Edita Group Plc

Board of Directors’ Report and Financial Statements January 1, 2021 – June 30, 2022

Edita Group Plc
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Contents

Board of Directors’ report for the financial year January 1–June 30, 2022

Financial performance 2021–2022

- The Group’s parent company Edita Group Plc sold the entire share capital of Nordic Morning Finland Oy and Nordic Morning Group Sweden AB to the Sweden-based H&H Group in January 2022. Nordic Morning Sweden AB and Mods Graphic Studio AB, which are owned by Nordic Morning Group Sweden AB, were transferred to the new owner as part of the transaction. The income statements and balance sheets of the divested companies have been included in the consolidated financial statements until the date of the transaction, January 31, 2022. Following the transaction, Edita Group and its parent company Edita Group Plc changed their names, with their previous names having been Nordic Morning Group and Nordic Morning Group Plc. The continuing operations of Edita Group consist of the parent company along with Edita Prima Ltd and Edita Publishing Ltd. The net revenue and profit figures specified in the Report of the Board of Directors are for the Group’s continuing operations, except where otherwise mentioned.
- The past financial year of the company had an exceptional duration of 18 months, covering the period from January 1, 2021 to June 30, 2022. Consequently, the figures in the Report of the Board of Directors are not entirely comparable with the reference period of January 1–December 31, 2020.
- The consolidated net revenue of Edita Group’s continuing operations amounted to EUR 87.3 (44.2) million. Edita Prima’s net revenue increased significantly during the financial year. In addition to being attributable to the longer financial year compared to the reference period, the increase in net revenue was mainly due to new customer agreements. Edita Publishing also performed well in a challenging market situation. Net revenue from learning materials grew as the new national curriculum for upper secondary schools entered into effect in 2021. Digital legal information services also grew year-on-year.
- The general economic operating environment was highly exceptional during the financial year. The general market situation was influenced by the COVID-19 pandemic that broke out in 2019, the war in Ukraine that began in February 2022, significant challenges with the availability of printing paper in the second half of the financial year, and the new national curriculum for upper secondary schools that entered into effect in 2021. Furthermore, secondary studies have been free of charge for students starting from 2021, with educational institutions paying for learning materials. This has contributed to an increase in the relative share of digital learning materials.
- The COVID-19 pandemic was directly reflected in the Group’s operations as a reduction in the demand for print advertising products and direct advertising. The indirect impacts of the pandemic included the transition to remote work and studies. Society took a significant “digital leap” in a short period of time. Traditional paper-based products were replaced by digital solutions, and this change looks to be permanent at least to some extent.
- The impacts of the war in Ukraine and the related economic sanctions increased general uncertainty, which has affected demand and the availability of materials.
- The adjusted EBITDA of continuing operations came to EUR 6.3 (1.5) million.
- The operating profit of continuing operations was EUR 0.4 (-1.5) million. Non-recurring items included in the result totaled EUR -1.9 (-0.5) million.
- Adjusted operating profit before non-recurring items was EUR 2.3 (-1.1) million. Adjusted operating profit increased significantly in the Edita Prima business area, mainly due to new customer agreements. The adjusted operating result of Edita Publishing declined, mainly due to seasonal variation in the business. Administrative expenses at the annual level decreased mainly due to the development of personnel costs.
- The figures for the comparison period, which is the calendar year 2020, have been adjusted with regard to the configuration and customization costs of cloud computing services due to a new agenda decision concerning the IAS 38 Intangible Assets standard. In line with the agenda decision published by the IFRS Interpretations Committee in April 2021, expenses capitalized as intangible assets in relation to the Group’s ERP project have been adjusted to recognize them as expenses for the comparison period. The result for the financial year 2020 has been adjusted by EUR -0.8 million, while assets and equity have been adjusted by EUR -1.4 million. This change also affected certain key financial indicators and the amount of gross capital expenditure.
- Erroneously recognized changes in exchange rates have been treated as a restatement of an error concerning prior financial periods. The result for 2020 has been adjusted by EUR -0.4 million, tax assets by EUR +0.1 million and translation differences in equity by EUR +0.5 million.

- The equity ratio at the end of the review period was 12.6 percent (30.7). The equity ratio declined primarily due to a loss recognized by the Group on a divestment of the Nordic Morning business.
- Cash and cash equivalents at the end of the financial year amounted to EUR 0.2 (0.3) million and net debt was EUR 8.5 (11.8) million.

CONSOLIDATED KEY FIGURES (IFRS)		**1.1.2021-30.6.2022**	**1.1.2020-31.12.2020**
Net revenue, continuing operations	k€	87 261	44 199
Exports and foreign operations %		0,4 %	0,3 %
Net revenue, total Group	k€	120 299	73 920
Exports and foreign operations %		20,9 %	30,5 %
Adjusted EBITDA, continuing operations*	k€	6 338	1 459
% of net revenue		7,3 %	3,3 %
EBITDA, continuing operations*	k€	4 675	1 000
% of net revenue		5,4 %	2,3 %
Adjusted operating profit/loss, cont. operations*	k€	2 323	-1 060
% of net revenue		2,7 %	-2,4 %
Operating profit/loss, continuing operations*	k€	446	-1 519
% of net revenue		0,5 %	-3,4 %
Profit before taxes, continuing operations* **	k€	162	-2 016
% of net revenue		0,2 %	-4,6 %
Profit for financial year, total Group* **	k€	-11 087	-3 313
Return on equity (ROE), %, total Group* **	%	-133,3 %	-20,7 %
Return on capital employed, %, total Group* **	%	14,6 %	-8,8 %
Equity-to-assets ratio (%), total Group* **	%	12,0 %	30,8 %
Gearing (%), total Group* **	%	328,7 %	84,3 %
Gross capital expenditure, total Group*	k€	2 259	4 155
% of net revenue (total Group)*		1,9 %	5,6 %
Average number of employees, cont. operations		185	193
Earnings per share (EPS), total Group* **	€	-1,85	-0,55
Dividends per share	€	0,00	0,00
Equity per share* **	€	0,43	2,34

*2020 adjusted due to a new agenda decision about IAS 38 standard, cloud-service costs

**2020 adjusted due to correction of error

Edita Group and changes in group structure

Edita Group consists of two business areas:

- *Edita Prima*, comprising Edita Prima Oy.
- *Edita Publishing*, comprising Edita Publishing Oy.

The Group also includes the parent company Edita Group Plc.

Nordic Morning Finland Oy, Nordic Morning Sweden AB, Mods Graphic Studio AB, and the Swedish subgroup’s administrative company Nordic Morning Group Sweden AB, all of which were part of the Nordic Morning business area, were divested in January 2022. The divested companies have been included in the consolidated financial statements until the date of their sale, January 31, 2022.

Consolidated net revenue

The consolidated net revenue of the Group's continuing operations amounted to EUR 87.3 (44.2) million. Net revenue in Finland was EUR 86.9 (44.1) million. Net revenue in other EU countries was EUR 0.3 (0.1) million, and exports to non-EU countries amounted to EUR 0.1 (0.0) million. Nearly 100 percent of the net revenue from continuing operations was derived from Finland during the financial year and in the comparison period. The net revenue of the Edita Prima business area grew significantly due to new customer agreements. Net revenue also increased in the Edita Publishing business area. The new national curriculum for upper secondary schools increased the sales of learning materials, and growth was also achieved in digital legal information services. The net revenue of discontinued operations for the period January 1, 2021–January 31, 2022 amounted to EUR 33.0 million (EUR 29.7 million in 2020). The Group's total consolidated net revenue was EUR 120.3 (73.9) million. The result of discontinued operations is presented in the income statement in a single row above the profit (loss) for the financial year.

Revenue (EUR 1,000)	**Jan 2021 - Jun 2022**	**Jan 2020 - Dec 2020**
Continuing operations		
Edita Publishing	19 397	12 138
Edita Prima	67 817	32 128
Group-internal revenue and other operations	47	-66
Continuing operations total	**87 261**	**44 199**

In the Edita Publishing business area, net revenue was EUR 19.4 (12.1) million. The increase in net revenue was attributable to the longer financial year as well as the sales of learning materials and digital legal information services.

In the Edita Prima business area, net revenue was EUR 67.8 (32.1) million. The growth in net revenue was partly attributable to the financial year being 18 months long, but new customer accounts were also a factor.

Non-operating items

Revenue and expenses associated with events that are exceptional or deviate from the ordinary course of business are treated as non-recurring items. Such items include, for example, gains and losses related to the sale, discontinuation or acquisition of businesses or assets, revenue and expenses related to business restructuring, and impairment recognized on goodwill and other assets. Transaction costs associated with acquisitions and divestments are also non-recurring items. In the income statement, gains are presented in other operating income, and expenses in the corresponding expense item. Non-recurring items are included in the segment-specific operating results.

The non-recurring items of continuing operations, amounting to EUR -1.9 (-0.5) million, were related to business restructuring, transaction costs associated with a divestment, legal expenses, and impairment recognized on right-of-use assets. The non-recurring items of discontinued operations, amounting to EUR -0.2 (-2.5) million, were related to restructuring and, in the comparison period, also impairment recognized on goodwill. The non-recurring items for the Group as a whole totaled EUR -2.1 (-3.0) million.

Non-operating items (EUR 1,000)	**Jan 2021 - Jun 2022**	**Jan 2020 - Dec 2020**
Continuing operations		
Edita Publishing	-125	-48
Edita Prima	0	-211
Other operations	-1 752	-200
Continuing operations total	**-1 877**	**-459**

Consolidated operating profit

The operating profit of the Group's continuing operations was EUR 0.4 million (loss of EUR -1.5 million). The operating profit includes non-recurring expenses totaling EUR -1.9 (-0.5) million. The adjusted operating profit of continuing operations, excluding non-recurring items, was EUR 2.3 (-1.1) million. The adjusted operating profit of discontinued operations was EUR 1.6 (1.0) million and their operating profit was EUR 1.4 (-1.6) million, and the entire Group's adjusted operating profit was EUR 4.0 (-0.1) million and the operating profit was EUR 1.9 (-3.1) million. The result of discontinued operations is presented in the income statement in a single row above the profit (loss) for the financial year.

Operating profit/loss (EUR 1,000)	**Jan 2021 - Jun 2022**	**Jan 2020 - Dec 2020**
Continuing operations		
Edita Publishing	1 886	2 158
Edita Prima	4 502	1 146
Other operations and internal items*	-5 942	-4 823
Continuing operations total	**446**	**-1 519**
Operating Profit %, continuing operations	0,5 %	-3,4 %

*2020 adjusted due to a new agenda decision about IAS 38 standard, cloud-service costs

The Edita Publishing business area's operating profit was EUR 1.9 (2.2) million. Operating profit was reduced particularly by seasonal variation with regard to learning materials, as the longer-than-usual financial year included only one half-year period in which the majority of sales takes place.

The Edita Prima business area's operating profit was EUR 4.5 (1.1) million. Operating profit was increased by the longer duration of the financial year and, in particular, by new customer agreements.

Other continuing operations include group administration, the operating loss of which was EUR -4.8 (-3.6) million. Eliminations between continuing and discontinued operations came to EUR -1.1 (-1.2) million. The result for other operations consists mainly of group administration expenses. At the annual level, the operating loss declined mainly due to lower personnel expenses.

Solvency and financial position

The net cash flow from the Group's operating activities was EUR 2.8 (4.6) million. Investments totaled EUR 1.5 (2.7) million. Repayments of lease liabilities totaled EUR 2.9 (2.2) million. Bank loans subject to the cash pool arrangement increased by EUR 0.3 (1.2) million. Withdrawals and repayments of other bank loans totaled EUR 0.0 (-0.8) million. The Group's cash and cash equivalents at the end of the financial year totaled EUR 0.2 (0.3) million.

