECONCILIATION AGAINST LOCAL TAX RATES, CONTINUING OPERATIONS

EUR million	2021	2020
Result before taxes	133.8	261.0
Tax calculated at (Finnish) statutory rate 20 %	-26.8	-52.2
Effect of different tax rates in the operating countries	-1.6	-1.2
Non-taxable income[1]	1.9	35.9
Non-deductible expenses	-1.5	-3.2
Withholding tax on dividends	-0.3	
Tax relating to previous accounting periods	-3.3	4.3
Change in deferred tax due to change in tax rate	-1.9	-6.8
Effect of joint ventures and associated companies	0.2	0.0
Other items	0.8	-0.1
Income taxes in the income statement	**-32.4**	-23.2
Effective tax rate	**24.2**	8.9

[1] In 2020 non-taxable income mainly relates to gain on sale of subsidiary, which according to Finnish tax legislation is tax-exempt.

DEFERRED TAX RECEIVABLES AND LIABILITIES 2021

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	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.

DEFERRED TAX RECEIVABLES AND LIABILITIES 2020

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	5.8	1.4	0.4		0.1	7.7
PPE and intangible assets	1.7	0.3	0.3		0.6	2.8
Inventories	0.1	0.2			0.0	0.3
Trade and other receivables	0.2	-0.1			0.2	0.2
Provisions	4.1	-0.3			0.1	3.9
Pension obligations, defined benefit plans	1.7	0.1		0.0	-0.1	1.8
Other items	0.8	-0.7	2.9		0.4	3.5
Total	14.4	1.0	3.6	0.0	1.3	20.2
Offsetting of deferred tax assets and liabilities	-1.8					-2.0
Total	12.6					**18.2**
Deferred tax liabilities						
PPE and intangible assets	73.3	2.0	63.9		0.5	139.7
Inventories		0.0			0.0	0.0
Pension assets, defined benefit plans	2.5	-0.5	-0.1	0.8	0.0	2.8
Other items	0.5	0.3			-0.5	0.4
Total	76.4	1.8	63.9	0.8	0.0	142.9
Offsetting of deferred tax assets and liabilities	-1.8					-2.0
Total	74.6					**140.9**

[1] Includes the change from continuing operations EUR 0.2 million and from discontinued operations EUR -1.1 million, total EUR -0.9 million.

Operations acquired/sold includes mainly acquisition of Santillana.

TAX LOSSES

	Tax losses carried forward		Recognised deferred tax asset		Unrecognised deferred tax asset	
EUR million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Expiry within five years	5.5	1.3	0.1	0.1	1.0	1.0
Expiry after five years	6.7	6.6	1.1	0.4	0.2	0.3
No expiry	39.0	38.2	7.9	7.1	0.9	1.4
Total	**51.2**	46.1	**9.1**	7.7	**2.1**	2.6

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 2.1 million (2020: 2.6) 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

	2021	2020
Result attributable to the equity holders of the Parent Company, EUR million, continuing operations	100.5	237.4
Result attributable to the equity holders of the Parent Company, EUR million, discontinued operations	-0.2	9.3
Result attributable to the equity holders of the Parent Company, EUR million	100.2	246.7
Weighted average number of shares on the market, thousands	163,165	163,042
Earnings per share, EUR, continuing operations	0.62	1.46
Earnings per share, EUR, discontinued operations	0.00	0.06
Earnings per share, EUR	**0.61**	1.51

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

	2021	2020
Profit used to determine diluted earnings per share, EUR million, continuing operations	100.5	237.4
Profit used to determine diluted earnings per share, EUR million, discontinued operations	-0.2	9.3
Profit used to determine diluted earnings per share, EUR million	100.2	246.7
Weighted average number of shares on the market, thousands	163,165	163,042
Effect of share plans, thousands	396	457
Diluted average number of shares, thousands	163,561	163,498
Diluted earnings per share, EUR, continuing operations	0.61	1.45
Diluted earnings per share, EUR, discontinued operations	0.00	0.06
Diluted earnings per share, EUR	**0.61**	1.51

Information on share plans is presented in Note 6.2. For more information on shares and shareholders, see pages 107-109.

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3. Acquisitions and capital expenditure

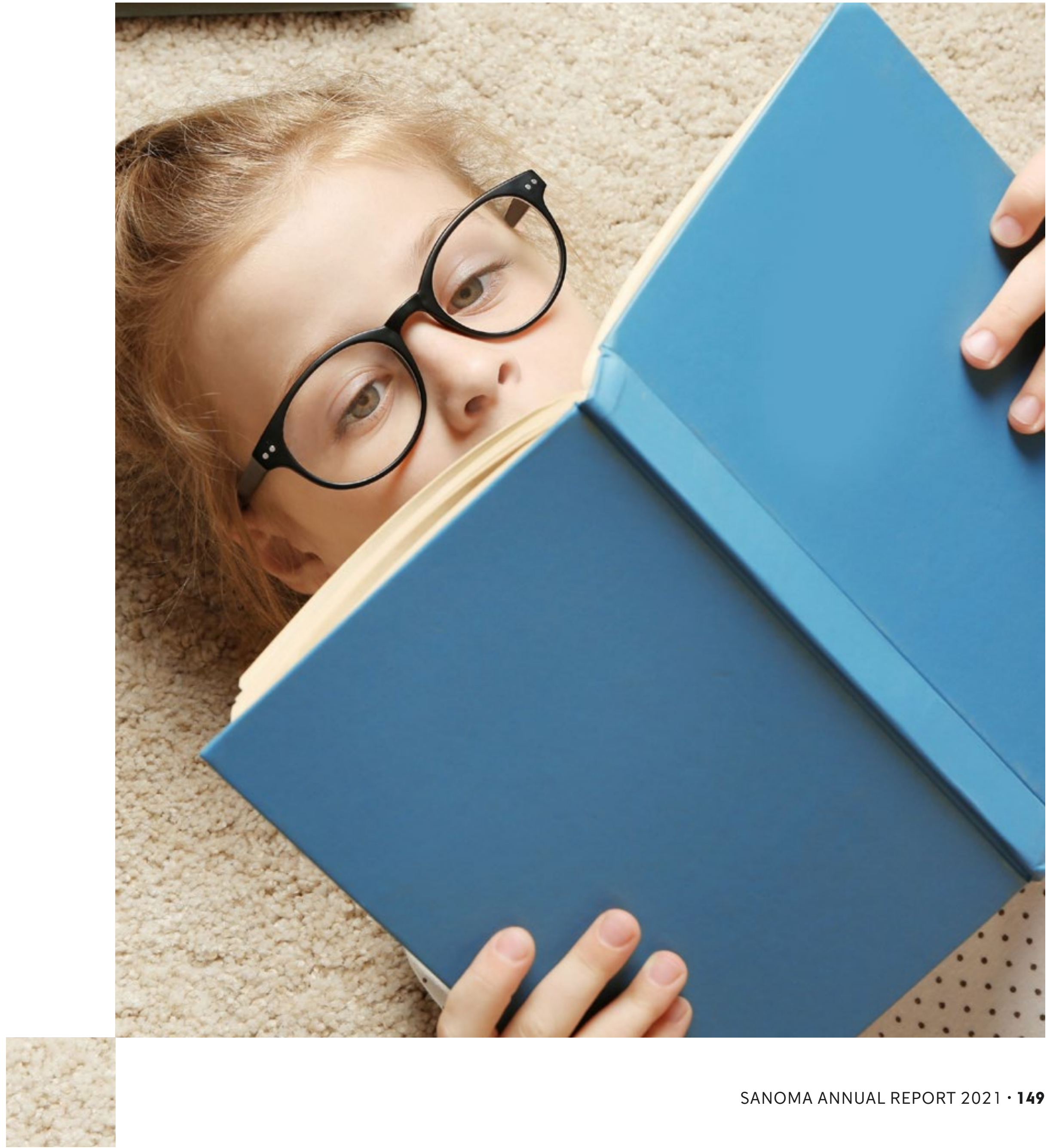
In 2021 Sanoma focused on finalising the integrations of Santillana and regional media businesses.

M&A strategy

- Continued focus on K12 learning services; ongoing consolidation driven e.g. by digitalisation in a fragmented market
- Entering new geographies and expanding the offering in current markets both in learning content and digital platforms
- Highly synergistic, bolt-on acquisitions in the media business in Finland could be considered
- Sanoma has M&A headroom of **300-400m€**

CAPEX

Sanoma's capital expenditure (cash based) mainly focuses on investments in digital platforms and ICT development in Learning. In 2021, CAPEX amounted to 42m€.



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3.1 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 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%.

IMPACT OF BUSINESS ACQUISITIONS ON GROUP'S ASSETS AND LIABILITIES

EUR million	2021	Santillana	Alma	Other	2020 Total
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	2021	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	2021	Santillana	Alma	Other	2020 Total
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**				

Acquisitions in 2020

On 30 April 2020 Sanoma completed the acquisition of Alma Media's regional news media business. The acquisition was announced on 11 February 2020 and unconditional approval of the Finnish Competition and Consumer Authority was received on 19 March 2020. Sanoma acquired 100 % of the shares of Alma Media Kustannus Oy and Alma Manu Oy.

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

The net sales of the acquired business included in the Group's consolidated income statement since acquisition from 1 May 2020 were approx. EUR 53 million and result for the period was approx. EUR 3 million.

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

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

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

Sanoma booked EUR 12 million of transaction and integration costs as items affecting comparability (IACs) in Sanoma Media Finland's 2020 result. In the income statement transaction costs are mainly included in other operating expenses.

On 31 December 2020 Sanoma acquired 100% of the shares of Santillana Spain, a leading Spanish provider of K12 learning materials, from Promotora de Informaciones S.A. (Grupo Prisa). The acquisition was announced on 19 October 2020. The acquired business is reported as part of Sanoma Learning SBU as of 31 December 2020.

Santillana Spain is a leading provider of learning materials, primarily textbooks, for primary and secondary education in Spain. It offers schools, students and parents recognised and reputable high-quality learning content under well-known brands, such as Santillana, Loqueleo and Richmond, which Sanoma has the right to use through exclusive license agreements. In total, K12 represents approx. 90% and primary education approx. 65% of Santillana Spain's net sales, offering the business high resilience over-the-cycle. Net sales of the acquired business were EUR 128 million in 2019. The 586 employees working in the acquired business became employees of Sanoma Learning as from closing.

Total assets and liabilities of Santillana are included in the Group's consolidated balance sheet on 31 December 2020. Santillana's income statement will be reported as part of Sanoma Learning SBU as of 1 January 2021.

Sanoma estimates that the acquisition will create run-rate net annual synergies of approx. EUR 4 million. The synergies are expected to be realised in full during 2022 and mainly relate to procurement, technology as well as shared operations and support functions.

Cash and debt free purchase price of the acquired business was EUR 465 million, including approx. EUR 56 million of net debt and adjustments, and it was paid at closing. The purchase price represents an EV / pro forma adjusted EBITDA 2019 multiple of 9.3. Sanoma has financed the acquisition fully with debt through two existing debt facilities: a syndicated three-year term loan of EUR 200 million with a group of ten relationship banks signed on 3 December 2020 and a committed bridge financing facility of EUR 280 million (original amount EUR 480 million) with Nordea Bank Abp and OP Corporate Bank plc of which EUR 200 million was utilised at closing. Subsequently, Sanoma will convert the bridge facility into long-term funding.

Acquisition accounting for Santillana Spain is disclosed in 2020 financial statements as provisional and subject to changes. The final purchase price of EUR 409 million has been allocated to identified net assets which include trademarks, customer relationships and inventory with the remaining residual accounted for as goodwill. The goodwill is attributable mainly to the skills of Santillana's work force and the synergies expected to be achieved from integrating the company into the Sanoma Learning business.

Sanoma booked EUR 5 million of transaction costs as items affecting comparability (IACs) in Sanoma Learning's 2020 result. In the income statement transaction costs are included in other operating expenses.

On 1 December 2020 Sanoma Media Finland acquired media sales operations of Four Partners.

Net sales of Sanoma Group would have totalled approx. EUR 1 196 million and result for the period approx. EUR 256 million, if acquisitions had taken place at the beginning of the year 2020.

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

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

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

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Divestments in 2021

Sanoma had no divestments in 2021.

IMPACT OF DIVESTMENTS ON GROUP'S ASSETS AND LIABILITIES

EUR million	**2021**	**SMN**	**Oikotie**	**Other**	**2020 Total**
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 paid		-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	**2021**	**SMN**	**Oikotie**	**Other**	**2020 Total**
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

Divestments in 2020

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

In total, the divestment resulted in a non-cash capital loss of EUR 107 million (incl. divestment-related transaction costs), of which EUR 105 million was booked in discontinued operations' 2019 result and EUR 2 million in 2020 result.

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

On 16 July 2020 Sanoma Media Finland divested Oikotie Ltd, a leading online classifieds player in Finland, to Schibsted, the leading player within marketplaces in the Nordics. The agreed enterprise value (EV) of Oikotie was EUR 185 million, corresponding to an EV/EBITDA multiple of 19.6 (based on 2019 pro forma EBITDA). The divestment concluded the evaluation of strategic options for Oikotie, which was announced on 11 February 2020.

Oikotie is included in Sanoma’s financial reporting until 31 July 2020. Related to the transaction, Sanoma booked a non-cash capital gain of EUR 165 million including divestment-related transaction costs of EUR 2 million in Sanoma Media Finland’s 2020 result.

On 27 August 2020 Sanoma divested itslearning Inc.

3.2 Assets held for sale and 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 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	2021	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	2021	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	2021	2020
Current trade and other receivables		0.4
Total		0.4

LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

EUR million	2021	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

3.3 Intangible assets

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		-0.5
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		-932.1
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**

INTANGIBLE ASSETS 2020

EUR million	Goodwill	Immaterial rights	Prepublication rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	562.9	394.8	334.3	444.5	18.4	1,754.8
Increases		52.7	24.7	30.2	6.1	113.7
Acquisitions of operations	262.9	86.6	68.1	174.9		592.6
Decreases		-55.9	-0.5	-0.2		-56.6
Disposal of operations	-16.4	-0.7		-8.4	-0.7	-26.2
Reclassifications	0.0	-2.2		2.5	-0.6	-0.3
Transfer to assets held for sale			-1.2	-3.0		-4.2
Exchange rate differences	0.3	-0.6	-2.0	-0.8	-0.2	-3.3
Acquisition cost at 31 Dec	809.7	474.7	423.5	639.7	23.0	2,370.5
Accumulated amortisation and impairment losses at 1 Jan	-57.1	-293.5	-268.4	-186.7		-805.8
Decreases, disposals and acquisitions		53.4	-56.7	-0.9		-4.2
Amortisation for the period		-61.3	-20.9	-42.1		-124.2
Impairment losses for the period		-1.7	-0.3	-0.1		-2.0
Reclassifications		0.1		-0.6		-0.4
Transfers to assets held for sale			0.6	1.5		2.1
Exchange rate differences		0.2	1.8	0.4		2.4
Accumulated amortisation and impairment losses at 31 Dec	-57.1	-302.7	-343.9	-228.4		-932.1
Carrying amount at 31 Dec	**752.7**	**171.9**	**79.6**	**411.2**	**23.0**	**1,438.4**

Immaterial rights include film and TV broadcasting rights amounting to EUR 15.5 million (2020: 14.7) and e.g. purchase price allocated 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, 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 4.3 million (2020: 2.0) were recognised from intangible assets with definite useful lives, of which EUR 2.4 million related to Sanoma Learning strategic business unit (SBU) (2020: 0.5) and EUR 1.9 million related to the Sanoma Media Finland SBU (2020: 1.6). There were no impairments recognised from corporate intangible assets.

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.

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	2021	2020
Sanoma Learning	646.0	645.4
Sanoma Media Finland	107.3	107.3
CGUs, total	**753.3**	752.7

Impairment losses recognised from goodwill

Impairment losses recognised related to continuing operations amounted to EUR 0.6 million in the financial year (2020: 0.0).

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 TERMINAL GROWTH RATE USED IN CALCULATION OF THE RECOVERABLE AMOUNT

%	2021	2020
Sanoma Learning	1.4	1.0
Sanoma Media Finland	-1.2	-1.1

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 somewhat more negative than last year. The terminal growth rate for the Sanoma Learning CGU is somewhat higher than last year based on review and projections of the various curriculum cycles across its Footprint markets. Management has also estimated the expected effects of new reforms and potential industry developments.

THE DISCOUNT RATE USED IN CALCULATION OF THE RECOVERABLE AMOUNT

%	2021 Post-tax	2020 Post-tax
Sanoma Learning	5.8	5.1
Sanoma Media Finland	5.6	5.1

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.

Sensitivity analysis of the impairment testing

The amount by which the CGU's recoverable amount exceeds its carrying amount has been assessed as 0%, 1–5%, 6–10%, 11–20%, 21–50% and over 50%, and is presented in the following table for the two CGUs:

EXCESS OF RECOVERABLE AMOUNT IN RELATION TO CARRYING AMOUNT

%	2021	2020
Sanoma Learning	over 50	over 50
Sanoma Media Finland	over 50	over 50

For the Sanoma Learning SBU, the critical key assumptions are the development of profitability and the discount rate. According to management's estimate, the carrying amount of the segment exceeds the recoverable amount if EBITDA falls 30% below the planned level each year, or if the post-tax discount rate rises above 11.7%. These estimates exclude simultaneous changes in other variables.

For the Sanoma Media Finland SBU, the critical key assumptions are the development of profitability and the discount rate. According to management's estimate, the carrying amount of the SBU exceeds the recoverable amount if EBITDA falls 45% below the planned level each year, or if the post-tax discount rate rises above 24.8%. These estimates exclude simultaneous changes in other variables.

The coronavirus pandemic has impacted, and is expected to continue to impact, certain parts of Sanoma's business. For its own part, the Group's well-balanced business portfolio mitigates the impacts to a certain extent. In Sanoma Learning, no major impacts on net sales and profitability are currently expected due to the pandemic. In Media Finland, the coronavirus pandemic has a material impact on the events business and the organising of live events was impacted by restrictions during the June–August high season. The organised festivals were corresponding to approximately half of full festival and events portfolio. In addition, uncertainty and low visibility have characterised advertising demand and this is expected to continue.

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

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
Acquisition of operations							
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		0.1
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**

PROPERTY, PLANT AND EQUIPMENT 2020

EUR million	Land and water	Buildings and structures	Machinery and equipment	Rental books	Other tangible assets	Advance payments	Total
Acquisition cost at1 Jan	0.6	18.2	199.6	49.2	20.4	1.1	289.0
Increases		0.0	3.3	10.7	1.8	1.3	17.2
Acquisition of operations		1.6	5.4		0.0	0.0	7.1
Decreases		-0.1	-1.8		0.0		-1.8
Disposal of operations			-0.4		0.0	-0.4	-0.8
Reclassifications			2.3		0.3	-1.3	1.3
Transfer to assets held for sale			0.0				0.0
Exchange rate differences		-0.1	-0.4		-0.1	0.0	-0.6
Acquisition cost at 31 Dec	0.6	19.7	207.9	59.8	22.5	0.8	311.3
Accumulated depreciation and impairment losses at 1 Jan		-11.3	-180.5	-6.4	-12.8		-210.9
Decreases, disposals and acquisitions		-0.2	-2.4		-0.1		-2.8
Depreciation for the period		-0.3	-7.1	-13.2	-1.9		-22.5
Impairment losses for the period	-0.1	-0.5	0.0				-0.6
Reclassifications		0.0	-1.1		0.0		-1.1
Transfer to assets held for sale			0.0				0.0
Exchange rate differences	0.0	0.0	0.4		0.1		0.5
Accumulated depreciation and impairment losses at 31 Dec	-0.1	-12.2	-190.7	-19.6	-14.7		-237.3
Carrying amount at 31 Dec 2020	**0.4**	**7.5**	**17.2**	**40.3**	**7.7**	**0.8**	**73.9**

Right-of-use assets

DEPRECIATION OF RIGHT-OF-USE ASSETS, CONTINUING OPERATIONS

EUR million	2021	2020
Depreciation for the period		
Buildings	-24.6	-23.6
Machinery	-2.9	-1.9
Vehicles	-3.2	-2.9
Total	**-30.7**	**-28.3**

CARRYING AMOUNT OF RIGHT-OF-USE ASSETS

EUR million	31 Dec 2021	31 Dec 2020
Carrying amount		
Buildings	129.2	156.8
Machinery	21.3	24.1
Vehicles	4.8	5.8
Total	**155.2**	**186.7**

Additions to the right-of-use assets in continuing operations during the 2021 financial year were EUR 4.0 million (2020: 5.0).

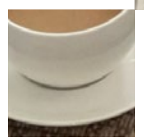
The group's leasing activities

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.

4. Working capital and other balance sheet items



4.1 Inventories

EUR million	2021	2020
Materials and supplies	7.3	6.5
Work in progress	3.0	2.8
Finished products/goods	24.1	35.4
Other	1.3	1.1
Total	**35.7**	45.8

EUR 1.2 million (2020: 0.4) was recognised as impairment in the financial year. The carrying amount of inventories was written down to reflect their net realisable value.

4.2 Trade and other receivables, non-current

EUR million	2021	2020
Financial assets at amortised cost		
Loan receivables	0.8	0.4
Other receivables	1.1	1.1
Accrued income	2.0	
Net defined benefit pension assets [1]	27.6	13.8
Total	**31.5**	15.3

[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	2021	2020
Financial assets at amortised cost		
Trade receivables[1]	79.1	85.8
Other receivables	7.5	13.7
Financial assets at fair value		
Derivatives, non-hedge accounted[2]	0.2	
Accrued income	15.2	18.4
Advance payments	2.9	1.9
Other receivables	30.6	1.2
Total	**135.7**	120.9

[1] Trade receivables, see Note 5.2
[2] Derivatives, see Note 5.2

The Group has recognised a total of EUR 1.2 million (2020: 0.6) 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 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.

4.4 Provisions

CHANGES IN PROVISIONS

EUR million	Restructuring provisions	Other provisions	Total
At 1 Jan 2021	1.2	0.5	1.7
Exchange rate differences	0.0		0.0
Increases	0.7	0.2	0.9
Amounts used	-0.6		-0.6
Unused amounts reversed		-0.5	-0.5
At 31 Dec 2021	**1.3**	**0.3**	**1.6**

CARRYING AMOUNTS OF PROVISIONS

EUR million	2021	2020
Non-current	0.5	0.8
Current	1.1	0.9
Total	**1.6**	1.7

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	2021	2020
Non-current		
Accrued expenses	1.5	2.0
Other financial liabilities at amortised cost	2.6	0.9
Total	**4.1**	2.8
Current		
Trade payables	62.4	68.7
Other liabilities	27.6	30.6
Derivatives, non-hedge accounted[1]	0.0	0.1
Accrued expenses	133.3	135.5
Advances received	0.4	0.5
Total	**223.7**	235.4
Total	**227.8**	238.3

[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 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
			0.0
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**

INVESTMENT PROPERTY 2020

EUR million	Land and water	Buildings and structures	Total
Acquisition cost at 1 Jan	8.9	5.9	14.8
Increases	0.0		0.0
Decreases	-1.2		-1.2
Acquisition cost at 31 Dec	7.7	5.9	13.6
			0.0
Accumulated depreciation and impairment losses at 1 Jan		-5.7	-5.7
Accumulated depreciation and impairment losses at 31 Dec		-5.7	-5.7
Carrying amount at 31 Dec 2020	**7.7**	**0.2**	**7.9**
Fair values at 31 Dec 2020	**19.4**	**0.2**	**19.6**

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 years 2021 and 2020, a parcel of land was sold from the area.

OPERATING EXPENSES OF INVESTMENT PROPERTY

EUR million	2021	2020
Investment property, no rental income	0.0	0.0
Total	**0.0**	0.0

RENTAL INCOME OF INVESTMENT PROPERTY

EUR million	2021	2020
Rental income of investment property	0.1	0.1

4.7 Equity-accounted investees

INTERESTS IN JOINT VENTURES AND ASSOCIATED COMPANIES

EUR million	2021	2020
Interests in joint ventures	1.4	1.2
Interests in associated companies	2.0	1.1
Total	**3.3**	2.3

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	2021	2020
Carrying amount at 1 Jan	1.2	1.1
Share of total comprehensive income	0.5	0.5
Dividends received	-0.4	-0.4
Carrying amount at 31 Dec	**1.4**	1.2

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	2021	2020
Carrying amount at 1 Jan	1.1	0.8
Share of total comprehensive income	0.4	-0.4
Dividends received	-0.1	
Increases	1.2	0.7
Other changes	-0.6	
Carrying amount at 31 Dec	**2.0**	1.1

List of equity-accounted investees, see note 6.4.