The Group's equity ratio was 12.0 (30.8) percent. The equity ratio declined due to a loss recognized by the Group on a divestment.

	Jan 2021 - Jun 2022	**Jan 2020 - Dec 2020**
Return on equity (ROE), %, group*	-133,3 %	-20,7 %
Equity-to-assets ratio, %, group*	12,0 %	30,8 %

*2020 adjusted due to a new agenda decision about IAS 38 standard, cloud-service costs, and due to correction of error

The Group's parent company

The net revenue of the Group's parent company, Edita Group Plc, was EUR 5.6 (3.8) million, and its result for the financial year was EUR -26.0 (-5.7) million. The parent company's balance sheet total was EUR 29.5 (61.1) million.

Investments

The Group's gross capital expenditure, excluding the cloud computing costs capitalized by the parent company as intangible assets, amounted to EUR 2.3 (4.2) million. The parent company's gross capital expenditure amounted to EUR 0.0 (1.1) million.

Personnel

During the financial year, the Group's continuing operations employed an average of 185 (193) persons (full-time equivalents). The parent company employed an average of 21 (23) persons. There were no significant changes in the number of personnel employed by the Group's continuing operations.

The average number of personnel employed by the discontinued operations, converted into full-time equivalents, was 157 for the period January 1, 2021–January 31, 2022. The corresponding figure in 2020, the comparison year, was 180. On the date of the divestment, January 31, 2022, the number of personnel was 162.

All of the personnel employed by the Group's continuing operations worked in Finland during the financial year and in the comparison period. Of the personnel of the discontinued operations, 15 (18) percent worked in Finland and 85 (82) percent worked in Sweden.

Average number of employees in full-time equivalents	**Jan 2021 - Jun 2022**	**Jan 2020 - Dec 2020**	**Change**
Continuing operations			
Edita Publishing	82	83	-1,2 %
Edita Prima	82	87	-5,7 %
Other operations	21	23	-8,7 %
Continuing operations total	**185**	**193**	**-4,1 %**
Employee benefits expense (EUR 1,000), continuing operations	20 320	12 557	61,8 %

Compensation

The compensation of the CEO and members of the Group Management Team consists of a fixed monthly salary, standard benefits, and a performance-based bonus based on annually-decided criteria that must be met for the bonus to be paid. Edita Group Plc does not use incentive systems based on shares or share derivatives.

The Board of Directors of Edita Group Plc decides the terms and conditions of the contracts of the CEO and directors who are directly accountable to the CEO. Every year, the Board sets targets, based on the budget and operating plans, that must be met for bonuses to be paid and decides on the compensation of the CEO and directors directly accountable to the CEO. As regards those other than the CEO and members of the business areas' management teams, the Board decides on the principles of compensation.

In the calendar year 2021, the Group had an incentive program under which the CEO was entitled to a performance-based bonus not exceeding 100 percent of the CEO's annual taxable earnings. The other individuals covered by the incentive program were entitled to a performance-based bonus not exceeding 60–80 percent of their annual taxable earnings. An incentive program for key personnel is also in effect in the calendar year 2022, but no incentive bonuses had been accumulated in the program by the financial statements date. Other incentive programs were also in effect during the financial year. A total of approximately EUR 360,000 in incentive bonuses for the CEO and other members of the Group management team were accumulated in these programs. No incentive bonuses were accumulated in the management's incentive program in the comparison year 2020.

The contractual retirement age of the parent company's CEO complies with the applicable legislation.

Risks and risk management

Edita Group's most significant risks are related to the development of the general economic situation, structural changes in the marketing and communications industry, and business risks. In 2020–2022, there have also been significant risks related to the COVID-19 pandemic and its business impacts. In 2022, the war in Ukraine and the significant challenges associated with the availability of printing materials have affected the general market situation and business risks. The Group's risks are assessed regularly as part of operational planning and reporting.

The key to business growth lies in attracting and retaining highly competent personnel. As the business heavily depends on human capital, this is of critical importance to Edita Group. The recruitment, retention, and development of competence are particular focus areas of the Group's strategy.

For the Group's solvency, as well as cash and cash equivalents, to remain at a good level, the profitability of business operations must be improved and the management of working capital must be enhanced further.

Following the divestment of the Nordic Morning business area, the Group no longer has significant exposure to currency risk. No hedging of the Group's transaction or translation positions took place during the financial year.

Liquidity risks are managed by means of Group-level financing arrangements. The arrangements are aimed at ensuring that the Group companies have access to adequate liquid assets at all times, irrespective of seasonal variations in business. The risks associated with variable rate loans are hedged as necessary. The Group's most recent hedging arrangement expired in the first quarter of 2020 when the final installment of the bank loan in question was made.

Sustainability

Edita Group aims to have a positive impact on society and run its business in a sustainable way. Creating value for and maintaining the trust of its stakeholders is at the core of the Group's operations.

Edita Group's sustainability activities correspond to the areas of environmental and social responsibility and good governance that form the basis of its sustainability approach (ESG). Financial responsibility, growth and a good financial position are essential parts of sustainability and support sustainable business. Edita Group reports on its sustainability activities in Annual Report.

Edita Group follows principles of good corporate governance. The Group's goal is to show integrity, transparency, and accountability in all its operations. Edita Group complies with legal requirements and is honest and transparent when communicating about its business.

Edita Group reduces its own and its customers' environmental impact by investing in sustainable operations and services. In the Group's production activities, the environmental work is systematic and focused on continuous improvement. One important step in reducing Edita Group's carbon footprint has been the transition to electricity from renewable sources. The Group has reported its carbon footprint annually for over a decade.

Edita Group is committed to building a culture of growth providing employees with learning opportunities, nurturing their talent, offering inspirational leadership and fair rewards for achievement. Edita Group's Guiding Principles are an essential part of daily work, and the Group expects also its partners to commit to them.

Edita Group aims to conduct its business in a profitable way and provides its stakeholders with reliable and high-quality products and services in order to sustain long-term relationships with them. Key stakeholders include employees, customers, service providers, financiers, public sector, and the owner. Efficient internal control safeguards reliable information, and regular risk monitoring enables the Group to react and manage risks in time. The Group's tax footprint is reported annually as part of financial responsibility.

Board of Directors, CEO and auditors

The Annual General Meeting held on March 11, 2021, decided that Jukka Ruuska (Chairman), Mervi Airaksinen (Vice Chairman), Anne Korkiakoski and Jani Engberg will continue as members of the Board of Directors of Edita Group Plc. Jukka Ohtola and Niko Korte joined the Board of Directors as new members. Ingrid Jonasson Blank and Maija Strandberg left the Board of Directors.

The Extraordinary General Meeting held on December 3, 2021, decided that Sinikka Mustakari and Anu Kankkunen will join the Board of Directors. Jukka Ohtola left the Board of Directors.

Anne Årneby was the CEO of Edita Group until January 31, 2022. Kristiina Kujala has served as Interim CEO since February 1, 2022.

The Annual General Meeting elected KPMG Oy Ab, Authorized Public Accountants, as the auditor. The principal auditor is Ari Eskelinen, APA.

Outlook for the rest of 2022 and the year 2023

The uncertainty in the global economy caused by the war in Ukraine and the COVID-19 pandemic is expected to continue. More than half of the net revenue of the Edita Publishing business area is derived from digital services, and their share is expected to increase further as the market evolves. In the Edita Prima business area, the market situation is challenging. The use of print communications will continue to decline, and price competition will intensify at the same time. The Group has prepared for these changes by reducing its capacity in declining product categories and by investing in new services and technologies.

In the long term, the growth of the digital market is expected to create new business opportunities for the Group. The Group will continue to develop its businesses, products, and services to respond to the customers' constantly changing needs.

Shares

The company has one share class, and so there are no vote differentials. One share carries one vote. The company's shares do not belong to the book-entry system. All shares issued have been fully paid for. The total number of shares was 6,000,000 throughout the financial year as well as during the comparison period.

Board's proposal on the disposal of distributable funds

Edita Group Plc's equity amounted to EUR 7,652,114.30 at the end of the review period. The company's distributable funds totaled EUR 7,572,114.30, of which the result for the financial year was EUR -25,991,422.29.

The Board of Directors proposes to the General Meeting of Shareholders that the parent company's result for the financial year be transferred to retained earnings and that no dividend be distributed.

No substantial changes have taken place in the company's financial standing since the end of the financial year. The company's liquidity is good.

Consolidated key indicators

		IFRS 1.1.2021-30.6.2022	IFRS 1.1.2020-31.12.2020	IFRS 1.1.2019-31.12.2019
Net revenue, continuing operations	k€	87 261	44 199	41 520
Exports and foreign operations %		0,4 %	0,3 %	0,2 %
Net revenue, total Group	k€	120 299	73 920	77 550
Exports and foreign operations %		20,9 %	30,5 %	34,1 %
Adjusted EBITDA, cont. Operations*	k€	6 338	1 459	3 475
% of net revenue		7,3 %	3,3 %	8,4 %
EBITDA, continuing operations*		4 675	1 000	3 234
% of net revenue		5,4 %	2,3 %	7,8 %
Adjusted operating profit/loss, cont. Operations*	k€	2 323	-1 060	762
% of net revenue		2,7 %	-2,4 %	1,8 %
Operating profit/loss, continuing operations*	k€	446	-1 519	521
% of net revenue		0,5 %	-3,4 %	1,3 %
Profit before taxes, continuing operations* ***	k€	162	-2 016	267
% of net revenue		0,2 %	-4,6 %	0,6 %
Profit for financial year, total Group* ***	k€	-11 087	-3 313	254
Return on equity (ROE), %, total Group* ***	%	-133,3 %	-20,7 %	1,4 %
Return on capital employed, %, total Group* ***	%	14,6 %	-8,8 %	2,0 %
Equity-to-assets ratio (%), total Group* ***	%	12,0 %	30,8 %	38,6 %
Gearing (%), total Group* ***	%	328,7 %	84,3 %	62,6 %
Gross capital expenditure**	k€	2 259	4 155	938
% of net revenue (total Group)		1,9 %	5,6 %	1,2 %
Average number of employees, cont. operations		185	193	201
Earnings per share (EPS)* ***	€	-1,85	-0,55	0,04
Dividends per share	€	0,00	0,00	0,33
Equity per share* ***	€	0,43	2,34	3,0
No. of shares, adjusted for share issue		6 000 000	6 000 000	6 000 000

*2020 adjusted due to a new agenda decision about IAS 38 standard, cloud-service costs

**excluding cloud-service expenses activated by the parent company 2019-2022

***2020 adjusted due to correction of error

Formulae for calculating key indicators

Return on equity (ROE), %	Profit for financial year / Shareholders’ equity (average during the year)
Return on capital employed, %	Profit before tax, interest, and other financial expenses / Total assets — non-interest-bearing liabilities (average during the year)
Equity-to-assets ratio, %	Shareholders’ equity / Total assets — advances received
Sales margin	Operating income — variable cost
EBITDA	Operating profit — depreciation and impairment
Operating profit	Profit before tax and financial items
Adjusted EBITDA/operating profit	EBITDA/operating profit before non-operating items
Undiluted EPS, EUR	Profit for financial year attributable to parent company shareholders / Average number of shares (adjusted for share issue)
Net gearing ratio, %	Interest-bearing liabilities — cash and cash equivalents / Shareholders’ equity
Equity per share, EUR	Shareholders’ equity attributable to parent company shareholders / Undiluted number of shares on closing date
Dividends per share, EUR	Dividend per share approved by Annual General Meeting. For the previous year, the proposal of the Board of Directors to the Annual General Meeting regarding the amount of dividends.
Gross capital expenditure, EUR	Additions to tangible and intangible assets