4.8 Other investments

EUR million	2021	2020
Other investments, non-current	3.8	4.0

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 34.5 million (2020: 30.0).

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 companies, 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 delegate 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 delegate 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	2021	2020
Current service costs	-1.9	-1.8
Net interest	0.0	0.0
Past service cost	-0.2	-0.4
Administration costs	-0.1	-0.1
Total	**-2.3**	-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	2021	2020
Net defined benefit pension liabilities	5.9	7.4
Net defined benefit pension assets	27.6	13.8
Net defined benefit pension liability (asset) total	**-21.7**	-6.4

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 2020	**166.2**	**-172.0**	**-5.8**
Current year service cost	1.8		1.8
Interest cost/income	0.9	-1.0	0.0
Past service cost	0.4		0.4
Effect of settlements	-1.3	1.3	
Administration cost		0.1	0.1
Total recognised in the result for the period	1.9	0.4	2.3
Remeasurement of the net defined benefit liability:			
Gains/losses arising from financial assumptions	3.5		3.5
Experience adjustments	0.7		0.7
Return on plan assets excluding interest income		-7.9	-7.9
Total recognised in other comprehensive income	4.1	-7.9	-3.8
Group companies acquired	3.8	-3.5	0.3
Group companies sold	-1.4	1.6	0.2
Contributions by the employer		0.4	0.4
Contributions by plan participants	2.8	-2.8	
Benefits paid from funds	-8.8	8.8	
31 Dec 2020	**168.7**	**-175.1**	**-6.4**

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**

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 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**

NET DEFINED BENEFIT PENSION LIABILITIES (ASSETS) IN THE BALANCE SHEET 2020

EUR million	Finland	Belgium	Total
Present value of funded obligations	154.7	14.0	168.7
Fair value of plan assets	-167.6	-7.4	-175.1
Total	**-12.9**	**6.6**	**-6.4**

The Sanoma Group's estimated contributions to the defined benefit plans for 2022 are about EUR 1.1 million.

PLAN ASSETS BY MAJOR CATEGORIES

%	2021	2020
Equity instruments	52.8	52.4
Bonds and debentures	39.7	39.1
Other items	6.9	7.6
Cash	0.7	0.9
Total	**100.0**	100.0

The fair value of plan assets included investments in Sanoma shares totalling EUR 3.8 million (2020: 3.9). 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]

%	2021	2020
Discount rate	0.8	0.4
Expected future salary increase	2.5	1.9
Expected future pension increases	1.4	0.7

[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	2021	2020
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 2021 was 14.6 years (2020: 14.8).

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

	2021		2020	
%	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	-6.3	7.1	-6.4	7.2
Expected future salary increase (0.5% movement)	0.8	-0.8	1.0	-1.0
Expected future pension increases (0.5% movement)	6.7	-6.3	6.7	-6.2
Future mortality (1 year movement)	4.1	-3.9	4.0	-3.8

5. Capital structure and financial items

616m€

Interest-bearing net debt

In March 2021 Sanoma issued a 200m€ senior unsecured bond. The offering was allocated to approx. 65 investors and attracted, in particular, impact and ESG investors.

LONG-TERM FINANCIAL TARGETS

	Target	31 Dec 2021
Net debt / adj.EBITDA	<3.0	2.4
Equity ratio	35-45%	40.6%
Dividend	Increasing dividend, 40–60% of free cash flow	55%

5.1 Financial liabilities and lease liabilities

EUR million	2021	2020
Non-current financial liabilities at amortised cost		
Loans from financial institutions	224.2	299.5
Bonds	198.7	
Lease liabilities	133.5	163.2
Other liabilities	9.3	18.2
Total	**565.7**	480.9
Current financial liabilities at amortised cost		
Loans from financial institutions	75.0	249.6
Commercial papers		15.4
Lease liabilities	28.1	29.4
Other liabilities	0.0	0.0
Total	**103.1**	294.4
Total	**668.8**	775.3

Fair values of loans from financial institutions and other liabilities are close to their carrying values.

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 2020	221.3	398.4	161.0	780.7	10.7	791.4
Cash flows	100.0	-125.8	-29.4	-55.2	-4.2	-59.4
Acquisition of operations			54.1	54.1	9.2	63.3
Exchange rate differences			-0.2	-0.2	-0.1	-0.3
Other non-cash movements	-3.7	-7.7	7.3	-4.0	-9.3	-13.3
At 31 Dec 2020	**317.7**	**265.0**	**192.7**	**775.3**	**6.4**	**781.7**
Transfer to liabilities related to assets held for sale			-0.1	-0.1		
In the balance sheet 31 Dec 2020	**317.7**	**265.0**	**192.6**	**775.3**	**6.4**	**781.7**
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**

Includes continuing and discontinued operations

Total cash flow for leases was EUR -39.8 million in 2021 (2020: -37.1). For more information on Group's lease activities, please see Note 3.4.

Loans from financial institutions

In 2021 the Group's loans from financial institutions consisted of two term loans; EUR 100 million drawn in 2019, of which EUR 50 million is booked in current liabilities, and EUR 200 million drawn in December 2020, of which EUR 25 million is booked in current liabilities. The bridge loan of EUR 200 million outstanding at the end of 2020 was repaid with a EUR 200 million bond issued in March 2021. Loans are valued at amortised cost.

The average interest rate for loans (excluding leases) during the financial year was 1.1% (2020: 0.8%, 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 was no commercial paper outstanding at the end of 2021.

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%. The leverage target was updated from 2.5 to 3.0 in December 2020 based on the growing contribution of the more stable and resilient learning business in the Group's earnings.

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 financial 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 2021 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	2021	2020
Floating-rate loans	299.2	565.4
Fixed-rate loans	198.7	
Total	**497.9**	565.4
Average duration, years	1.1	0.3
Average interest rate, %	1.2	1.0
Interest sensitivity, EUR million[1]	1.3	2.6

[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 against transaction risk related to their business operations in accordance with the Group Treasury Policy. The majority of the transaction risk in 2021 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 0.1 million (2020: 0.3 increase). If the currencies strengthened by 10% against the euro, financial expense would increase by EUR 0.1 million (2020: 0.3 decrease). 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 13.5% (2020: 14.1%) 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 15.4 million (2020: 13.6). If all reporting currencies had been 10% stronger against the euro, the Group net sales would have increased by EUR 18.8 million (2020: 16.6). 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 2021, 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 7.8 million (2020: 2.7). 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	2021	2020
Forward currency exchange contracts - Outside hedge accounting		
Positive fair values	0.2	
Negative fair values	0.0	-0.1
Total	**0.2**	-0.1

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 0.2 million (2020: 0.1 liability).

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 did not have any material impact on the funding sources or general availability of liquid funds for Sanoma in 2021.

THE GROUP'S FINANCING PROGRAMMES IN 2021

EUR million	Amount of limits	Unused credit lines
Syndicated RCF	300.0	300.0
Syndicated term loan	300.0	
Bond	200.0	
Commercial paper programmes	1,100.0	1,100.0
Current account limits	47.0	47.0

In October 2020 Sanoma signed a EUR 480 million bridge loan agreement with two relationship banks for the planned Santillana Spain acquisition. This was subsequently partly converted into EUR 200 million syndicated term loan with a group of ten relationship banks in December 2020. The maturity of the term loan was initially 3 years, but in November 2021 it was extended by one year to mature in 2024. The loans were fully used for the acquisition of Santillana Spain in December 2020. In March 2021 the remaining bridge loan facility was repaid via a EUR 200 million bond issue. The arrangement fees and expenses incurred are netted off against the book value of the bond and will be amortised over the life of the new bond.

Sanoma also has 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 has 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 has a maturity of five years and is available for general corporate purposes. During 2021 it was fully unused.

The Group's financing agreements include customary covenants related to factors such as the use of pledges and mortgages, disposals of assets and key financial ratios. In 2021 the Group fulfilled the requirements of all covenants.

sanoma

OUR BUSINESSES IN BRIEF

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GOVERNANCE

FINANCIAL LIABILITIES

	2021				2020			
EUR million	**Carrying amount**	**Cashflow[1]**	**Undrawn from limits**	**Total**	**Carrying amount**	**Cashflow[1]**	**Undrawn from limits**	**Total**
Loans from financial institutions	299.2	307.9	300.0	607.9	549.1	557.9	300.0	857.9
Bonds	198.7	203.8		203.8				
Commercial paper programmes					15.4	15.5		15.5
Lease liabilities	161.5	161.5		161.5	192.6	192.6		192.6
Other interest-bearing liabilities	9.3	9.3		9.3	18.1	18.1		18.1
Trade payables and other liabilities [2]	90.3	90.3		90.3	100.2	100.2		100.2
Derivatives								
Inflow	-0.2	-7.9		-7.9	0.0	0.0		0.0
Outflow	0.0	7.8		7.8	0.1	0.1		0.1
Total	**758.9**	**772.8**	**300.0**	**1,072.8**	875.6	884.5	300.0	1,184.5

[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 2021

EUR million	**2022**	**2023**	**2024**	**2025**	**2026**	**2027–**	**Total**
Loans from financial institutions	78.2	77.5	152.2				307.9
Bonds	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.

MATURITY OF FINANCIAL LIABILITIES 2020

EUR million	**2021**	**2022**	**2023**	**2024**	**2025**	**2026–**	**Total**
Loans from financial institutions	253.6	77.4	227.0				557.9
Commercial paper programmes	15.5						15.5
Lease liabilities	29.4	27.3	39.7	20.6	17.8	57.8	192.6
Other interest-bearing liabilities	18.1						18.1
Trade payables and other liabilities[1]	99.9	0.2	0.2				100.2
Derivatives							
Inflow (-)	-2.6						-2.6
Outflow (+)	2.7						2.7
Total	416.6	104.9	266.9	20.6	17.8	57.8	884.5

[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.

In 2021, Sanoma has continued monitoring the potential impact of the corona virus pandemic on the expected credit losses. For the Learning SBU, management currently considers the impact of the corona virus pandemic to be very limited and not material, mainly due to the fact that the majority of the customers are B2B customers funded by state, regional or municipal governments. With respect to Sanoma Media Finland's B2B customer receivables there has not been any significant change in payment delays. The financial crisis of 2008–2009 was used as a reference point for estimating the impact of the corona virus pandemic, and the subsequent financial downturn caused by it, on the future B2B credit losses of Sanoma Media Finland. The credit losses have been adjusted to reflect the increased risk accordingly.

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

	2021				2020			
EUR million	**Gross**	**Weighted average loss rate (%)**	**Impairment**	**Net**	**Gross**	**Weighted average loss rate (%)**	**Impairment**	**Net**
Not due	57.7	0.1	0.0	57.6	54.4	0.0	0.0	54.4
Past due 1–30 days	11.8	0.6	-0.1	11.8	15.9	0.3	-0.1	15.8
Past due 31–120 days	7.7	2.7	-0.2	7.5	10.0	1.1	-0.1	9.9
Past due 121–180 days	1.0	46.3	-0.5	0.5	2.3	6.4	-0.1	2.1
Past due 181–360 days	0.4	57.9	-0.2	0.2	2.8	7.6	-0.2	2.6
Past due more than 1 year	4.1	63.8	-2.6	1.5	5.2	82.6	-4.3	0.9
Total	**82.7**		**-3.6**	**79.1**	**90.6**		**-4.9**	**85.8**

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.

Capital risk management

The Group targets an equity ratio between 35% and 45% and a net debt/adjusted EBITDA ratio below 3.0 in the long term.

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 2021, the Group's equity ratio is 40.6% (2020: 37.4%) and net debt/adjusted EBITDA ratio is 2.4 (2020: 2.6).

NET DEBT

EUR million	2021	2020
Interest-bearing liabilities	668.8	775.3
Cash and cash equivalents	52.4	114.6
Total	**616.4**	660.7

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	2021	2020
Cash in hand and at bank	52.3	114.5
Deposits	0.0	0.1
Total	**52.4**	114.6

Deposits include overnight deposits and money market deposits with maturities less than three months. Average maturity is very short and the fair values do not differ significantly from the carrying amounts.

CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

EUR million	2021	2020
Cash and cash equivalents in the balance sheet	52.4	114.6
Total	**52.4**	114.6

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 2020	163,565,663	-549,140	163,016,523	71.3	-4.6	209.8	276.4
Purchase of treasury shares		-304,000	-304,000		-2.4		-2.4
Shares delivered		324,163	324,163		2.8		2.8
At 31 Dec 2020	**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**

The maximum amount of share capital cannot exceed EUR 300.0 million (2020: 300.0). The share has no nominal value and no accountable par is in use. The shares have been fully paid.