Consolidated income statement (IFRS) (EUR 1,000)

	Note	1.1.2021-30.6.2022	1.1.2020-31.12.2020
CONTINUING OPERATIONS			
NET REVENUE	**3,6**	**87 261**	**44 199**
Other operating income	7	1 482	1 148
Change in inventories of finished and unfinished goods		49	-201
Work performed for company use		0	48
Materials and services	8	-45 645	-20 079
Employee benefits expense	9	-20 320	-12 557
Depreciation	10	-4 015	-2 519
Impairment	10	-214	0
Other operating expenses	11	-18 153	-11 558
OPERATING PROFIT		**446**	**-1 519**
Financial income	13	208	8
Financial expenses	14	-491	-504
PROFIT BEFORE TAXES		**162**	**-2 016**
Income taxes	16	-376	256
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**-214**	**-1 760**
DISCONTINUED OPERATIONS			
Profit (loss) from discontinued operations, net of tax	4	-10 873	-1 553
PROFIT (LOSS) FOR THE PERIOD		**-11 087**	**-3 313**
Distribution			
Parent company's shareholders, continuing operations		-214	-1 760
Parent company's shareholders, Group		-11 087	-3 313
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
earnings per share, EUR, continuing operations		-0,04	-0,29
earnings per share, EUR, Group		-1,85	-0,55

The figures for the comparison year 2020 have been adjusted from the previous financial statements due to the new IAS 38 agenda decision concerning the capitalization of cloud computing costs (see Note 5) and to reflect the restatement of erroneously recognized exchange rate changes (see Note 36).

Consolidated statement of comprehensive income (IFRS) (EUR 1,000)

	Note	1.1.2021-30.6.2022	1.1.2020-31.12.2020
PROFIT (LOSS) FOR THE FINANCIAL YEAR		**-11 087**	**-3 313**
Other comprehensive income			
Items that may be recognized through profit and loss later			
Translation differences	15	0	122
Items that have been recognized through profit and loss			
Translation differences	15	-393	0
ACCUMULATED COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**-11 480**	**-3 191**
Distribution of comprehensive income			
Parent company's shareholders		-11 480	-3 191

The figures for the comparison year 2020 have been adjusted from the previous financial statements due to the new IAS 38 agenda decision concerning the capitalization of cloud computing costs (see Note 5) and to reflect the restatement of erroneously recognized exchange rate changes (see Note 36).

Consolidated statement of financial position (IFRS) (EUR 1,000)

ASSETS	Note	30.06.2022	31.12.2020
NON-CURRENT ASSETS			
Tangible fixed assets	17	10 444	15 447
Goodwill	18	0	13 426
Other intangible assets	18	1 144	1 093
Other non-current assets		300	300
Other financial assets	20	0	26
Deferred tax assets	21	363	478
		12 251	30 770
CURRENT ASSETS			
Inventories	22	2 195	1 316
Sales receivables and other receivables	23	7 143	14 682
Tax receivables based on taxable income for the financial year		173	348
Other current financial assets	18	0	0
Cash and cash equivalents	24	209	283
		9 721	16 629
Total assets		**21 973**	**47 399**

EQUITY AND LIABILITIES	Note	30.06.2022	31.12.2020
SHAREHOLDERS' EQUITY			
Share capital		80	6 000
Share premium fund		0	25 870
Translation differences		0	393
Invested non-restricted equity fund		7 572	0
Retained earnings		-5 077	-18 208
Shareholders' equity attributable to parent company shareholders	25	2 575	14 054
LIABILITIES			
Non-current liabilities			
Financial liabilities	27	4 077	6 575
Non-current provisions	26	1	62
		4 078	6 637
Current liabilities			
Current financial liabilities	27	4 596	5 555
Accounts payable and other current liabilities	28	10 604	21 109
Tax liabilities based on taxable income for the financial year		120	44
		15 320	26 708
Total liabilities		19 398	33 345
Total shareholders' equity and liabilities		**21 973**	**47 399**

The figures for the comparison year 2020 have been adjusted from the previous financial statements due to the new IAS 38 agenda decision concerning the capitalization of cloud computing costs (see Note 5) and to reflect the restatement of erroneously recognized exchange rate changes (see Note 36).

Consolidated statement of cash flows (EUR 1 000)

	Note	1.1.2021 - 30.6.2022	1.1.2020 - 31.12.2020
Cash flow from operating activities			
Profit for the financial year*		-11 087	-3 313
Adjustments			
Non-cash transactions*	31	5 527	5 976
Interest expenses, other financial expenses and loss for selling of business operations		12 873	570
Interest income and other financial income		-302	-108
Dividend income		0	-4
Taxes*		384	-259
Changes in working capital			
Change in sales receivables and other receivables		1 170	-371
Change in inventories		-879	90
Change in accounts payable and other liabilities		-4 391	2 151
Interest and other financial expenses paid		-484	-288
Interest and other financial income received		6	37
Taxes paid (-) received (+)		-48	74
Net cash flow from operating activities (A)		**2 769**	**4 557**
Cash flow from investing activities			
Divestment of business operations, net of cash disposed of		1 187	0
Investments in tangible fixed assets		-661	-1 341
Investments in intangible assets		-870	-1 377
Proceeds from other investments		0	103
Dividends received		0	4
Net cash flow from investing activities (B)		**-344**	**-2 610**
Cash flow from financing activities			
Change in cash pool liability		277	1 189
Withdrawals and repayments of other bank loans	27	0	-750
Lease payments	27	-2 858	-2 214
Net cash flow from financing activities (C)		**-2 580**	**-1 775**
Change in cash and cash equivalents (A+ B + C)		**-156**	**171**
Cash and cash equivalents at start of the period		283	256
Effect of changes in exchange rates		82	-144
Cash and cash equivalents at end of the period	**24**	**209**	**283**

*year 2020 adjusted due to a new interpretation of IAS 38 standard about cloud-service costs

Consolidated statement of changes in shareholders' equity (IFRS) (EUR 1,000)

Shareholders’ equity attributable to parent company shareholders

	Note	Share capital	Share premium fund	Invested non-restricted equity fund	Translation differences	Fair value fund	Retained earnings	Total
Shareholders’ equity, January 1, 2020	**5**	**6 000**	**25 870**	**0**	**271**	**54**	**-14 949**	**17 246**
Comprehensive income								
Profit for the financial year	5						-3 313	-3 313
Other comprehensive income (adjusted with tax effect)								
Translation differences					122			122
Accumulated comprehensive income for the financial year					**122**	**0**	**-3 313**	**-3 191**
Other items						**-54**	**54**	**0**
Shareholders’ equity, December 31, 2020	**5**	**6 000**	**25 870**	**0**	**393**	**0**	**-18 208**	**14 054**
Shareholders’ equity, January 1, 2021		**6 000**	**25 870**	**0**	**393**	**0**	**-18 208**	**14 054**
Comprehensive income								
Profit for the financial year							-11 087	-11 087
Other comprehensive income (adjusted with tax effect)								
Translation differences					-393			-393
Accumulated comprehensive income for the financial year					**-393**	**0**	**-11 087**	**-11 480**
Reduction of share capital and share premium fund and transfer to invested non-restricted equity fund and retained earnings		**-5 920**	**-25 870**	**7 572**		**0**	**24 217**	**0**
Shareholders’ equity, June 30, 2022		**80**	**0**	**7 572**	**0**	**0**	**-5 077**	**2 575**

The figures for the comparison year 2020 have been adjusted from the previous financial statements due to the new IAS 38 agenda decision concerning the capitalization of cloud computing costs (see Note 5) and to reflect the restatement of erroneously recognized exchange rate changes (see Note 36).

Notes to the consolidated financial statements

1. Basic information

The Group has two business areas: Edita Prima's service areas consist of printing services, transaction printing, and related digital services. Edita Publishing provides learning materials and training in the field of teaching and education to support learning and teaching. Edita Publishing also provides advanced legal information services in the form of up-to-date online services, books, and training activities.

The Group's parent company, Edita Group Plc, is a Finnish public limited company domiciled in Helsinki. The registered address of the parent company is Hermannin rantatie 8, FI-00580 Helsinki, Finland. The consolidated financial statements are available at www.editagroup.com and at the parent company's head office.

These financial statements were approved for publication by the Board of Directors of Edita Group Plc at its meeting held on September 29, 2022. According to the Finnish Limited Liability Companies Act, shareholders have the opportunity to accept or reject the financial statements at the Annual General Meeting held after their publication. The Annual General Meeting may also decide to amend the financial statements.

2. Accounting policies applied to the consolidated financial statements

Accounting basis for the financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). In preparing them, the International Accounting Standards (IAS) and IFRS, together with their Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, valid on June 30, 2022, were applied. The IFRS refer to the standards and associated interpretations given in the Finnish Accounting Act and in regulations issued under it that are approved by the EU for application in accordance with the procedure laid down in Regulation (EC) No 1606/2002. The Notes to the Consolidated Financial Statements also meet the provisions of Finnish accounting and company law that supplement the IFRS.

The consolidated financial statements' figures are presented in thousands of euros and are based on original acquisition costs unless otherwise notified in the accounting policies. The indicators have been calculated using precise figures and subsequently rounded.

In order to prepare the financial statements in compliance with the IFRS, the Group management must make estimates and use their judgment in selecting and applying accounting policies. Information on the judgment-based decisions made by the management in applying the financial statements accounting policies of the Group, and which have the greatest impact on the figures presented in the financial statements, as well as information about presumptions about the future and key assumptions related to estimates, is presented in the accounting policies section "Accounting Policies Requiring the Management's Judgment, and Key Uncertainties Associated with Estimates".

The Group's financial year in these financial statements is January 1, 2021–June 30, 2022. The financial year of the comparison period was January 1, 2020–December 31, 2020. Consequently, the figures for the financial year and the comparison period are not entirely comparable.

New and revised standards and interpretations and the agenda decision

In these financial statements, the Group has applied the agenda decision published by the IFRS Interpretations Committee in April 2021, which clarifies the accounting treatment of the costs of configuring or customizing a supplier's application software in a cloud computing or Software as a Service (SaaS) arrangement. The agenda decision has been treated as a change in accounting principles. The agenda decision concerns whether a company that has purchased a service can recognize an intangible asset on its balance sheet, and if not, how the configuration and customization costs should be treated in accounting. Agenda decisions are expected to be applied as soon as possible after their publication. The figures for the comparison year 2020 have been adjusted from the previous financial statements due to the agenda decision. Expenses capitalized on the balance sheet as intangible assets in 2020 have been adjusted as expenses for the comparison period. Depreciation recognized in 2020 has been similarly adjusted. Deferred tax assets and changes thereto have also been recognized as adjustments. The result for 2019 has not been adjusted and is not presented. Instead, the effect of the application of the agenda decision is recognized in the opening balance for 2020. The adjustments have affected the result, assets, and equity for the comparison year. In addition, certain key indicators and the amount of gross capital expenditure have been adjusted from the previous financial statements. More details on the changes are presented in Note 5.

The Group has applied the following new and revised standards as of January 1, 2021. The amendments have not had a significant effect on the consolidated financial statements.

Covid-19-Related Rent Concessions beyond June 30, 2021 – Amendment to IFRS 16 Leases (effective from April 1, 2021 for financial years starting, at the latest, on or after January 1, 2021).