Treasury 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 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). In 2020, Sanoma delivered a total of 324,163 Sanoma shares held by the company to 183 employees of the Group based on Performance Share Plan 2017-2019 (without consideration and after taxes). At the end of the financial year, the company held a total of 679,614 (2020: 528,977) 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.

5.5 Contingent liabilities

EUR million	2021	2020
Contingencies for own commitments		
Pledges	0.8	0.8
Other items	24.8	24.8
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
Total	**53.4**	55.6
Total	**79.0**	81.2

NON-CANCELLABLE MINIMUM LEASE PAYMENTS TO BE RECEIVED BY MATURITY

EUR million	2021	2020
Not later than 1 year	4.5	4.1
1–5 years	8.2	3.4
Later than 5 years	0.5	0.0
Total	**13.2**	7.5

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.

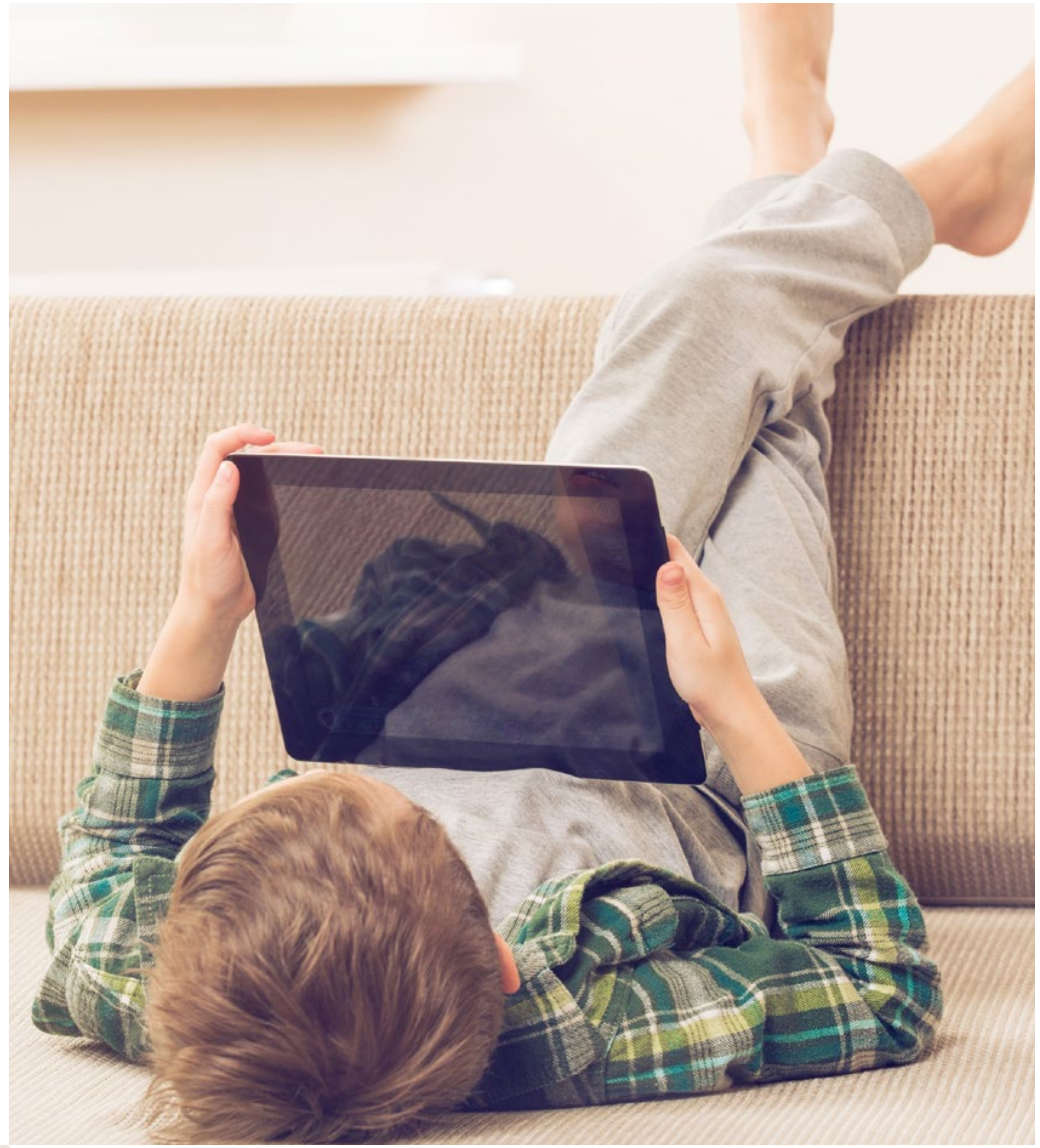
Disputes and litigations

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 approximately 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 as a liability in 2021 Financial Statements.

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

More information about the management compensation available at the Remuneration Report 2021 LEARN MORE ▶



sanoma

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GOVERNANCE

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	**2021**	**2020**	**2021**	**2020**
Sale of goods and services				
Entities controlled by management personnel	0.0	0.1		0.0
Joint ventures	0.0	0.0		
Associates	0.1	0.0	0.1	
Total	**0.1**	0.1	**0.1**	0.0
Purchase of goods and services				
Entities controlled by management personnel	0.0	-1.3		0.2
Joint ventures		0.0		
Associates	0.0	-0.1		
Total	**0.0**	-1.3		0.2

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 2017–2019 are based on adjusted earnings per share and adjusted free cash flow targets in 2017.
- 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 President and CEO and EMT members are part of Sanoma's Performance Share Plan.

In 2021, Sanoma delivered 210,363 Sanoma shares held by the company to 130 employees based on the Performance Share Plan 2018-2020 (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 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 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.

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 2017–2019	Performance Share Plan 2018–2020	Performance Share Plan 2019–2021	Performance Share Plan 2020–2022	Performance Share Plan 2021–2023	Restricted Share Plan 2019–2021	Restricted Share Plan 2021–2023	Total / Average
Initial amount, gross pcs (includes share and cash portions)	855,000	609,000	667,500	525,000	495,000	50,000	25,000	3,226,500
Initial allocation date	6.2.2017	7.2.2018	6.2.2019	6.2.2020	9.2.2021	6.2.2019	9.2.2021	
Vesting date / reward payment at the latest	30.4.2020	30.4.2021	30.4.2022	30.4.2023	30.4.2024	30.4.2022	30.4.2024	
Maximum contractual life, yrs	3.2	3.2	3.2	3.2	3.2	3.3	3.2	3.2
Remaining contractual life, yrs	Expired	Expired	0.3	1.3	2.3	0.3	2.3	1.3
Number of persons at the end of the reporting year			117	166	214	3	2	
Payment method	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 2017–2019	Performance Share Plan 2018–2020	Performance Share Plan 2019–2021	Performance Share Plan 2020–2022	Performance Share Plan 2021–2023	Restricted Share Plan 2019–2021	Restricted Share Plan 2021–2023	Total / Average
1 Jan 2020								
Outstanding at the beginning of the reporting period	**665,076**	**486,577**	**620,625**			**44,250**		**1,816,528**
Changes during the period								
Granted				516,038				516,038
Forfeited	2,094	54,377	94,359	347,300				498,130
Exercised	662,982							662,982
31 Dec 2020								
Outstanding at the end of the period	**0**	**432,200**	**526,266**	**168,738**		**44,250**	**0**	**1,171,454**
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**

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	2021	2020
Share price at grant	16.90	10.90
Share price at reporting period end	13.62	13.74
Expected dividends pa.	0.56	0.55
Fair value of the equity-settled portion at grant	14.70	8.70

EFFECT OF SHARE-BASED INCENTIVES ON THE RESULT AND FINANCIAL POSITION DURING THE PERIOD, CONTINUED OPERATIONS

EUR million	2021	2020
Expenses for the financial year, share-based payments	3.5	3.4
of which equity-settled	3.4	3.2
Liabilities arising from share-based payments at the end of the period	0.2	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 7.3 million (2020: 7.7).

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 2021, accrued cost related to this program was EUR 0.9 million (2020: 0.5). In 2021, 50% of the program was settled and the rest will be settled in 2023.

6.3 Management compensation, benefits and ownership

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 2021–2023[2]	Restricted Share Plan 2019–2021[2]	Restricted Share Plan 2021–2023[2]
Board of Directors								
Pekka Ala-Pietilä, Chairman	144	15,000						
Antti Herlin, Vice Chairman[1] (until 13 April 2021)	28	19,816,800						
Nils Ittonen, Vice Chairman	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'.

MANAGEMENT REMUNERATION AND OWNERSHIP, 2020

	Remuneration (EUR 1 000)	Number of shares on 31 December 2020	Performance and restricted share plan costs (EUR 1 000)	Number of performance shares and restricted shares: Performance Share Plan 2018–2020[2]	Performance Share Plan 2019–2021[2]	Performance Share Plan 2020–2022[2]	Restricted Share Plan 2019–2021[2]
Board of Directors							
Pekka Ala-Pietilä, Chairman	134	15,000					
Antti Herlin, Vice Chairman[1]	83	19,716,800					
Anne Brunila (until 25 March 2020)	19						
Julian Drinkall (as of 25 March 2020)	57						
Rolf Grisebach (as of 25 March 2020)	59						
Mika Ihamuotila	79	150,000					
Nils Ittonen	79	59,000					
Denise Koopmans	83						
Sebastian Langenskiöld	73	645,963					
Rafaela Seppälä	74	10,273,370					
Kai Öistämö	77	8,265					
Total	**813**	**30,868,398**					
President and CEO							
Susan Duinhoven	3,546	358,341	1,409	211,200	216,810	50,000	
Total	**3,546**	**358,341**	**1,409**	**211,200**	**216,810**	**50,000**	
Executive Management Team							
Markus Holm		55,637		22,528	26,740	9,000	
Pia Kalsta		25,574		16,192	19,513	8,200	
Rob Kolkman					31,220	11,550	27,000
Total	**2,158**	**81,211**	**477**	**38,720**	**77,473**	**28,750**	**27,000**

[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 2020–2022 to the President and CEO and EMT members is (exceptionally) the maximum number of shares that can be reached should the adjusted performance measures be fully reached. 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 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. Remuneration includes fringe benefits. 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'.

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 25 March 2020. 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 2021 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 2021 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 2021 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 principles are available in the Corporate Governance section at sanoma.com.

More information on Sanoma´s remuneration in Remuneration Report 2021.

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 2021 (2020: 87,020), and the statutory pension cost for the year 2021 was EUR 123,267 (2020: 138,909). The pension costs of EMT members were EUR 289,590 in 2021 (2020: 288,311).

6.4 Subsidiaries and equity-accounted investees

SUBSIDIARIES AT 31 DEC 2021

	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 B.V., The Netherlands	100.0		100.0	10.0
Sanoma Pro Ltd, Finland [1]	100.0		100.0	490.5
Young Digital Planet S.A., Poland	100.0		100.0	
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	
Bolster Workforce B.V., The Netherlands			100.0	
Iddink Holding B.V., The Netherlands			100.0	
Uitgeverij Essener B.V., The Netherlands			100.0	
Subsidiary of Sanoma Trade Oy				
Forum Cinemas Ltd, Ukraine			100.0	
Subsidiaries of Sanoma B.V.				
Independent Media Holding B.V., The Netherlands			100.0	
Sanoma Media Deutschland GmbH, Germany			100.0	
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	
Savon Paino Oy, Finland		100.0	100.0	
Routa Markkinointi Oy, Finland		100.0	100.0	
Nelonen Media Live 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	
GAGS Media 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	
Subsidiaries of Sanoma Educación S.L.				
Grup Promotor D´Ensenyement i Difusió en Catalá, 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 Ltd, United Kingdom			100.0	
itslearning UK Ltd, United Kingdom			100.0	
itslearning AB, Sweden			100.0	
itslearning GmbH, Germany			100.0	
itslearning France SA, France			100.0	

[1] Parent Company of sub group

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	Parent Company holding, %	Sub-group's Parent Company holding, %	Group holding,%	Book value in Parent Company, EUR million
itslearning Nederland BV, The Netherlands			100.0	
itslearning A/S, Denmark			100.0	
itslearning München GmbH, Germany			100.0	
itslearning Oy, Finland			100.0	
Subsidiary of Nowa Era Sp. z.o.o.				
Vulcan Sp. z.o.o., Poland			100.0	
Subsidiary of Iddink Holding B.V.				
Iddink Group B.V., The Netherlands			100.0	
Subsidiaries of Iddink Group B.V.				
De Rode Planet B.V., The Netherlands			100.0	
Iddink Digital B.V., The Netherlands			100.0	
Iddink Learning Materials B.V., The Netherlands			100.0	
Iddink Spain Srl, Spain			100.0	
The Implementation Group B.V., The Netherlands			100.0	
SBDC BvbA, Belgium			100.0	
Subsidiary of Iddink Spain Srl				
Clickart, Taller De Comunicacio, S.L., Spain			67.3	
				632.6

In 2021 Sanoma did not have subsidiaries with material non-controlling interests. Total non-controlling interest reported in the balance sheet 31 Dec 2021 is EUR 7.2 million (2020: 19.7).