The amendment allows lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases (effective for financial years beginning on or after January 1, 2021).

The amendments provide guidance for the period after the interest rate benchmark reform in terms of contractual cash flows and changes in hedging relationships, where the amendments are specifically due to the entry into force of the Benchmarks Regulation (changes brought about by the IBOR reform). The amendments instruct companies to describe useful information about the effects of the reform on the financial statements.

Consolidation principles

Subsidiaries

Subsidiaries are companies over which the parent company exercises control. The criteria for control are fulfilled when the parent company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Accounting for the subsidiaries is reported using the acquisition method. Acquisition value for the subsidiaries is allocated in accordance with identifiable assets and assumed liabilities, which are valued at fair value at the time of acquisition. Costs associated with acquisitions are recorded as expenses.

Any shares held by non-controlling interests in the acquiree are measured either at fair value or at an amount which corresponds to the share of the share held by the non-controlling interests relative to the identifiable net assets of the acquiree. The basis of measurement is defined separately for each acquisition.

Subsidiaries acquired are consolidated in the consolidated financial statements from the date when the Group obtained control, while subsidiaries divested are consolidated up to the date when control ceases. All business transactions within the Group, internal receivables and liabilities and internal distribution of profit are eliminated in the consolidated financial statements. The treatment of goodwill generated in conjunction with subsidiary acquisitions is described in the section “Goodwill”.

The allocation of profit or loss for the financial period to the parent company shareholders and non-controlling interests is presented in a separate income statement and the allocation of comprehensive income to the parent company shareholders and non-controlling interests is presented in connection with the comprehensive income statement. Comprehensive income is allocated to the parent company shareholders and non-controlling interests, even if this should mean that the shares held by the latter become negative. Changes in the parent company’s shareholding in the subsidiary, which do not lead to loss of control, are treated as equity-related transactions.

A previous shareholding in a staggered acquisition is measured at the fair price and any profit or loss derived from this is recorded as either profit or loss. When the Group loses control in a subsidiary, the remaining investment is measured at the fair price on the date of the expiry of control and the difference derived from this is recorded as either profit or loss.

Translation of items denominated in foreign currencies

The figures related to the profit and financial position of the Group’s units are defined in the currency of each unit’s main operating environment (the “operating currency”). The consolidated financial statements are presented in euros, which is the operating and reporting currency of the Group’s parent company.

Gains and losses arising from transactions denominated in foreign currencies and from the translation of monetary items are recognized through profit or loss. Exchange rate gains and losses related to business operations are included in the corresponding items above the operating profit line. Exchange rate gains and losses related to foreign currency loans are included in financial income and expenses, with the exception of exchange rate differences from those loans, the payment of which has not been planned and the payment of which is not likely and which are, on the basis of their actual content, part of net investments in foreign units and their exchange rate differences are treated in the same manner as translation differences in shareholders’ equity. The exchange differences arising from these loans are recognized in other comprehensive income and the accumulated translation differences are presented as a separate item in equity until the foreign unit is relinquished completely or partially.

Translation of foreign Group companies’ financial statements

Income and expense items on the comprehensive income statements and separate income statements of foreign Group companies are translated into euros at the average exchange rate of each company’s financial year and their balance sheets are translated at the exchange rates of the end date of the reporting period.

Translating income and comprehensive income for the year at different exchange rates in the income statement and comprehensive income statement and in the balance sheet results in a translation difference, which is recognized under shareholders’ equity, in the balance sheet. Changes causing a translation difference are recognized under other items of comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from the translation of equity items accumulated after the acquisition, as well as the effect of hedging instruments on net investments, are recognized under other items of comprehensive income. When subsidiaries are divested in whole or in part, the aggregated translation differences are recognized in the income statement under sales gains or losses.

Goodwill resulting from the acquisition of foreign units, and fair value adjustments made to the carrying amounts of said foreign units’ assets and liabilities in conjunction with the acquisition, are treated as assets and liabilities of said foreign units and are translated into euros using the exchange rates of the balance sheet date.

The Swedish krona has been the most significant foreign currency affecting the Group’s operations. The Swedish operations that were part of the Group until the end of January 2021 used the Swedish krona as their presentation currency, deviating from the Group’s presentation currency. The Group did not have any foreign Group companies on the financial statements date.

Tangible fixed assets

Tangible fixed assets are recognized at cost less accumulated depreciation and, when applicable, impairment.

Expenses arising directly from the acquisition of a tangible fixed asset are included in the acquisition cost. If a fixed asset comprises several parts whose useful lives are of different lengths, each part is treated as a separate asset. In this case, the costs associated with renewing each part are capitalized and, in connection with the renewal, any remaining carrying amount is recognized off balance sheet. In other cases, costs arising later are included in the carrying amount of a tangible fixed asset only when it is likely that the future financial benefit associated with the asset will benefit the Group and when the acquisition cost of the asset can be reliably calculated. Other repair and maintenance costs are recognized through profit or loss, once they are realized.

Tangible fixed assets are depreciated using the straight-line method throughout their estimated useful life. Land is not depreciated. The estimated useful lives are as follows:

Buildings and structures	10–30 years
Machinery and equipment	4–15 years
Right-of-use assets	the economic life of the underlying asset
Business premises	10 years
Cars	1–3 years
Computers	1–3 years

The residual value, useful life and depreciation method of an asset are checked at the end of each financial year at the minimum and, if necessary, are adjusted to reflect changed conditions.

Depreciation is started when the asset is ready for use, i.e. when it is in such a location and condition that it can function in the manner intended by the management. When tangible fixed assets are classified as for sale (or are included in a group of assets held for sale) according to IFRS 5 *Non-current assets held for sale and discontinued operations*, depreciation is no longer recognized.

Sales gains and losses resulting from the retiring and sale of tangible fixed assets are included in other operating income or expenses. Sales gains or losses are defined as the difference between the sale price and the remaining acquisition cost.

Intangible assets

Goodwill

Goodwill derived from business mergers is recognized as the amount at which the compensation paid out, the share held by non-controlling interests in the acquiree and any previously owned holding combined exceed the fair value of acquired net assets.

Goodwill is not subject to depreciation, but is tested for impairment annually and whenever there is any indication of potential impairment. For this purpose, goodwill is allocated to cash-generating units. Goodwill is measured at cost less impairment. There was no goodwill on the consolidated balance sheet at the end of the financial year.

Research and development expenditure

Research expenses are recognized as expenses through profit or loss. Development expenses from the planning of newer or significantly improved products are capitalized as intangible assets in the balance sheet once expenses of the development phase can be calculated reliably, once the completion of the product can be implemented technically, once the Group can use or sell the product, once the Group can prove how the product will generate likely future financial benefit and once the Group has both the intention and the resources for completing the development work and for using or selling the product. Capitalized development expenses include the material, work and testing costs that are directly associated with completing the asset for its intended purpose.

Assets are subject to depreciation as soon as they are ready for use. An asset that is not yet ready for use will be tested annually for impairment. After their initial recognition, capitalized development expenses are measured at acquisition cost less accumulated depreciation and impairment.

The useful life of capitalized development expenditure is 3–5 years, during which time the capitalized costs are recognized as expenses depreciated using the straight line method.

Other intangible assets

Intangible assets are recognized in the balance sheet at original acquisition cost when the acquisition cost can be calculated reliably and when it is likely that the expected economic benefits of the asset will flow to the Group.

Intangible assets with limited useful life are recognized in the income statement as expenses depreciated using the straight line method during their known or estimated useful life. The depreciation periods of intangible assets are as follows:

IT software	4–5 years

The consolidated financial statements do not include intangible assets which have indefinite useful lives. The residual value, useful life and depreciation method of an asset are checked at the end of each financial year at the minimum and, if necessary, are adjusted to reflect changed conditions.

Depreciation on intangible assets is started when the asset is ready for use, i.e. when it is in such a condition that it can function in the manner intended by the management. When intangible assets are classified as for sale (or are included in a group of assets held for sale) according to IFRS 5 *Non-current assets held for sale and discontinued operations*, depreciation is no longer recognized.

Inventories

Materials, accessories and unfinished and finished goods are recognized under inventories. Inventories are measured at the lower of cost or net realizable value. Acquisition cost is calculated using the first in, first out (FIFO) method. All purchasing costs, including direct transportation, handling and other costs, are included in the acquisition cost of products that have been purchased as finished products. The acquisition cost of finished and unfinished products manufactured by the company is made up of raw materials, direct costs resulting from work carried out, other direct costs and a systematically applied share of the variable and fixed general costs of manufacturing at a normal level of activity.

The acquisition cost of inventories does not include borrowing costs. The net realizable value is the estimated sales price obtainable through normal business, less the estimated expenses of completing the product and the estimated essential expenses of selling the product.

Leases

Group as the lessee

The Group as the lessee recognizes assets and liabilities for all leases with a term exceeding 12 months that satisfy the IFRS 16 definition of a lease, except where the underlying asset is of low value. The standard enables an exemption for leases for low-value assets. The exemption does not apply to leased computers, however. The Group recognizes a right-of-use asset that represents its right to use the leased asset, and a lease liability that represents the obligation to pay rent. At the end of the financial year, the Group has IFRS 16 leases for office facilities, company cars, and computers in Finland. The office lease agreement is in effect until the end of 2027. Lease agreements for company cars and computers are typically made for three years.

Leases are recognized on the balance sheet at the start of the lease term, at fair value of the leased asset at the time of signing the agreement or at the present value of minimum lease payments, whichever is lower. The lease term is the period during which the lease is noncancelable. In determining the lease term, the Group takes into account extension options and termination options when the commitment has been made to exercise the option in question.

The recognized assets are depreciated during the useful life of the assets or during the lease term, whichever is shorter. Due lease payments are distributed to financial expenditure and liability reduction during the lease term, so that each liability remaining during the period receives the same percentage of interest at the end of each month. Contingent rents are recognized as expenses for those periods during which they are realized. Lease liabilities are recorded under financial liabilities.

The expenses of short-term leases and leases for which the underlying asset is of low value are recognized under other operating expenses and the total value of future minimum lease payments are disclosed in the Notes as off-balance sheet liabilities.

Group as the lessor

Assets leased out under IFRS 16 are included in tangible fixed assets on the balance sheet. They are depreciated during their useful life in a similar manner as corresponding tangible fixed assets used by the Group itself. Rental income is recognized through profit or loss in equal items throughout the lease period. Income from lease agreements that are not part of the Group's primary business are operative lease agreements and are recognized in other income in the income statement. The Group may lease out individual business premises not used for the Group's business operations. These agreements are also operative lease agreements and income from such agreements is also recognized in other income in the income statement.

Impairment of tangible and intangible assets

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

Recoverable amounts are also evaluated annually for the following asset items, irrespective of whether or not there is any indication of impairment: goodwill and unfinished intangible assets.

In addition to annual testing, goodwill is tested for impairment whenever there is any indication of potential impairment. The requirement to recognize impairment is considered at the cash-generating unit (CGU) level, i.e. at the lowest unit level which is mainly independent of other units and whose cash flows can be extracted from and are mainly independent of cash flows of other equivalent units. A cash-generating unit (CGU) is the lowest level in the Group where goodwill is monitored for internal management. The Group had two defined cash-generating units on the financial statements date:

1. Edita Prima
2. Edita Publishing

Such assets as are common to the entire Group, serve several cash-generating units and do not generate a separate cash flow have been allocated to cash-generating units in a reasonable and coherent manner and are tested as part of each cash-generating unit.

The recoverable amount is the fair value of the asset less expenses arising from sale or the value in use, whichever is higher. The value in use is the estimated future net cash flows expected to be derived from an asset or cash-generating unit, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized when the carrying amount of an asset is greater than its recoverable amount. An impairment loss is recorded immediately as either profit or loss. If an impairment loss affects a cash-generating unit, it is first allocated by lowering the goodwill allocated to the cash-generating unit and then by lowering the unit's other assets in the same ratio.

The useful life of an asset subject to depreciation is reassessed when the impairment loss is recognized.

An impairment loss recognized for any assets other than goodwill is reversed if there is a change in the assessments used to calculate the asset's recoverable amount. However, an impairment loss can only be reversed up to the carrying value of the asset before recognition of the impairment loss. An impairment loss recorded for goodwill cannot be reversed under any circumstances.

Employee Benefits

Pension obligations

Post-employment benefits comprise pensions and other benefits, such as life insurance, provided on the basis of employment. Benefits are classified into defined contribution plans and defined benefit plans. Under contribution plans, the Group makes fixed payments to a separate entity. The Group has no legal or de facto obligation to make any additional payments if the payment receiver is unable to pay out the pension benefits. Contributions to defined contribution plans are recognized through profit or loss for the period in which the contributions are payable. Those plans that do not fulfill the definition of defined contribution plans are classified as defined benefit plans. All pension plans in the Group are defined contribution plans.

Provisions and contingent liabilities

A provision is recognized when the Group has an existing legal or factual obligation resulting from an earlier event, the fulfillment of the payment obligation is probable and its magnitude can be reliably quantified. Provisions are valued according to the current value of the expenditure required to settle the obligation. The provision is discounted if the time value has fundamental significance for the size of the provision. Provision amounts are assessed on each reporting date and are adjusted to correspond with the best estimate at the time of review. Any adjustments to provisions are entered in the income statement in the same item as where the provision in question was originally entered.

A restructuring provision is made when the Group has compiled a company-specific restructuring plan and launched its implementation or informed the affected parties accordingly. A provision for environmental obligations is made when the Group has an obligation, based on environmental legislation and the Group's environmental responsibility policies, which relates to site decommissioning, repairing environmental damage or moving equipment from one place to another.

A contingent liability is an obligation that may arise as a result of earlier events and whose existence will be confirmed only if an uncertain event outside the control of the Group is realized. A contingent liability is also considered to be an existing obligation where the payment obligation will probably not need to be fulfilled or whose magnitude cannot be reliably defined. Contingent liabilities are disclosed in the Notes.

Income taxes for the financial year and deferred taxes

The tax liability in the income statement is made up of income tax for the financial year and deferred tax. Taxes are recognized through profit or loss, except when they relate directly to shareholders' equity or other comprehensive income items. Thus, tax is also recognized in the relevant items. Income tax for the financial year is calculated on the basis of the valid tax rate for the country in question. Tax is adjusted with any taxes related to earlier financial years. The Group deducts deferred tax assets and liabilities from each other only in the case that the Group has a legally enforceable right to set off the recorded items and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred taxes are calculated from temporary differences between the carrying amount and the taxable amount. However, deferred tax liabilities are not recognized on the initial recognition of non-deductible goodwill, or if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

The most significant temporary differences arise from lease agreements as well as the differences between the accounting treatment and tax treatment of cloud computing costs and their capitalization.

Deferred taxes are calculated using the official tax rates valid on the balance sheet date or those that were approved in practice by the end date of the reporting period.

Deferred tax assets are recognized only to the extent that, in the future, taxable profits against which the temporary difference can be utilized are likely to be available. Recognition of deferred tax assets is evaluated in this respect on the end date of each reporting period.

The Group deducts deferred tax assets and liabilities from each other only in the case that the Group has a legally enforceable right to set off tax receivables and tax liabilities based on the taxable income for the period against each other and the deferred tax receivables and liabilities are related to income taxes levied by the same tax recipient, either from the same taxpayer or different taxpayers, who intend either to set off the tax receivables and liabilities based on the taxable income for the period against each other, or to realize the receivable and pay the liabilities simultaneously in each such future period during which a significant amount of deferred tax liabilities are expected to be paid or a significant amount of deferred tax receivables are expected to be utilized.

Revenue recognition policies

The Group’s key revenue recognition policy is that the recognition of revenue depicts the transfer of control of promised goods or services to customers, and the recognized amount reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. There are five steps in the recognition of revenue: identifying the contract or contracts; identifying the performance obligations in the contract; determining the transaction price; allocation of the transaction price to each performance obligation; and recognizing revenue when (or as) the performance obligation is satisfied by the Group.

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. When allocating the transaction price, the Group allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the Group is entitled.

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover those costs.

The Group acts as an agent in certain cases. When the Group satisfies a performance obligation as a principal, it recognizes revenue in the net amount of consideration to which it expects to be entitled in exchange for the specified service. The Group acts as an agent if its performance obligation is to arrange for another party to provide a specified service. When acting as an agent, the Group does not control a service provided by another party before the service in question is transferred to a customer. When (or as) the Group, acting as an agent, satisfies the performance obligation, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide the specified services. For the Group, such services are the materials of other content producers that are sold on electronic service platforms and for which the Group earns sales commission.

Sale of goods

Revenue from the sale of goods is recognized when control is transferred to the buyer. As a rule, this occurs at the time of the transfer of the goods in accordance with the terms of the contract.

In some contracts, the Group transfers control of a product to a customer and also grants the customer the right to return the product and receive a full or partial refund of any consideration paid, or a credit that can be applied against amounts owed, or that will be owed, to the Group. To account for the transfer of products with a right of return, the Group recognizes revenue for the transferred products in the amount of consideration to which the Group expects to be entitled. Therefore, revenue is not recognized for products that are expected to be returned. Such products include books sold via intermediaries that, in certain circumstances, may include a contractual right of return.

The goods that the Group sells include legal and learning materials and other printed products. The revenue related to them is presented in Note 6 Revenue from goods recognized at a point in time.

Revenue from sale of services and recognition of revenue over time

Revenue from the sale of services is recognized according to a revenue recognition method based on the degree of completion, provided that any of the following criteria are met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's service as the Group produces the service;

(b) the Group's service creates or enhances an asset (e.g. work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

For services, the degree of completion is defined according to the amount of work carried out in relation to the estimated amount of work required to complete the whole project. If the costs that arise and the revenue that is recognized are greater than the amount charged from the project, the difference is presented on the balance sheet under the item “sales receivables and other receivables”. If the costs that arise and the revenue that is recognized are less than the amount charged from the project, the difference is presented on the balance sheet under the item “accounts payable and other liabilities”.

Otherwise, the revenue from the service is recognized when the control of the service has been transferred, it is likely that the performance of the service will generate financial benefit, the customer has a legal right to the asset or the customer has approved the asset. If it is likely that the overall expenses required to complete the service will exceed the overall income from the project, the expected loss is immediately recognized as an expense.

The services that the Group sells include services related to the online operations and marketing of customers, electronic learning and legal services, training services, announcement services, election services, and warehousing services.

Licensing revenue

The licenses sold by the Group are distinct from other services and they are treated as separate performance obligations. Revenue from licenses is usually recognized over time, when the license provides the right to the Group’s intellectual property as it exists throughout the license period. In this case, the intellectual property may be updated or changed during the term of the license. In certain cases, revenue from licenses is recognized at a point in time when the license provides the right to access the Group’s intellectual property as it exists at the point in time at which the license is granted. The Group’s licensing revenue is related to, for example, annual subscription fees of electronic legal and other services.

The content of revenue is described in more detail in Note 6. Net revenue, continuing operations.

Non-current assets classified as held for sale and discontinued operations

Business operations are treated as discontinued or held for sale when the management is committed to discontinuing or selling a separate business whose associated assets, liabilities, and operating income can be extracted as a separate unit, both operationally and in reporting.

Once the characteristics of assets held for sale are fulfilled, the non-current assets are recognized at the lower of the balance sheet value or the fair value less sales expenses. Depreciation is no longer recognized for fixed assets. The assets and liabilities included in the group of assets held for sale are presented separately from the assets and liabilities of continuing operations. The profit after taxes from discontinued or held-for-sale operations and the sales profit or loss from their sale are recognized separately from continuing operations in the income statement.

A discontinued operation is the part of the Group which has been abandoned, or which has been classified as held for sale, and which fulfils one of the following criteria:

1. It is a significant separate business unit or a unit representative of a geographical area.
2. It is part of a coordinated plan which involves the abandonment of a separate central business area or geographical area of operations.
3. It is a subsidiary which has been acquired for the sole purpose of being resold.

During the financial year, the Group sold its three subsidiaries that were part of the Nordic Morning business area, along with the administrative company of the Swedish sub-group. The transaction was completed on January 31, 2022. The divested operations have been included in the consolidated financial statements until the date of the sale. More information on the effects of the transaction is provided in Note 4. Discontinued operations. On the balance sheet date, the Group had no assets classified as held for sale.

Financial assets and liabilities

Financial assets

The classification of financial assets is based on contractual cash flows. The Group's financial assets are classified as follows: measured at fair value through profit or loss, measured at fair value through other comprehensive income and measured at amortized cost.
Classification takes place when the Group becomes party to the contractual provisions of the instrument and when the Group first recognizes a financial asset.

Financial assets are classified as *measured at amortized cost* when, according to the Group's business model, they are held until maturity and the asset's cash flows consist exclusively of interest and the repayment of principal.

Financial assets are classified as *measured at fair value through other comprehensive income* when, according to the Group's business model, they may be held until maturity or sold, and when the contractual terms stipulate cash flows realized at certain points in time that are exclusively repayments of principal and payments of interest on the remaining principal. In this case, the gains and losses are realized through profit or loss. Impairment is recognized through profit or loss.

All other financial assets are measured at fair value and changes in the fair value are recognized through profit or loss.

Impairment of financial assets

The Group estimates expected credit losses on sales receivables using the simplified approach. The Group recognizes an impairment loss pre-emptively for financial receivables measured at amortized cost. In addition, significant hardships of the debtor, the likelihood of bankruptcy, failure to make payments or major delays in payments are indications of the impairment of sales receivables. If the impairment loss sum decreases during a later period and the depreciation can objectively be deemed as tied to an event that took place after the recognition of the impairment, the recognized impairment will be reversed through profit and loss. The expected credit loss is recognized through profit or loss and its counterpart is an item recognized in financial assets.

Financial liabilities

Financial liabilities are initially recognized at fair value. Derivative instruments used to hedge against changes in financial liabilities are recognized at fair value through profit or loss. All other financial liabilities are measured at amortized cost after their initial recognition.

Financial liabilities are included in non-current and current liabilities. Financial liabilities are classified as current if the Group has no unconditional right to postpone repayment of the debt for at least 12 months from the ending date of the reporting period.

Expenses arising from interest-bearing liabilities are recognized as expenses using the effective interest method.

Fair value determination principles for all financial assets and liabilities are presented in Note 30. Fair value of financial assets and liabilities.

Derivative contracts and hedge accounting

On the date of the balance sheet for the financial year or the comparison year, the Group had no open derivative contracts to which the Group had applied hedge accounting.

Derivative contracts are originally recognized at fair value at the date on which the Group became a party to the contract, and they are still measured later at fair value. Gains and losses arising from measurement at fair value are accounted for as determined by the purpose of the derivative contracts.

Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group defines operating profit as the net sum arrived at by adding other operating income to net revenue, deducting the costs of materials and services (adjusted for changes in inventories of finished and unfinished goods), employee benefit expenses, personnel expenses depreciation, impairment, and other operating expenses. All income statement items other than the above-mentioned are disclosed in the lines below operating profit. Exchange rate differences and changes in the fair values of derivatives are included in operating profit, provided that they arise from items related to business operations. Otherwise, they are recognized in financial items.