EQUITY-ACCOUNTED INVESTEES AT 31 DEC 2021

	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	
Hearst Independent Media Distribution B.V., The Netherlands			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	
PilkkuTaksi Oy, Finland		2.8	2.8	
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

On 3 January 2022, Sanoma Media Finland 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's products will continue at Savon Paino with long-term contracts. The transaction does not have a material financial impact on the Group.

Parent Company Financial Statements

Parent Company income statement, FAS

EUR million	Note	2021	2020
Other operating income	2	85.3	93.9
Personnel expenses	3	-26.3	-21.7
Depreciation, amortisation and impairment losses	7–9	-3.0	-277.1
Other operating expenses	4	-67.7	-82.6
OPERATING PROFIT (LOSS)		**-11.7**	-287.5
Financial income and expenses	5	165.0	286.6
RESULT BEFORE APPROPRIATIONS AND TAXES		**153.3**	-0.9
Appropriations	13	46.0	47.3
Income taxes	6	-8.3	-6.9
RESULT FOR THE YEAR		**191.0**	39.6

Parent Company balance sheet, FAS

Assets

EUR million	Note	2021	2020
NON-CURRENT ASSETS			
Intangible assets	7	6.7	6.1
Tangible assets	8	7.4	11.0
Investments	9	1,324.6	1380.5
NON-CURRENT ASSETS, TOTAL		**1,338.7**	1,397.6
CURRENT ASSETS			
Short-term receivables	10	90.8	91.3
Cash and cash equivalents		32.7	95.9
CURRENT ASSETS, TOTAL		**123.4**	187.1
ASSETS, TOTAL		**1,462.2**	1,584.8

Equity and liabilities

EUR million	Note	2021	2020
SHAREHOLDERS' EQUITY	11		
Share capital		71.3	71.3
Treasury shares		-7.5	-4.3
Fund for invested unrestricted equity		209.8	209.8
Retained earnings		233.9	278.1
Profit for the year		191.0	39.6
SHAREHOLDERS' EQUITY, TOTAL		**698.4**	594.4
APPROPRIATIONS	12	**0.8**	0.7
LIABILITIES			
Non-current liabilities	13	424.5	300.4
Current liabilities	14	338.5	689.2
LIABILITIES, TOTAL		**763.0**	989.6
EQUITY AND LIABILITIES, TOTAL		**1,462.2**	1,584.8

Parent Company cash flow statement, FAS

EUR million	2021	2020
OPERATIONS		
Result for the period	191.0	39.6
Adjustments		
Income taxes	8.3	6.8
Appropriations	-46.0	-47.3
Financial income and expenses	-165.0	-286.6
Depreciation, amortisation and impairment losses	3.0	277.1
Gains / losses on sale of non-current assets	-3.1	-0.2
Other adjustments	2.9	2.1
Change in working capital		
Change in trade and other receivables	7.4	-4.0
Change in trade and other payables, and provisions	-1.8	-7.0
Dividends received and refunds of capital	159.2	285.0
Interest paid	-4.8	-4.3
Other financial items	-2.5	-3.5
Taxes paid	-10.6	-6.2
CASH FLOW FROM OPERATIONS	**138.0**	251.4

EUR million	2021	2020
INVESTMENTS		
Acquisition of tangible and intangible assets	-3.0	-3.7
Investments in group companies	-200.0	
Sales of tangible and intangible assets	6.6	1.6
Repayments of capital	20.8	
Loans granted	-5.8	-419.2
Repayments of loan receivables	231.2	327.1
Interest received	13.5	10.4
CASH FLOW FROM INVESTMENTS	**63.3**	-83.7
CASH FLOW BEFORE FINANCING	**201.2**	167.7
FINANCING		
Purchase of treasury shares	-5.0	-2.4
Change in loans with short maturity	-21.0	-331.3
Drawings of other loans	263.7	567.1
Repayments of other loans	-465.0	-277.8
Dividends paid	-84.8	-81.6
Group contributions	47.7	52.6
CASH FLOW FROM FINANCING	**-264.4**	-73.5
Change in cash and cash equivalents according to cash flow statement	**-63.2**	94.3
Net increase(+)/decrease(-) in cash and cash equivalents	**-63.2**	94.3
Cash and cash equivalents at 1 Jan	95.9	1.6
Cash and cash equivalents at 31 Dec	**32.7**	95.9

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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.

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.

2. Other operating income

EUR million	2021	2020
Technology management fee	12.9	12.2
Other management and service fees	61.3	54.7
Rental income	0.1	0.1
Capital gains	3.2	0.2
Other	7.8	26.7
Total	**85.3**	93.9

3. Personnel expenses

EUR million	2021	2020
Wages, salaries and fees	-22.8	-18.7
Pension costs	-2.9	-2.4
Other social expenses	-0.6	-0.6
Total	**-26.3**	-21.7
Average number of employees (full-time equivalents)	198	177

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.

4. Other operating expenses

EUR million	2021	2020
Office and ICT expenses	-51.1	-56.6
Professional fees	-10.7	-21.6
Rents	-0.8	-0.8
Other	-5.1	-3.7
Total	**-67.7**	-82.6

PRINCIPAL AUDIT FEES

EUR million	2021	2020
Statutory audit	-0.4	-0.4
Total	**-0.4**	-0.4

5. Financial income and expenses

EUR million	2021	2020
Dividend income		
From Group companies	159.2	285.0
Total	**159.2**	285.0
Interest income from investments under non-current assets		
From Group companies	13.2	8.1
Total	**13.2**	8.1
Other interest and financial income		
From Group companies	0.3	0.2
From other companies	0.0	0.1
Exchange rate gains	2.1	2.1
Total	**2.4**	2.4
Interest and other financial expenses		
To Group companies	-0.1	-0.1
To other companies	-7.6	-7.0
Exchange rate losses	-2.2	-1.9
Total	**-9.8**	-8.9
Total	**165.0**	286.6

6. Income taxes

EUR million	2021	2020
Income tax on operational income	-8.3	-7.2
Income taxes from previous periods	0.0	0.4
Total	**-8.3**	-6.9

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7. Intangible assets

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**

INTANGIBLE ASSETS 2020

EUR million	Immaterial rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	2.8	11.8	2.2	16.7
Increases		2.0	1.3	3.3
Decreases		-0.2		-0.2
Reclassifications		1.5	-1.5	
Acquisition cost at 31 Dec	2.8	15.0	2.0	19.9
Accumulated amortisation and impairment losses at 1 Jan	-2.7	-9.3		-12.0
Amortisation for the period	-0.1	-1.7		-1.8
Accumulated amortisation and impairment losses at 31 Dec	-2.8	-11.0		-13.8
Book value at 31 Dec 2020	**0.0**	**4.0**	**2.0**	**6.1**

8. Tangible assets

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**

TANGIBLE ASSETS 2020

EUR million	Land and water	Buildings and structures	Machinery and equipment	Other	Advance payments	Total
Acquisition cost at 1 Jan	10.9	0.3	3.1	0.3		14.6
Increases			0.1		0.4	0.5
Decreases	-1.2					-1.2
Acquisition cost at 31 Dec	9.7	0.3	3.2	0.3	0.4	13.8
Accumulated depreciation and impairment losses at 1 Jan		-0.1	-2.7			-2.8
Depreciation for the period		0.0	-0.1			-0.1
Accumulated depreciation and impairment losses at 31 Dec		-0.1	-2.8			-2.9
Book value at 31 Dec 2020	**9.7**	**0.2**	**0.4**	**0.3**	**0.4**	**11.0**

9. Investments

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.

INVESTMENTS 2020

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	821.7	0.2	5.4	2,010.9
Increases		100.7			100.7
Decreases				-0.1	-0.1
Acquisition cost at 31 Dec	1,183.5	922.4	0.2	5.3	2,111.5
Accumulated impairment losses at 1 Jan	-455.0			-0.8	-455.8
Impairment losses for the period	-275.1				-275.1
Accumulated impairment losses at 31 Dec	-730.2			-0.8	-731.0
Book value at 31 Dec 2020	**453.4**	**922.4**	**0.2**	**4.5**	**1,380.5**

Impairment losses recognised from interest in Group companies in the financial year amounted to EUR 0.0 million (2020: 275.1).

10. Short-term receivables

EUR million	2021	2020
Trade receivables	6.5	10.5
Loan receivables	29.2	19.7
Accrued income[1]	55.0	61.2
Total	**90.8**	91.3
Receivables from Group companies		
Trade receivables	6.5	8.5
Loan receivables	29.2	19.7
Accrued income	49.9	52.4
Total	**85.6**	80.6

[1] Most significant items under accrued items are the Group contributions and interest income accruals.

11. Shareholders' equity

EUR million	2021	2020
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	-4.3	-4.6
Purchase of treasury shares	-5.0	-2.4
Shares delivered	1.7	2.8
Treasury shares at 31 Dec	-7.5	-4.3
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	317.7	358.8
Dividends paid	-84.8	-81.6
Share-based compensation	1.7	1.6
Shares delivered	-0.6	-0.8
Retained earnings at 31 Dec	233.9	278.1
Profit (loss) for the year	191.0	39.6
Unrestricted equity 31 Dec	**627.2**	523.1
Total	**698.4**	594.4

Further information on share capital is presented in Note 5.4 to the Financial Statements.

DISTRIBUTABLE EARNINGS

EUR million	2021	2020
Treasury shares	-7.5	-4.3
Fund for invested unrestricted equity	209.8	209.8
Retained earnings	233.9	278.1
Profit (loss) for the year	191.0	39.6
Total	**627.2**	523.1

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OUR BUSINESSES IN BRIEF

SUSTAINABILITY

FINANCIALS

Report of the Board of Directors

Consolidated Financial Statements

Parent Company Financial Statements

Boards proposal for distribution of profits

Signatures of the Board

Auditor's Report

Assurance Report on ESEF Financial Statements

Information for investors

GOVERNANCE

12. Appropriations

EUR million	2021	2020
Cumulative depreciation differences	0.8	0.7
Total	**0.8**	0.7

Appropriations in the income statement include group contributions EUR 46.0 million (2020: 47.7) and change in cumulative depreciation differences.

13. Non-current liabilities

EUR million	2021	2020
Debentures	199.4	
Loans from financial institutions	225.0	300.0
Accrued expenses	0.0	0.4
Total	**424.5**	300.4

14. Current liabilities

EUR million	2021	2020
Loans from financial institutions	75.0	250.0
Commercial papers		15.4
Trade payables	10.5	13.2
Accrued expenses[1]	13.6	14.3
Other liabilities	239.3	396.3
Total	**338.5**	689.2
Liabilities to Group companies		
Trade payables	1.2	3.4
Accrued expenses	0.7	0.5
Other liabilities[2]	239.2	396.3
Total	**241.0**	400.1

[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.

15. Contingent liabilities

EUR million	2021	2020
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	195.1	194.6
Total	**195.1**	194.6
Other liabilities	6.3	7.3
Total	**6.3**	7.3
Total	**216.4**	216.9

NOMINAL VALUES OF DERIVATIVES

EUR million	2021	2020
Currency derivatives		
Forward exchange contracts, external	7.8	2.7
Forward exchange contracts, internal	-0.1	
Total	**7.8**	2.7

FAIR VALUES OF DERIVATIVES

EUR million	2021	2020
Currency derivatives		
Forward exchange contracts, external	0.1	-0.1
Total	**0.1**	-0.1

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 2021 were EUR 417,417,574.45 of which the profit for the financial year 2021 was 190,990,957.46 and treasury shares -7,497,948.50. Including the fund for non-restricted equity of EUR 209,767,212.33 the distributable funds amounted to EUR 627,184,786.78 at 31 December 2021.