Accounting policies requiring the management’s judgment and key uncertainties associated with estimates

In order to draw up the financial statements in compliance with the IFRS, the Group management must make estimates and assumptions concerning the future, the outcome of which may differ from that of earlier estimates and assumptions. It is also necessary to employ judgment in applying the accounting policies.

Management’s judgment related to the selection and application of accounting policies

The Group management creates solutions based on its judgment with regard to the selection and application of accounting policies for the financial statements. Such judgment is required in particular with regard to cases where the existing IFRS standards include alternative options for recognition, measurement, or presentation. The management must also employ judgment in assessing receivables and development capitalization, tax risks and the utilization of deferred tax assets against future taxable income.

Uncertainties associated with estimates

The estimates made in conjunction with preparing the financial statements are based on the management’s best assessments on the reporting period end date. The estimates are based on prior experience as well as future assumptions that are considered to be the most likely on the balance sheet date with regard to issues such as the expected development of the Group’s economic operating environment in terms of sales and cost levels. The Group monitors the realization of estimates and assumptions as well as changes in the underlying factors on a regular basis. Any changes made to the estimates and assumptions are entered in the financial statements for the year during which the changes are made, and in all subsequent years. Estimates have been used in drawing up the financial statements, for example in the measurement of right-of-use assets.

The Group tests its goodwill and work-in-progress for impairment annually. Due to the divestment carried out by the Group during the financial year, there was no goodwill on the consolidated balance sheet on the financial statements date. In impairment testing, the recoverable amounts from the CGUs have been defined on the basis of value in use. These calculations require estimates. More information about the sensitivity of recoverable amounts to changes in the applied estimates is provided in Note 18. Intangible assets.

New and revised standards and interpretations to be applied later

The Group applies future standards and interpretations from the effective date. However, if this date is not the first day of the financial year, it will apply the standard or interpretation from the beginning of the following financial year.

Costs of Fulfilling a Contract – Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for financial years beginning on or after January 1, 2022).

The amendments clarify that, when a provision for an onerous contract is recognized on the basis of inevitable costs, these costs include not only the additional direct costs but also the allocated share of other direct costs. The amendments are not estimated to have a substantial effect on the financial statements.

Annual Improvements to IFRS Standards 2018–2020 (effective for financial periods beginning on or after January 1, 2022).

The Annual Improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments clarify the following standards that may have an effect on the consolidated financial statements. Their effect is not expected to be substantial for the Group, however:

- IFRS 16 Leases – Lease incentives – example 13: The amendment removes payments made by the lessor for the renovation of the leased premises from the example, as the example was unclear as to why the payments in question are not an incentive.

Property, Plant and Equipment — Proceeds before Intended Use – Amendments to IAS 16 Property, Plant and Equipment (effective for the financial years beginning on or after January 1, 2022).

According to the amendments, revenue from the sale of products arising from the use of an incomplete tangible asset and related manufacturing costs should be recognized through profit or loss. The amendments are not estimated to have a substantial effect on the financial statements.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Presentation of Financial Statements
(Effective for financial years beginning on or after January 1, 2023, early application is permitted). The regulations in question have not yet been endorsed for use by the European Union as of June 30, 2022.

The amendments are to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. The amendments are not estimated to have a substantial effect on the financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective for financial years beginning on or after January 1, 2023, early application is permitted). The regulations in question have not yet been endorsed for use by the European Union as of June 30, 2022.

The amendments clarify the application of materiality to disclosure of accounting policies. The amendments are not estimated to have a substantial effect on the financial statements.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for financial years beginning on or after January 1, 2023, early application is permitted). The regulations in question have not yet been endorsed for use by the European Union as of June 30, 2022.

The amendments clarify how companies should distinguish between changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments are not estimated to have a substantial effect on the financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes (effective for financial years beginning on or after 1 January 2023, early application is permitted). The regulations in question have not yet been endorsed for use by the European Union as of June 30, 2022.

The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations that give rise to equal and offsetting temporary differences. The amendments are not estimated to have a substantial effect on the financial statements.

Notes to the consolidated financial statements (IFRS)

3. Operating segments, continuing operations

The Group's operations are managed and reported by business area, with the business areas constituting the following operating segments:

The **Edita Publishing** business area provides learning materials and training in the field of teaching and education to support learning and teaching. Edita Publishing also provides advanced legal information services in the form of up-to-date online services, books, and training activities. Edita Publishing Ltd is also a partner in the distribution of official information. The business area consists of the subsidiary Edita Publishing Ltd.

The **Edita Prima** business area produces multichannel customer communications solutions, online services for managing marketing materials, election services, and extensive printing services. The business area consists of the subsidiary Edita Prima Ltd.

Other Operations includes the operations of the parent company Edita Group Plc, which owns the Group's subsidiaries and steers the Group's businesses and supports them by providing expert and administrative services.

The Group previously reported the Nordic Morning business area as a separate segment. The business area's limited liability companies and Nordic Morning Group Sweden AB, which was part of Other Operations, were sold on January 31, 2022. The Nordic Morning business area consisted of Nordic Morning Finland Oy, Nordic Morning Sweden AB, and Mods Graphic Studio AB. The divested companies have been included in the consolidated financial statements until the date of their sale, January 31, 2022.

The Group has not combined operating segments to form the reporting segments mentioned above. Segment-based data is consolidated according to the accounting principles (IFRS) applied on the Group level, and reporting to the Board forms the basis of segment reporting. Figures for the operating segments are reported and the company's management uses these figures to allocate the Group's resources to the segments and to assess their performance. Transfer prices between the segments are based on market prices.

Sales completed to the discontinued operations before the divestment have been eliminated from the result of the continuing operations. Correspondingly, completed purchases from the discontinued operations before the divestment have been eliminated from the result of the continuing operations.

The segment's assets and liabilities are operating items that the segments use in their operations. Business segment assets comprise fixed assets, sales receivables, receivables from projects in progress and inventories, while liabilities comprise accounts payable, advances received, and lease liabilities. All other assets and liabilities are presented in unallocated items in the reconciliation of segment information. Investments, depreciation and impairment have been allocated to the reporting segments. The main items in the monitoring and reporting of segments are net revenue and operating profit/loss (described in Note 2).

Financial year January 1, 2021–June 30, 2022, EUR 1,000 **Operating segments**	**Nordic Morning**	**Edita Publishing**	**Edita Prima**	**Other operations**	**Elim.**	**Total**
External net revenue		19 395	67 683	183		87 261
Inter-segment net revenue		2	134	5 087	-5 223	0
Net revenue, total		**19 397**	**67 817**	**5 270**	**-5 223**	**87 261**
Depreciation		-140	-1 383	-2 493		-4 015
Impairment		0	0	-214		-214
Operating profit/loss		**1 886**	**4 502**	**-4 830**	**-1 112**	**446**
Assets and liabilities, Group						
Segment assets	0	2 479	8 372	8 748	-16	19 583
Segment assets, total	**0**	**2 479**	**8 372**	**8 748**	**-16**	**19 583**
Segment liabilities, Group	**0**	**601**	**2 701**	**5 286**	**-16**	**8 572**
Investments, Group	**0**	**718**	**962**	**579**	**0**	**2 259**

Notes to the consolidated financial statements (IFRS)

Financial year January 1, 2020–December 31, 2020, EUR 1,000 Operating segments	Nordic Morning	Edita Publishing	Edita Prima	Other operations	Elim.	Total
External net revenue		12 134	32 065	0		44 199
Inter-segment net revenue		4	63	3 583	-3 649	0
Net revenue, total		**12 138**	**32 128**	**3 583**	**-3 649**	**44 199**
Depreciation		-37	-772	-1 710		-2 519
Impairment		0	0	0		0
Operating profit/loss		**2 158**	**1 146**	**-3 632**	**-1 191**	**-1 519**
Assets and liabilities, Group						
Goodwill	13 426	0	0	0		13 426
Segment assets	5 329	1 773	9 468	14 518	-408	30 680
Segment assets, total	**18 755**	**1 773**	**9 468**	**14 518**	**-408**	**44 105**
Segment liabilities, Group	**2 961**	**742**	**5 446**	**9 871**	**-408**	**18 612**
Investments, Group	**0**	**250**	**1 477**	**2429**	**0**	**4 155**

Reconciliations between the consolidated data and the reported segment data, continuing operations

EUR 1,000	January 1, 2021–June 30, 2021	January 1, 2020–December 31, 2020
Net revenue		
Reported segment net revenue	87 261	44 199
Consolidated net revenue	**87 261**	**44 199**
Profit/loss before taxes		
Reported segment operating profit/loss	446	-1 519
Consolidated net financial income (+)/expenses (-)	-284	-497
Consolidated profit/loss before taxes	**162**	**-2 016**
Assets		
Reported segment assets	19 583	44 105
Assets not allocated to a segment	2 390	3 294
Consolidated assets	**21 973**	**47 399**
Equity and liabilities		
Reported segment liabilities	8 572	18 612
Liabilities not allocated to a segment	10 826	14 733
Group equity	2 575	14 054
Group equity and liabilities	**21 973**	**47 399**

Notes to the consolidated financial statements (IFRS)

4. Discontinued operations

Edita Group's parent company Edita Group Plc sold the entire share capital of Nordic Morning Finland Oy, which was part of the Nordic Morning business segment, and Nordic Morning Group Sweden AB, which was part of the Other operations segment, in a transaction that was completed on January 31, 2022. At the same time, all of the shares in Nordic Morning Sweden AB and Mods Graphic Studio AB, which were owned by Nordic Morning Group Sweden AB, were transferred to the new owner. The Group's management committed to the divestment in early 2021 with the purpose of focusing on the Edita Publishing and Edita Prima business segments.

The divested companies had not been previously classified as assets held for sale or discontinued operations. In these financial statements, the consolidated income statement for the comparison year is presented separately for discontinued operations and continuing operations.

Following the divestment, business activity between the continuing operations and the discontinued operations has been minimal, mainly focusing on fixed-term administrative services and rent for business premises, which are aimed at ensuring the smooth continuation of operations in the divested units. Sales completed to the continuing operations before the divestment have been

Result of discontinued operations

EUR 1,000	January 1, 2021–January 31, 2022	January 1, 2020–December 31, 2020
Net revenue, total	36 408	31 981
Elimination of internal net revenue	-3 370	-2 260
External net revenue	**33 038**	**29 721**
Other operating income, total	1 793	1 619
Elimination of other internal income	-1 793	-1 594
Other external income	**0**	**25**
Operating expenses, total	-38 183	-35 701
Elimination of expenses related to internal net revenue	6 566	4 361
External operating expenses	**-31 617**	**-31 340**
Financial income and expenses	-206	39
Operating result before taxes	**1 216**	**-1 556**
Income taxes	-7	3
Operating result after taxes	**1 208**	**-1 553**
Arising from the divestment of discontinued operations		
loss	-12 081	0
Income tax arising from loss	0	0
Arising from the divestment of discontinued operations Loss after taxes	**-12 081**	**0**
Profit (loss) for the financial year derived from discontinue	**-10 873**	**-1 553**
Distribution		
Parent company's shareholders	-10 873	-1 553

The most significant factor in the loss of the discontinued operations was goodwill, which amounted to EUR 13.2 million on the consolidated balance sheet at the time of the sale. All of the Group's goodwill was allocated to discontinued operations.

Notes to the consolidated financial statements (IFRS)

Cash flow of discontinued operations

EUR 1,000	January 1, 2021–January 31	January 1, 2020–December 31, 2020
Cash flow from operating activities	744	1 739
Cash flow from investing activities	1 187	7
Cash flow from financing activities	-1 326	-1 238
Net cash flow	**604**	**507**

Effect of discontinued operations on the consolidated balance sheet at the time of sale

EUR 1,000	31.1.2022
Tangible and intangible fixed assets	-1 199
Goodwill	-13 259
Deferred tax assets	-20
Sales receivables and other receivables	-6 369
Cash and cash equivalents and other current financial assets	-252
Non-current and current financial liabilities	1 293
Accounts payable and other current liabilities	5 982
Translation difference	304
Net assets	**-13 520**
Cash consideration received from divestment	1 439
Cash and cash equivalents removed from the Group	-252
Net cash flow arising from the divestment	**1 187**

Personnel of discontinued operations

The average number of personnel employed by the discontinued operations, converted into full-time equivalents, was 157 for the period January 1, 2021–January 31, 2022. The corresponding figure in 2020, the comparison year, was 180.
On the date of the divestment, January 31, 2022, the number of personnel, converted into full-time equivalents, was 165.

5. Effects of the new agenda decision concerning the IAS 38 Intangible Assets standard on the figures for the comparison year 2020 with regard to cloud computing costs

Certain figures presented in the financial statements for 2020 have been adjusted due to a new agenda decision concerning the IAS 38 Intangible Assets standard. Configuration and customization costs for cloud computing arrangements capitalized by the parent company in 2019–2020 have been adjusted in the consolidated financial statements with regard to the figures for the comparison year 2020 as shown in the table below.

Notes to the consolidated financial statements (IFRS)

EUR 1,000	January 1, 2020–December 31, 2020
Adjustments to income statement items, Other operations segment	
Other operating expenses	-1 042
Depreciation	93
Change in deferred tax assets	190
Total effect on profit/loss	**-759**
Adjustments to balance sheet items, Other operations segment	
Advance payments for intangible assets	
Acquisition cost January 1, 2020	-822
Increases during the financial year	-1 042
Decreases	1 863
Carrying amount, December 31, 2020	0
Other intangible assets	
Increases during the financial year	-1 863
Depreciation for the financial year	93
Carrying amount, December 31, 2020	-1 770
Deferred tax assets January 1, 2020	164
Deferred tax assets December 31, 2020	354
Total assets December 31, 2020	**-1 416**
Retained earnings January 1, 2020	-657
Profit (loss) for the financial year	-759
Total liabilities December 31, 2020	**-1 416**
Adjustments to gross capital expenditure, Other operations segment	
Total capital expenditure	**-1 094**

6. Net revenue, continuing operations

Revenue information concerning geographical areas

During the financial year, the Group's segments operated in Finland, with the divested operations also having operated in Sweden. Sales income from external customers have been defined in accordance with the International Financial Reporting Standards (IFRS). In the financial year January 1, 2021–June 30, 2022, the Group's continuing operations had three customers whose share of the net revenue of the Group's continuing operations exceeded 10% (2020: two customers). Net revenue from customer A was approximately EUR 22.9 million (2020: approx. EUR 13.7 million). Net revenue from customer B was approximately EUR 11.5 million (2020: approx. EUR 7.4 million) and net revenue from customer C was approximately EUR 9.2 million (2020: under 10% of net revenue). Net revenue from customers A, B and C was accumulated in both the Edita Prima and Edita Publishing segments during the financial year. In the

Notes to the consolidated financial statements (IFRS)

Financial year January 1, 2021–June 30, 2022, EUR 1,000 Geographical areas	Edita Publishing	Edita Prima	Other operations	Elim.	Total
Finland	19 358	67 673	4 510	-4 646	86 895
Sweden and the rest of the EU	4	113	760	-577	300
Export sales outside of the EU	35	31	0	0	66
Eliminations	0	0	0	0	0
Net revenue, total	**19 397**	**67 817**	**5 270**	**-5 223**	**87 261**

Financial year January 1, 2020–December 31, 2020, EUR 1,000 Geographical areas	Edita Publishing	Edita Prima	Other operations	Elim.	Total
Finland	12 119	32 023	2 888	-2 954	44 076
Sweden and the rest of the EU	10	92	695	-695	102
Export sales outside of the EU	8	13	0	0	21
Eliminations	0	0	0	0	0
Net revenue, total	**12 138**	**32 128**	**3 583**	**-3 649**	**44 199**

Revenue by category and timing

Revenue from the Group's service business consists of services for which revenue is recognized over time, or at a point in time, depending on the content of the service and the duration of the project. Services for which revenue is recognized over time consist of annual licenses for digital services in the Edita Publishing business area, while in the Edita Prima business area, they consist of maintenance services for digital services, licenses, and storage services. Services for which revenue is recognized at a point in time consist of training services and digital books in the Edita Publishing business area, while in the Edita Prima business area, they consist of document planning services as well as digital election services and other services. Revenue from the sale of goods consists primarily of books in the Edita Publishing business area and various printed materials in the Edita Prima business area. Revenue from the sale of goods is recognized at a point in time when the customer has obtained control of the product. Other revenue mainly consists of

Financial year January 1, 2021–June 30, 2022, EUR 1,000	Edita Publishing	Edita Prima	Other operations	Elim.	Total
Revenue from services recognized at a point in time	3 474	1 893	3 943	-3 773	5 537
Revenue from services recognized over time	7 783	826	0	-76	8 533
Revenue from goods recognized at a point in time	6 476	65 098	0	-47	71 527
Other revenue recognized at a point in time	1 664	0	1 327	-1 327	1 664
Net revenue, total	**19 397**	**67 817**	**5 270**	**-5 223**	**87 261**

Financial year January 1, 2020–December 31, 2020, EUR 1,000	Edita Publishing	Edita Prima	Other operations	Elim.	Total
Revenue from services recognized at a point in time	2 028	868	2 707	-2 708	2 894
Revenue from services recognized over time	5 104	882	0	-27	5 959
Revenue from goods recognized at a point in time	3 916	30 377	0	-38	34 255
Other revenue recognized at a point in time	1 090	0	876	-876	1 090
Net revenue, total	**12 138**	**32 128**	**3 583**	**-3 649**	**44 199**

Notes to the consolidated financial statements (IFRS)

Balances of contracts with customers

The following table illustrates information on receivables related to contracts with customers as well as contractual assets and liabilities:

EUR 1,000	30.6.2022	31.12.2020
Sales receivables	5 713	7 225
Contractual assets	889	691
Contractual liabilities	2 748	1 787

Contractual assets are related to the Group's right to receive consideration from customers in exchange for goods or services transferred. The most significant proportion of the contractual assets is related to projects for which revenue is recognized over time in the Edita Publishing business area.

Contractual liabilities are related to the Group's obligation to transfer to customers services and products for which the Group has received payment from the customers. The most significant proportion of the contractual assets is related to projects for which revenue is recognized over time, and annual subscriptions for licenses and other services, in the Edita Publishing business area. The maturity of contractual assets and liabilities exceeds one year only in exceptional cases.

	30.6.2022		31.12.2020	
EUR 1,000	Contractual assets	Contractual liabilities	Contractual assets	Contractual liabilities
Share of opening balance's contractual liabilities recognized as revenue	-	-1 787	-	-1 876
Increase in contractual liabilities due to advances received, excluding the amount for which revenue was recognized during the period	-	2 748	-	1 787
Contractual assets transferred from the opening balance of contractual assets to sales receivables	-691	-	-220	-
Increase in contractual assets due to change in the degree of completion	874	-	691	-

Transaction price reported for remaining performance obligations

The following table illustrates the expected revenue to be recognized in relation to performance obligations that are fully or partly unsatisfied:

EUR 1,000	30.6.2022	31.12.2020
Sale of services	2 529	1 715
Sale of goods	400	407

The Group expects that, during the next financial year, it will deliver the services and goods related to performance obligations that were fully or partly unsatisfied on the reporting date, as the Group's projects are, as a rule, less than one year in duration.

Additional expenses arising from obtaining contracts

The Group has capitalized commissions related to orders received through intermediaries, the performance obligations for which will likely be satisfied during the next financial year. The capitalized commissions amounted to EUR 15 thousand (2020: EUR 20 thousand). The capitalized commissions will be recognized as expenses when the performance obligation is satisfied and revenue for

Notes to the consolidated financial statements (IFRS)

Recognition of revenue according to the degree of completion

Projects for which revenue is recognized according to the degree of completion are related to training services sold by the E dita Publishing business area. A receivable corresponding to the revenue according to the degree of completion is presented in Not e 23 in the item Receivables from customers for projects in progress. Advance invoicing that exceeds the revenue according to the degree of completion is presented as advances received from customers for projects in progress.

For projects in progress, realized expenses and income (less losses), and advances received were recognized as follows:

Receivables from customers for projects in progress EUR 1,000	Note 23	**30.6.2022**	**31.12.2020**
Income/assignment expense		86	73
Amount invoiced from customers		0	-16
Total		**86**	**57**

Advances received from customers for projects in progress EUR 1,000	**30.6.2022**	**31.12.2020**
Income/assignment expense	-122	-510
Amount invoiced from customers	363	757
Total	**241**	**247**

7. Other operating income, continuing operations

EUR 1,000	**January 1, 2021–June 30, 2022**	**1, 2020–December 31, 2020**
Rental income	1 087	654
Other income items	396	494
Total	**1 482**	**1 148**

8. Materials and services, continuing operations

EUR 1,000	**January 1, 2021–June 30, 2022**	**1, 2020–December 31, 2020**
Purchases made during the financial year	-6 836	-3 716
Change in stocks	451	30
	-6 385	-3 686
Outsourced services	-39 259	-16 393
Total	**-45 645**	**-20 080**

Notes to the consolidated financial statements (IFRS)

9. Employee benefits expenses, continuing operations

EUR 1,000	January 1, 2021–June 30, 2022	1, 2020–December 31, 2020
Salaries	-17 225	-10 710
Pension costs – defined contribution plans	-2 575	-1 514
Other related expenses	-520	-333
Total	**-20 320**	**-12 557**

Personnel of the Group's continuing operations by business area on average during the financial year	January 1, 2021–June 30, 2022	1, 2020–December 31, 2020
Edita Publishing	82	83
Edita Prima	82	87
Other operations	21	23
Group, total	**185**	**193**
In Finland	185	193
Group, total	**185**	**193**

The employee benefits of the management are presented under Note 33. Related party transactions.

10. Depreciation and impairment, continuing operations, and the Group

EUR 1,000	anuary 1, 2021–June 30, 202		uary 1, 2020–December 31, 2	
Depreciation by asset group	**Continuing operations**	**Group**	**Continuing operations**	**Group**
Intangible assets				
Capitalized development costs	-32	-32	-37	-37
Customer agreements and associated customer relationships	0	0	0	-101
IT software*	-391	-391	-150	-152
Other intangible assets	-55	-55	-38	-38
Total	**-478**	**-478**	**-226**	**-328**
Tangible fixed assets				
Buildings and structures	-852	-852	-576	-576
Right-of-use assets	-1 483	-2 813	-986	-2 224
Machinery and equipment	-1 202	-1 231	-731	-759
Total	**-3 537**	**-4 896**	**-2 293**	**-3 559**
Total depreciation	**-4 015**	**-5 374**	**-2 519**	**-3 887**

*Depreciation of intangible assets for the comparison year have been adjusted compared to the financial statements for 2020, see see Note 5.