The Board of Directors will propose to the Annual General Meeting that

▪ a dividend of EUR 0.54 per share shall be paid	EUR 87,958,466.46[1]
▪ shareholders' equity shall be set at	EUR 539,226,320.32

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 two instalments. The first instalment of EUR 0.27 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 11 April 2022. The payment date proposed by the Board of Directors for this instalment is 20 April 2022.

The second instalment of EUR 0.27 per share shall be paid in November 2022. 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 26 October 2022. The dividend record date would then be on or about 28 October 2022 and the dividend payment date on or about 4 November 2022.

Signatures of the Board

Helsinki, 10 February 2022

Pekka Ala-Pietilä
Chairperson

Nils Ittonen
Vice Chairperson

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, 28 February 2022

PricewaterhouseCoopers Oy
Authorized Public Accountants

Samuli Perälä
APA

Auditor’s Report

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 2021. 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.

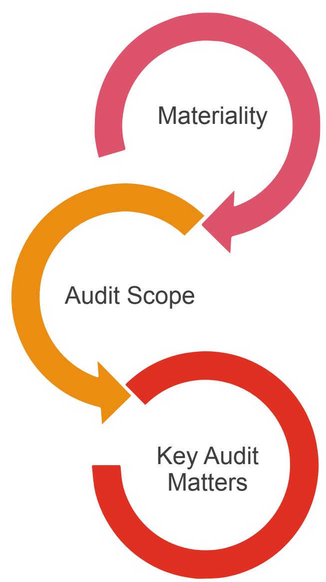
Independence

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 8 900 000 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	8 900 000 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 2021 Sanoma Group includes two reportable segments: Sanoma Media Finland and Sanoma Learning. Sanoma Learning's main markets are Poland, the Netherlands, Finland, Belgium, Sweden and Spain. We have scoped our audit to obtain sufficient audit coverage of 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 mattera
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, 2021, Goodwill amounted to EUR 753 million. Other intangible assets and immaterial rights amounted to EUR 553 million including other intangible assets identified in business combinations. 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 107 million • Sanoma Learning, goodwill of EUR 646 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 involved our valuation experts to test 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.

Valuation prepublication rights included in intangible assets	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 31, 2021, prepublication rights amount to EUR 95 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 1 252 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 parent company	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 633 million. The Parent Company's investments include also EUR 687 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 involved our valuation experts to assess 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 skepticism 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, 28 February 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)

Independent Auditor's Reasonable Assurance Report on Sanoma Corporation's ESEF Financial Statements (Translation)

To the Management of Sanoma Corporation

We have been engaged by the Management of Sanoma Corporation (business identity code 1524361-1) (hereinafter also "the Company") to perform a reasonable assurance engagement on the Company's consolidated IFRS financial statements for the financial year 1.1.-31.12.2021 in European Single Electronic Format ("ESEF financial statements") version 743700XJC24THUPK0S03-2021-12-31-fi.zip.

Management's Responsibility for the ESEF Financial Statements

The Management of Sanoma Corporation is responsible for preparing the ESEF financial statements so that they comply with the requirements as specified in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF requirements"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of ESEF financial statements that are free from material noncompliance with the ESEF requirements, whether due to fraud or error.

Our Independence 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.

Our firm applies International Standard on Quality Control 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.

Our Responsibility

Our responsibility is to express an opinion on the ESEF financial statements based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable 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. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the ESEF financial statements are free from material noncompliance with the ESEF requirements.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the ESEF financial statements compliance with the ESEF requirements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material noncompliance of the ESEF financial statements with the ESEF requirements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's preparation of the ESEF financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, Sanoma Corporation's ESEF financial statements for the financial year ended 31.12.2021 comply, in all material respects, with the ESEF requirements.

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

Helsinki 28 February 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)

Information for investors

Annual General Meeting 2022

The Annual General Meeting 2022 will be held on Thursday, 7 April 2022 at 14:00 EET. The registration and advance voting will begin on 11 March 2022 at 10:00 EET, when the deadline for submitting counterproposals to be put to a vote has expired.

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 0.54 per share shall be paid in two instalments.

First instalment of EUR 0.27 per share

- Record date Monday, 11 April 2022
- Payment date Wednesday, 20 April 2022

Second instalment of EUR 0.27 per share

- The record date and payment date shall be decided by the Board of Directors in its meeting scheduled for 26 October 2022. The dividend record date for the second instalment would then be on or about 28 October 2022 and the dividend payment date on or about 4 November 2022.

Financial reporting in 2022

Sanoma will publish the following financial reports 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

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

Corporate Governance Statement 2021

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.

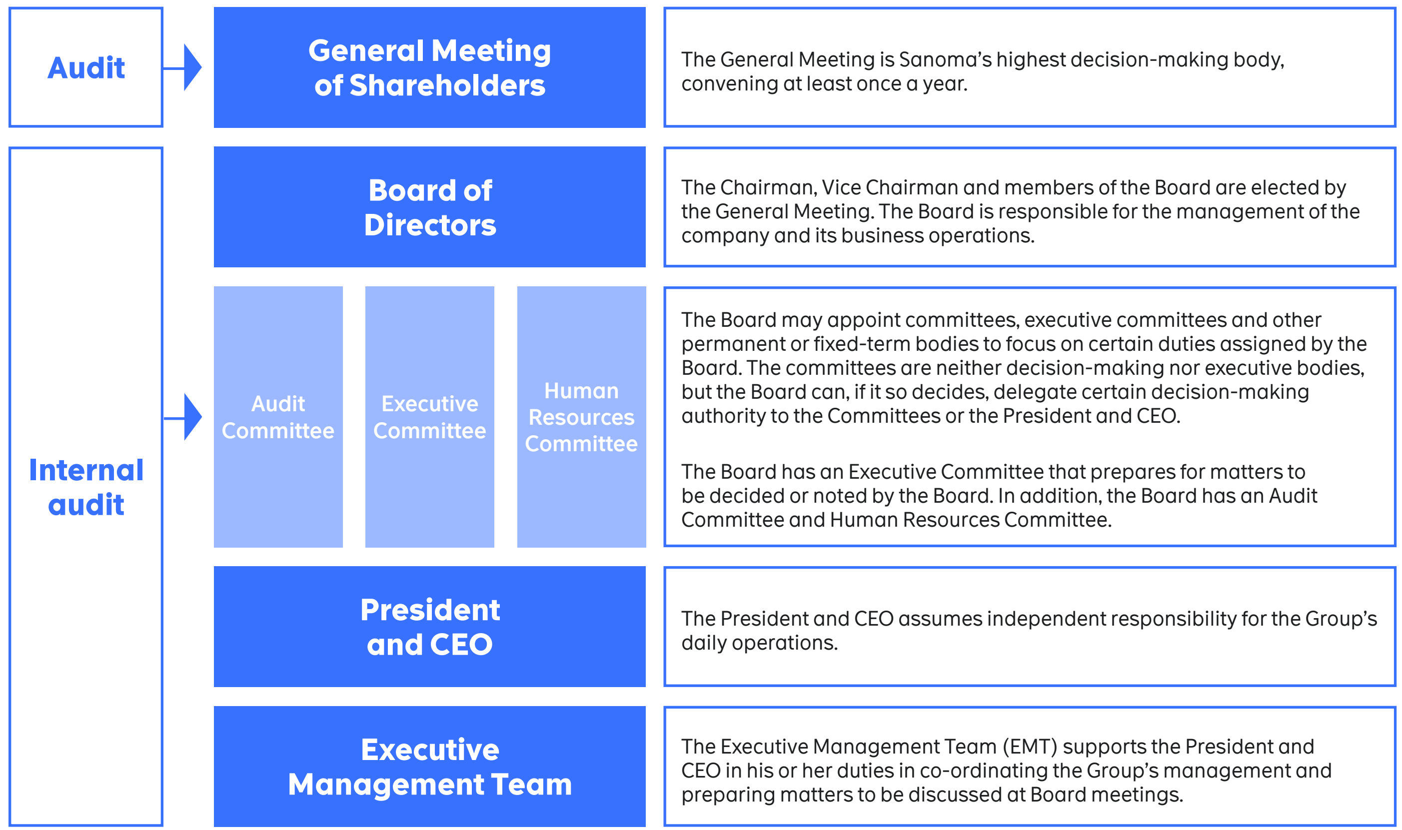
More information on the remuneration principles of the Board of Directors, the President and CEO and the Executive Management Team is available in a separate Remuneration Report, prepared in accordance with the Code.

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 Board of Directors and its committees, the President and CEO and the Executive Management Team (EMT).



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

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 Chairperson and the Vice Chairperson of the Board.

The term of a member of the Board begins at the end of the Annual General Meeting (AGM) in which he or she has been elected and expires at the end of the AGM following the election.

Sanoma has not established a Nomination Committee, but the largest shareholders of Sanoma may propose new members to the Board based on applicable rules and regulations, including the Finnish Corporate Governance Code.

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.

In order to ensure that the Board has sufficient and versatile competencies, mutually complementing experience and knowledge of the industry, the Board considers 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. Matters related to the diversity of the Board are defined in the Group's Diversity and Inclusion Policy, approved by the Board.

At the end of 2021, 33% of the Board members were women. During 2012–2020, 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 new member elected to the Board in the 2021 AGM strengthens the Board's competence and experience especially in different aspects on sustainability and sustainable business. The ages of the Board members vary between 67 and 39, the average age being 57.

Nine members were elected to the Board of Directors at the 2021 AGM. Pekka Ala-Pietilä, Julian Drinkall, Rolf Grisebach, Mika Ihamuotila, 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.

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 following pages.

SANOMA SHARES OWNED BY THE MEMBERS OF THE BOARD

	Shareholding[1]	
Board member	**31 Dec 2021**	**31 Dec 2020**
Pekka Ala-Pietilä (Chairperson)	15,000	15,000
Nils Ittonen (Vice Chairperson)	59,000	59,000
Julian Drinkall	0	0
Rolf Grisebach	0	0
Anna Herlin[2]	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
Antti Herlin[3]	19,816,800	19,716,800
Kai Öistämö[4]	8,265	8,265

[1] Shares owned by the Board members and the corporations over which the member exercises control
[2] Member of the Board since 13 April 2021
[3] Member and Vice Chairperson of the Board until 13 April 2021
[4] Member of the Board until 13 April 2021

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 (Chairperson)

- Born 1957, Finnish citizen
- Independent of the company and major shareholders
- Chairperson of the Board of Sanoma since 2016
- Board member since 2014, term ends in 2022
- Chairperson of the Executive Committee
- **Education:** M.Sc. (Econ.), D.Sc. (Tech.) h.c. and D.Sc. (Econ.) h.c.
- **Main occupation:** Huhtamäki Oyj, Chairperson 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 (Chairperson), Here Technologies (HERE Global B.V.) (Chairperson, Supervisory Board)

Nils Ittonen (Vice Chairperson)

- Born 1954, Finnish citizen
- Independent of the company, non-independent of major shareholders: Chairperson of Jane and Aatos Erkko Foundation that held 39,820,286 (24.4%) of the company's shares on 31 December 2021
- Vice Chairperson of the Board of Sanoma since 2021
- Board member since 2014, term ends in 2022
- 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 (Chairperson)

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 2022
- Chairperson of the Human Resources Committee
- **Education:** Master (Public Administration), MBA and M.A. (PPE)
- **Main occupation:** Aga Khan Schools, General Manager
- **Primary work experience:** Academies Enterprise Trust (AET), CEO 2016–2021; Alpha Plus Holding, CEO 2014–2016; Gengage 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 (Chairperson), Kindred Advisory Board (Vice-Chairperson)

Rolf Grisebach

- Born 1961, German citizen
- Independent of the company and major shareholders
- Board member since 2020, term ends in 2022
- 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 that exercises indirect control in a significant shareholder (Security Trading Oy)
- Board member since 2021, term ends in 2022
- 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 Chairperson); e2 Research (Vice Chairperson)

Mika Ihamuotila

- Born 1964, Finnish citizen
- Independent of the company and major shareholders
- Board member since 2013, term ends in 2022
- Member of the Audit Committee
- **Education:** Ph.D. (Econ.)
- **Main occupation:** Marimekko Corporation, Executive Chairperson of the Board
- **Primary work experience:** Marimekko Corporation, Chairperson of the Board and CEO 2015–2016, President and CEO and Vice Chairperson 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 Chairperson), Mannerheim Foundation (Chairperson)
- **Other positions of trust:** Foundation for Economic Education

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 2022
- Chairperson 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; Altran Group, various senior executive roles 2000–2007
- **Key board memberships:** 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 2022
- 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 2022
- 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 (Chairperson)

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,

- 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 CEOs 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 2021, the Board monitored closely the integrations of the recent acquisitions of Santillana, the leading provider of K12 learning services in Spain, completed on 31 December 2020, and the regional news media business in Finland, completed on 30 April 2020. It also continued to investigate growth opportunities in both businesses. In addition to its main duties, the Board also contributed to the implementation of the company's Sustainability Strategy, followed closely the measures taken to safeguard the company's employees and operations from the coronavirus pandemic, and discussed current trends and future needs in digitalisation.

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 2021, the Board used an external evaluator.

Board meetings

During 2021, the Board convened 14 times with an attendance rate of 100%.

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 (Chairperson)	14/14	100
Nils Ittonen (Vice Chairperson)	14/14	100
Julian Drinkall	14/14	100
Rolf Grisebach	14/14	100
Anna Herlin[1]	11/11	100
Mika Ihamuotila	14/14	100
Denise Koopmans	14/14	100
Sebastian Langenskiöld	14/14	100
Rafaela Seppälä	14/14	100
Antti Herlin[2]	3/3	100
Kai Öistämö[3]	3/3	100

[1] Member of the Board since 13 April 2021
[2] Member and Vice Chairperson of the Board until 13 April 2021
[3] Member of the Board until 13 April 202

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 Chairperson and Vice Chairperson of the Board, the President and CEO and, at the Chairperson's invitation, one or several members of the Board.

In 2021, the Executive Committee comprised Pekka Ala-Pietilä (Chairperson), Nils Ittonen and Susan Duinhoven. The Executive Committee convened 3 times in 2021, with an attendance rate of 100%.

MEMBERS' ATTENDANCE AT EXECUTIVE COMMITTEE MEETINGS

Board member	Number of meetings attended	Attendance rate, %
Pekka Ala-Pietilä (Chairperson)	3/3	100
Nils Ittonen	3/3	100
Susan Duinhoven	3/3	100
Antti Herlin[1]	1/1	100

[1] Member until 13 April 2021

Audit Commmittee

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 follow up of its progress. The Audit Committee also reviews the Corporate Governance Statement and the Group's non-financial reporting.

In 2021, the Audit Committee focused on specific deep dive themes in three of its meetings in addition to regular agenda items. The deep dive themes included procurement, internal controls, finance integrations, information security and business continuity including crises management, tax and sustainability. 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 and the company's response to the continuing coronavirus pandemic as well as its reflection to accounting, management judgement and financial reporting.

In addition to members of the Audit Committee, the company's President and CEO, CFO and COO 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 in the meetings and gives updates on auditing work conducted in between the meetings.

In accordance with its Charter, the Audit Committee consist of the Chairperson 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 2021 AGM, the Audit Committee comprised Denise Koopmans (Chairperson), 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 5 times in 2021, with an average attendance rate of 96%.

MEMBERS' ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Board member	Number of meetings attended	Attendance rate, %
Denise Koopmans (Chairperson)	5/5	100
Rolf Grisebach	5/5	100
Anna Herlin[1]	4/4	100
Mika Ihamuotila	4/5	80
Nils Ittonen	5/5	100

[1] Member since 13 April 2021

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 Chairperson 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 2021, The Human Resources Committee paid special attention to actions to mitigate the impacts of the prolonged remote work and to support the engagement and motivation of employees during the coronavirus pandemic. It also focused on preparing the change of the long-term incentive plan's performance period from one year to two years, and tracked closely the organisational development in Learning.

In addition to members of the Human Resources Committee, the company's President and CEO, CHRO and other people responsible for HR participate 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 2021 AGM, the Human Resources Committee comprised Julian Drinkall (Chairperson), 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 (Chairperson)	4/4	100
Sebastian Langenskiöld	4/4	100
Rafaela Seppälä	4/4	100
Kai Öistämö[1]	4/4	100

[1] Member and Chairperson until 13 April 2021

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 Chairperson 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 e.g.

- 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 2021, the EMT comprised the CEOs of Sanoma Media Finland and Sanoma Learning, as well as the Chief Financial Officer and Chief Operating Officer (CFO and COO) of Sanoma Group.

SANOMA SHARES OWNED BY THE PRESIDENT AND CEO AND THE MEMBERS OF EMT

	Shareholding	
EMT member	**31 December 2021**	**31 December 2020**
Susan Duinhoven (Chairperson)	459,160	358,341
Markus Holm	67,389	55,637
Pia Kalsta	23,303	25,574
Rob Kolkman	0	0

Members of the Executive Management Team

Rob Kolkman, Susan Duinhoven, Markus Holm, Pia Kalsta

Susan Duinhoven, President and CEO

- Born 1965, Dutch citizen
- Chairperson 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 Chairperson 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

Markus Holm, CFO and COO

- Born 1967, Finnish citizen
- Member of the EMT since 2017
- **Education:** M.Sc. (Econ.)
- **Work experience:** Metsä Board Corporation, CFO 2014–2016; Metsä Tissue Corporation, CFO 2008–2013; GlaxoSmithKline Oy, Finance and ICT Director 2005–2008; Huhtamaki Group, various managerial positions in finance, treasury, global sourcing and investor relations in 1994– 2004 in Finland and 1999–2002 in Brazil

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
- **Key board memberships:** Orion Corporation

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

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 2021, 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 2021 is available in Financial Statements 2021, 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 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 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 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 2021.

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 on 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 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 2021 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	**2021**	**2020**	**2021**	**2020**
Fees paid for audit services	1.2	1.0	0.4	0.4
Fees paid for non-audit services	0.1	0.5	0.1	0.0

Remuneration Report 2021

This Remuneration Report sets out how Sanoma has implemented its Remuneration Policy in 2021. The report includes information concerning the remuneration of the Board of Directors and the President and CEO of Sanoma in the period 1 January–31 December 2021. 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) 2022. 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 2022 certain changes to Sanoma's Remuneration Policy. The changes include lengthening the performance period of Sanoma's share-based long-term incentives from one year to two years, and changing the vesting period following the performance period from two years to at least one year. Subject to adoption by the AGM 2022, the changes will be reflected in Sanoma's remuneration and Remuneration Report for 2022 (to be published in spring 2023).

The Remuneration Policy approved by the AGM 2020 and the proposed updated Remuneration Policy are available at sanoma.com.

Letter from the Chairperson of the HR Committee

Dear shareholders.

I am pleased to present Sanoma's Remuneration Report 2021 on behalf of the HR Committee and the Board of Directors. 2021 was another a successful year for Sanoma. The Group's net sales grew by 18% and operational EBIT excluding PPA even more strongly, by 26%. In addition to the acquisitions of Santillana in Spain and the regional news media business in Finland, there was strong organic growth of 7% in both Learning and Media Finland. The Group's financial position strengthened during the year and its free cash flow improved significantly. On top of strong financial performance, Sanoma took major steps towards its sustainability targets launched in March 2021. All in all, this solid performance across the Group is reflected also in the earned remuneration of 2021.

Remuneration of Sanoma's executives is designed around the following five principles stated in the Remuneration Policy:

- Support the business strategy
- Pay-for-performance
- Pay competitively
- Encourage share ownership
- Be fair, transparent and simple in design.

During the year, the HR Committee has considered Sanoma's remuneration principles, their implementation and reporting against external benchmarks, including the feedback received from several ESG ratings. Based on the benchmarking, an amendment to the Remuneration Policy is proposed and transparency in the reporting of performance outcomes of long-term and short-term incentives and adjustments in calculating the outcome has been increased (see p. 232-233).

In line with the Remuneration Policy, the remuneration in 2021 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 2021. 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 clawback 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. The CEO held 459,160 Sanoma shares at the end of December 2021 and has fulfilled the ownership requirement since 2016.

In 2021, 85% of the CEO's paid compensation was performance-based, designed to encourage the achievement of targets, while still being balanced and linked to the long-term results to avoid possible undesired short-term risk-taking. The total Compensation paid to the CEO in 2021 was EUR 3,889,411 (2020: 3,632,689). It included the rewards earned for the short-term incentive (STI) 2020, based on performance targets for financial year 2020, and for the long-term incentive (LTI) 2018–2020, based on the performance targets for financial year 2018. As regards the CEO's earned remuneration in 2021, the performance outcome in the STI 2021 was 127% and in the LTI 131%, reflecting the Group's strong financial performance during the year. The earned STI reward will be paid in cash in spring 2022, while the share-based LTI reward will be delivered in spring 2024. Detailed information on the application of the performance criteria is available on p. 231.

In the STI target setting, the sustainability targets were further emphasised in 2021 by adding an additional data and privacy related target with a weight of 10% on top of the Employee Engagement Index target which has been applied already for several years with an equal 10% weight. The same focus areas, practices and weights will be applied also in 2022 STI targets.

Sanoma has gone through a significant transformation in recent years and has become a leading European K12 learning company with a leading and focused cross-media business in Finland. The Group's increased stability following the increased share of the more stable learning business and the reduced share of the traditional, declining print advertising business enables us to lengthen the performance period of the share-based LTIs from one to two years. Subject to the adoption of the updated Remuneration Policy by the AGM 2022, the changes are reflected already in the Performance Share Plan 2022–2024, in which the performance period is 2022-2023. The KPIs used to measure the performance will remain the same, i.e. adjusted free cash flow and operational EPS.

In 2021, the HR Committee supported the Board in reviewing a number of key activities. These included for example the actions to support the engagement and motivation of employees during the coronavirus pandemic, the steps in adopting the new hybrid working model, the organisational changes in all parts of the company, and the evaluation of the remuneration of management and the employees. We deeply value the dedication and energy that all Sanoma employees have shown in the challenging operating environment and mostly remote working mode in 2021. On behalf of the HR Committee, I want to thank our teams and our shareholders for their continued support.

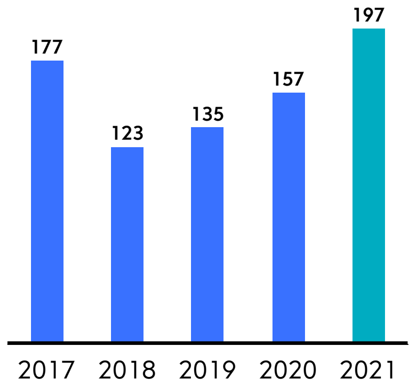
Julian Drinkall
Chairperson of the HR Committee

Remuneration aligned with long-term business performance

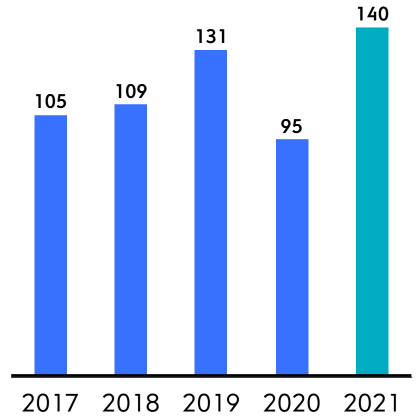
Sanoma is a leading European K12 learning company operating in 11 countries and a leading and focused cross-media business in Finland. Sanoma aims to grow in particular its learning business further both organically and through M&A. During the past five years, Sanoma has focused its business more around its strongholds and divested businesses, in which it did not have a leading position or a sustainable competitive advantage. The Group's profitability has improved and its business composition has become more stable. In 2021, learning and B2C media sales contributed approx. 75% of the Group's net sales and learning close to 70% of operational earnings. Successful strategy execution has strengthened the Group's financial position, performance and ability to create a positive cash flow. In 2017–2021, the dividend has increased by 54% and total return to shareholders (share price development and dividends paid) was 100%.

Long-term business performance

Operational EBIT excl. PPA, m€

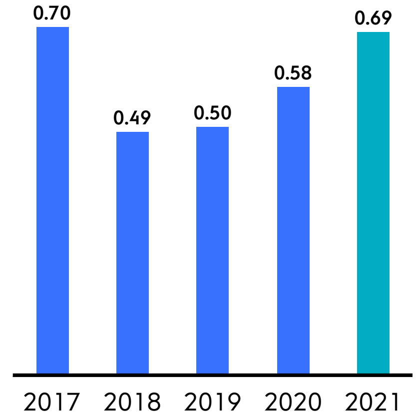


Free cash flow, m€



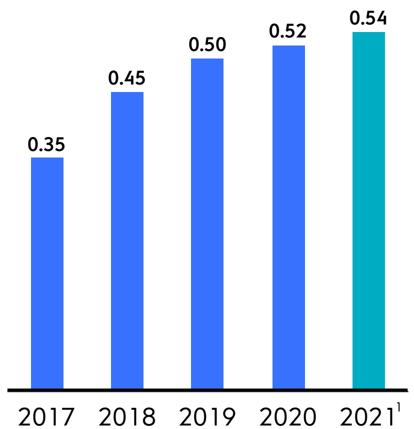
Free cash flow = Cash flow from operations less capital expenditure

Operational EPS, €[1]



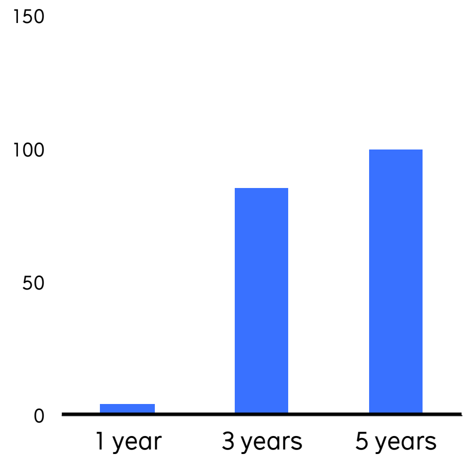
[1] Continuing operations

Dividend per share, €



[1] Board's proposal to the AGM 2022

Total return, %

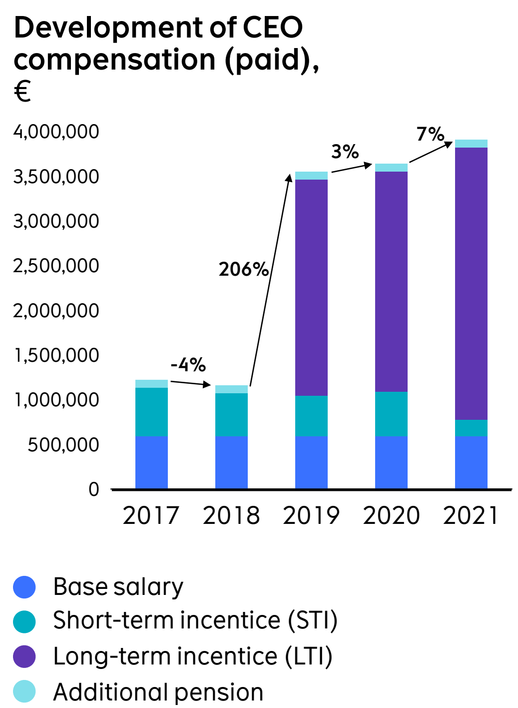


Development of CEO compensation

5-YEAR DEVELOPMENT OF REMUNERATION (PAID REMUNERATION PER YEAR)

	2017	2018	2019	2020	2021
Chairperson of the Board	102,000	102,000	102,000	133,500	144,000
Change y-o-y	0%	0%	0%	31%	8%
Vice Chairperson of the Board	78,000	78,000	78,000	82,500	84,000
Change y-o-y	0%	0%	0%	6%	2%
Member of the Board	66,000	66,000	66,000	70,500	72,000
Change y-o-y	0%	0%	0%	7%	2%
President & CEO	1,209,360	1,157,971	3,541,726	3,632,689	3,889,411
Change y-o-y	76%	-4%	206%	3%	7%
Sanoma employee[1]	59,000	57,000	56,000	58,000	59,000
Change y-o-y	0%	-4%	-1%	4%	2%

[1] Average Sanoma employee remuneration is calculated by dividing the Group's total salary costs by the average number of employees. For 2018–2021, only continuing operations are included.



The graph presents development of remuneration paid to the CEO in the corresponding financial year. For example, in 2021:

- Base salary 1–12/2021
- Short-Term Incentive (STI) earned in 2020 and paid in 2021
- Long-Term Incentive (LTI) earned in PSP 2018–2020 and paid in 2021
- Additional pension payment in 2021

Remuneration of the Board in 2021

Board remuneration in 2021 was based on the below resolution of the shareholders at the AGM 2021 on the monthly and meeting fees. The fees were unchanged compared to the previous year. Board Remuneration is paid in cash and totalled EUR 810,000 (2020: 812,500).

Monthly Fees

- EUR 12,000 to Chairperson,
- EUR 7,000 to Vice Chairperson 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 Chairpersons of Board's Committees: EUR 2,000 / Committee meeting participated;
- For Committee members who reside outside Finland: EUR 2,000 / Committee meeting where the member was present and EUR 1,000 / Committee meeting participated; and
- For Committee members who reside in Finland: EUR 1,000 / Committee meeting participated

REMUNERATION PAID TO THE MEMBERS OF THE BOARD IN 2021, €

Member	Fixed Fees	Meeting fees from Board meetings	Meeting fees from committee meetings	Total
Pekka Ala-Pietilä (Chairperson)	144,000	-	-	144,000
Nils Ittonen (Vice Chairperson)	80,000	-	8,000	88,000
Julian Drinkall	72,000	2,000	7,000	81,000
Rolf Grisebach	72,000	2,000	6,000	80,000
Anna Herlin[1]	48,000	-	4,000	52,000
Mika Ihamuotila	72,000	-	4,000	76,000
Denise Koopmans	72,000	1,000	10,000	83,000
Sebastian Langenskiöld	72,000	-	4,000	76,000
Rafaela Seppälä	72,000	-	4,000	76,000
Antti Herlin[2]	28,000	-	-	28,000
Kai Öistämö[2]	24,000	-	2,000	26,000

[1] From 13 April 2021
[2] Until 13 April 2021

Remuneration of the CEO in 2021

Paid remuneration in 2021

In 2021, base salary equalled 15% (2020: 16%) of the CEO's total compensation paid, while variable, performance-based compensation equalled 85% (2020: 84%) of total compensation paid (excluding additional pension payment). Detailed information on the remuneration paid to the CEO in 2017-2021 is available on p. 229.

Earned remuneration in 2021

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 2021–2023). 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 both the STI and LTI, the performance period was year 2021.

The STI and LTI performance criteria for 2021 were set by the Board at the beginning of the financial year. The CEO's STI earning opportunity for 2021 was set at 67% of annual base salary at target level and 100% at maximum level. Her earning opportunity in the PSP 2021–2023 was 100,000 shares (gross) at target level and 150,000 shares (gross) at maximum level. The performance outcome in the STI was 127%, resulting from the strong financial and sustainability performance of the Company in 2021. The performance outcome in the LTI was 131% as a result of strong financial performance during the year. The earned STI reward will be paid in spring 2022, and the earned share-based LTI reward in spring 2024.

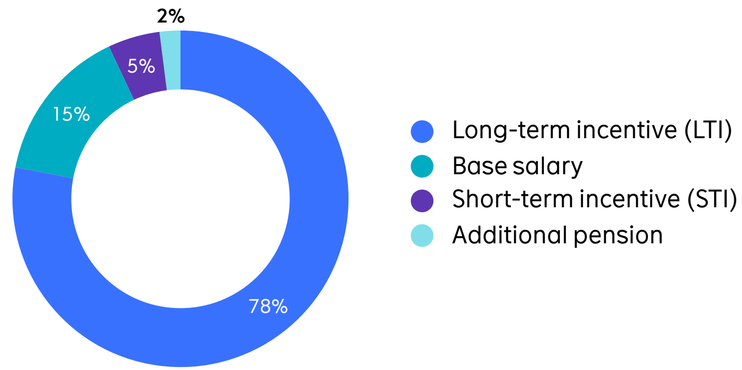
REMUNERATION PAID TO THE CEO IN 2021, €

Base salary	Annual short-term incentive[1]	Long-term incentive[2]	Additional pension payment	Total compensation paid
588,496	180,000	3,033,867	87,048	3,889,411

[1] Earned in 2020, paid in 2021

[2] Earned based on performance in 2018 in PSP 2018–2020, paid in 2021. 211,200 gross shares at 2 March 2021 share price of EUR 14.36.

STRUCTURE OF PAID COMPENSATION IN 2021, %



EARNED REMUNERATION IN 2021

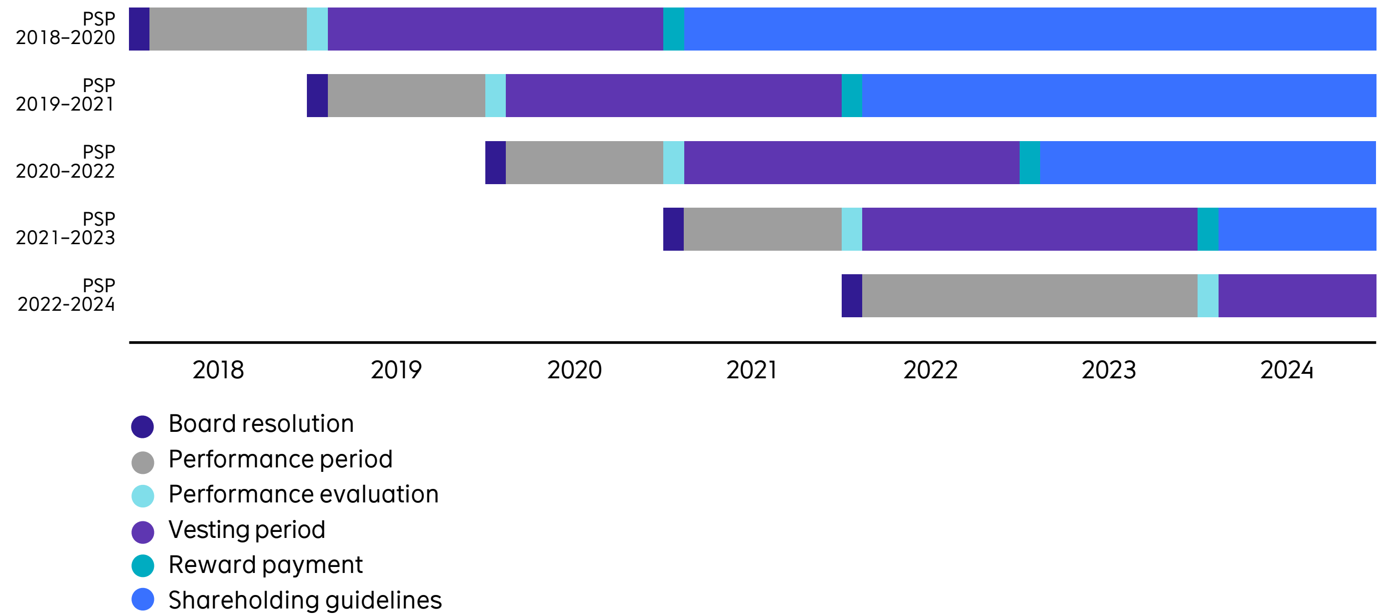
STI 2021 criteria	Weight	Performance outcome	Earned reward, to be paid in 2022
Operational EBIT excl. PPA	40%	117%	
Adjusted free cash flow	40%	144%	
Employee engagement survey	10%	100%	EUR 456,480
Data and privacy related sustainability target	10%	122%	
Total		**127%**	

LTI, PSP 2021–2023 criteria	Weight	Performance outcome	Earned reward, to be paid in 2024
Adjusted free cash flow in 2021	60%	144%	130,600 Sanoma shares (gross)
Operational EPS in 2021	40%	110%	
Total		**131%**	

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 2018–2020	8 February 2018	EUR 9.99	Adjusted free cash flow and operational EPS	2018	150,000	141%	211,200	100,819	Spring 2021
PSP 2019–2021	5 February 2019	EUR 8.69	Adjusted free cash flow and operational EPS	2019	150,000	145%	216,810		Spring 2022
PSP 2020–2022	7 February 2020	EUR 10.64	Adjusted free cash flow and operational EPS	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	2021	100,000	131%	130,600		Spring 2024
PSP 2022–2024	10 February 2022	EUR 13.54	Adjusted free cash flow and operational EPS	2022–2023	100,000				Spring 2025

[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 459,160 Sanoma shares at the end of December 2021.

The CEO has not been granted rewards in the Restricted Share Plan (RSP) since 2017, when she 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, which for STIs and LTIs launched in 2021 and earlier is the corresponding financial year, and for LTI launched in 2022 the corresponding and the subsequent financial year (2022–2023). 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 2021, 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 as well as changes in foreign exchange rates.

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