Impairment by asset group	Notes	**Continuing operations**	**Group**	**Continuing operations**	**Group**
	17, 18				
Goodwill		0	0	0	-1 024
Right-of-use assets		-214	-214	0	0
Total		**-214**	**-214**	**0**	**-1 024**

Notes to the consolidated financial statements (IFRS)

11. Other operating expenses, continuing operations, excluding auditor's fees

EUR 1,000	January 1, 2021–June 30, 2022	1, 2020–December 31, 2020
Royalties and order commissions	-1 777	-996
Rents	-190	-83
Other business premises expenses	-1 723	-1 333
Logistics and transport costs	-1 719	-1 020
IT and data communications	-5 498	-4 277
Marketing and representation costs	-699	-218
Consulting and specialist fees	-1 580	-655
Other operating expenses	-4 968	-2 978
Continuing operations total	**-18 153**	**-11 558**

Auditor's fees, Group

Authorized Public Accountants KPMG	January 1, 2021–June 30, 2022	1, 2020–December 31, 2020
Audit	-122	-87
Tax consultation	-26	-30
Other services	-72	-5
Total, Group	**-220**	**-122**

12. Research and development expenditure and other intangible assets

Direct development expenses of information systems have been capitalized as other intangible assets. The capitalizations of advance payments for the financial year January 1, 2021–June 30, 2022 amounted to EUR 560 thousand (EUR 337 thousand). Transfers from advance payments to other intangible assets totaled EUR 395 thousand (2020: 0). The unamortized acquisition cost of other intangible assets is EUR 693 thousand (EUR 450 thousand) and the unamortized acquisition cost of advance payments is EUR 450 thousand (EUR 611 thousand). Direct marketing automation expenses have been capitalized as development expenses. The acquisition cost of development expenses has been amortized entirely at the end of the financial year (EUR 32 thousand at the end of the previous financial year). More information is presented in Note 18. The figures reported in the financial statements for 2020 have been adjusted due to the IFRS agenda decision concerning the capitalization of cloud computing costs. More information is presented in Note 5.

13. Financial income, continuing operations

EUR 1,000	January 1, 2021–June 30, 2022	1, 2020–December 31, 2020
Dividend income	0	4
Interest income	4	4
Exchange rate differences	203	0
Total	**208**	**8**

14. Financial expenses, continuing operations

Items recognized through profit and loss

EUR 1,000	January 1, 2021–June 30, 2022	1, 2020–December 31, 2020
Interest expenses on financial liabilities measured at amortized cost	-120	-84
Changes in value of financial assets measured at fair value through profit or loss		
- Financial securities	0	-10
Interest expenses on leases	-116	-89
Other financial items	-255	-322
Total	**-491**	**-504**

Other financial items primarily consist of expenses related to financing limit provisions and exchange rate differences. In the income statement, exchange rate differences are recognized in net revenue, other operating expenses, financial income and financial expenses. The exchange rate differences recognized through profit or loss totaled EUR +212 thousand for continuing operations for the

Notes to the consolidated financial statements (IFRS)

15. Other comprehensive income items that may be recognized through profit or loss later or have been recognized through profit or loss

Items recognized in OCI items and the related adjustments due to classification changes are as follows:

EUR 1,000	January 1, 2021–June 30, 2022			January 1, 2020–December 31, 2020		
	Recognized in OCI	Change in classification	Total	Recognized in OCI	Change in classification	Total
Translation differences	-393	0	-393	122	0	122
Total	**-393**	**0**	**-393**	**122**	**0**	**122**

16. Income taxes

EUR 1,000	January 1, 2021–June 30, 2022	1, 2020–December 31, 2020
Income tax paid for the financial year	-287	18
Taxes relating to previous financial years	1	-7
Deferred taxes:		
Temporary differences that have been generated and that do not exist any more	-91	246
Taxes in the income statement	**-376**	**256**

Reconciliation of tax liability and the Group's taxes according to the Finnish tax rate, 20.0%:

EUR 1,000	January 1, 2021–June 30, 2022	1, 2020–December 31, 2020
Profit before taxes	162	-2 016
Taxes at the parent company's tax rates	-32	403
Tax-free income	5 193	1 128
Non-deductible expenses	-5 543	-1 268
Taxes relating to previous financial years	1	-7
Other items and different tax rates of foreign subsidiaries	5	0
Taxes in the income statement	**-376**	**256**
Effective tax rate	231,6 %	12,7 %

Notes to the consolidated financial statements (IFRS)

17. Tangible fixed assets

EUR 1,000	Land and water areas	Build- ings	achinery and equipment	Right-of-use assets *Offices*	*Cars*	*Computers*	Total
Acquisition cost January 1, 2021	1 923	16 781	22 473	11 835	519	117	53 648
Translation differences	0	0	0	79	4	0	83
Increases	0	42	829	199	133	202	1 404
Decreases	0	0	-1 390	-3 716	-458	-54	-5 618
Other adjustments	0	0	3 410	0	0	0	3 410
Acquisition cost, June 30, 2022	**1 923**	**16 823**	**25 320**	**8 396**	**198**	**265**	**52 926**
Accumulated depreciation and impairment on January 1, 2021	0	13 728	20 247	3 952	239	35	38 201
Decreases	0	0	-1 385	-2 451	-349	-54	-4 239
Other adjustments	0	0	3 410	0	0	0	3 410
Depreciation for the financial year	0	852	1 231	2 463	219	131	4 896
Impairment	0	0	0	214	0	0	214
Accumulated depreciation, June 3	**0**	**14 580**	**23 502**	**4 179**	**109**	**112**	**42 482**
Carrying amount, June 30, 2022	**1 923**	**2 243**	**1 819**	**4 218**	**89**	**153**	**10 444**
Carrying amount, January 1, 2021	1 923	3 053	2 226	7 883	280	82	15 447

EUR 1,000	Land and water areas	Build- ings	achinery and equipment	Right-of-use assets *Offices*	*Cars*	*Computers*	Total
Acquisition cost January 1, 2020	1 923	16 781	21 131	14 692	406	0	54 933
Translation differences	0	0	1	-38	-1	0	-38
Increases	**0**	0	1 341	2 097	211	121	3 769
Decreases	0	0	0	-4 916	-97	-4	-5 016
Acquisition cost, December 31, 20	**1 923**	**16 781**	**22 473**	**11 835**	**519**	**117**	**53 648**
Accumulated depreciation and impairment on January 1, 2020	0	13 152	19 491	6 847	165	0	39 655
Decreases	0	0	-4	-4 916	-89	-4	-5 013
Depreciation for the financial year	0	576	759	2 021	164	39	3 559
Accumulated depreciation, Decem	**0**	**13 728**	**20 247**	**3 952**	**239**	**35**	**38 201**
Carrying amount, December 31, 2	**1 923**	**3 053**	**2 226**	**7 883**	**280**	**82**	**15 447**
Carrying amount, January 1, 2020	1 923	3 629	1 641	7 845	242	0	15 279

Notes to the consolidated financial statements (IFRS)

18. Intangible assets

EUR 1,000	Goodwill	Develop. expenses	Other intangible assets	Advance payments	Total
Acquisition cost January 1, 2021	30 682	149	6 767	611	38 210
Translation differences	-82	0	0	0	-82
Increases	0	0	27	828	855
Transfers between items	0	0	663	-663	0
Decreases	-30 601	0	-3 988	-326	-34 914
Acquisition cost, June 30, 2022	**0**	**149**	**3 469**	**450**	**4 069**
Accumulated depreciation and impairment on January 1, 2021	17 256	117	6 317	0	23 690
Decreases	-17 256	0	-3 987	0	-21 243
Depreciation for the financial year	0	32	446	0	478
Accumulated depreciation, June 30, 2022	**0**	**150**	**2 776**	**0**	**2 926**
Carrying amount, June 30, 2022	**0**	**0**	**693**	**450**	**1 144**
Carrying amount, January 1, 2021	13 426	32	450	611	14 519

EUR 1,000	Goodwill	Develop. expenses	Other intangible assets*	Advance payments*	Total
Acquisition cost January 1, 2020	30 530	149	6 667	274	37 621
Translation differences	152	0	0	0	151
Increases	0	0	100	337	438
Acquisition cost, December 31, 2020	**30 682**	**149**	**6 767**	**611**	**38 210**
Accumulated depreciation and impairment on January 1, 2020	16 232	80	6 026	0	22 338
Depreciation for the financial year	0	37	291	0	328
Impairment	1 024	0	0	0	1 024
Accumulated depreciation, December 31, 2020	**17 256**	**117**	**6 317**	**0**	**23 690**
Carrying amount, December 31, 2020	**13 426**	**32**	**450**	**611**	**14 519**
Carrying amount, January 1, 2020	14 298	70	641	274	15 283

*Figures for the comparison year have been adjusted compared to the financial statements for 2020, see Note 5.

Other intangible assets include software and related non-current expenses.

Notes to the consolidated financial statements (IFRS)

Allocation of goodwill

Edita Group has two business segments: Edita Publishing and Edita Prima. These segments and the Group as a whole did not have any goodwill on the financial statements date. The Nordic Morning business segment, which was part of the Group until January 31, 2022, did have goodwill.

Edita Prima and Edita Publishing constitute independent cash-generating units. The divested Nordic Morning business area was divided into two cash-generating units: Nordic Morning Sweden and Nordic Morning Finland.

In the comparison year 2020, goodwill in the Group was allocated to Nordic Morning Sweden and Nordic Morning Finland. The goodwill and carrying amounts of the tested cash-generating units are presented below. The carrying amount presented is the total of goodwill, fixed assets and working capital in the cash-generating unit. In impairment testing, the discounted recoverable cash flow was compared with the carrying amount.

EUR 1,000	Nordic Morning Sweden	Nordic Morning Finland	Total
January 1, 2020–December 31, 2020			
Goodwill	12 173	1 253	**13 426**
Carrying amount	15 013	1 835	**16 848**

Impairment testing, December 31, 2020 (comparison year)

In impairment testing, the recoverable amounts from the business areas were determined on the basis of value in use. Cash flow forecasts were based on the forecasts approved by the management and that covered a period of three years. Cash flows after the forecast period were extrapolated using a discount rate and zero growth percentage. The COVID-19 pandemic increased the uncertainty involved in the forecasts. The management's estimates were based on the assumption that vaccines and their effective distribution could reduce the negative impacts of the pandemic on net revenue and profit.

The key assumptions when calculating the value in use are as follows:

1. Net revenue – Based on the budget for the following year and on strategy forecasts for the coming years.
2. EBITDA – Based on the budget for the following year and on strategy forecasts for the coming years. The prices based on the overhead cost index are also taken into account.
3. Discount rate – Defined by means of the weighted average cost of capital (WACC), which describes the total cost of equities and liabilities, taking into account the special risks associated with assets.

Discount rate before taxes	Nordic Morning Sweden	Nordic Morning Finland
January 1, 2020–December 31, 2020	6,9 %	7,4 %

Sensitivity analysis in impairment testing

The assumptions used in sensitivity analyses are related to net revenue, expenses, profitability, the applied discount rate, and the growth rate following the forecast period. In assessing the results of the sensitivity analyses, attention was paid to the effect of changes in net revenue and expenses on profitability (gross margin).

After the divestment of the Nordic Morning business segment, the Group has not had recoverable cash flows requiring testing, nor related goodwill.

Notes to the consolidated financial statements (IFRS)

19. Subsidiaries

Group structure

The following table presents information on the Group's structure on the balance sheet date.

		Number of wholly-owned subsidiaries	
Operating segment	Country	30.6.2022	31.12.2020
Nordic Morning	Finland/Sweden	0	3
Edita Publishing	Finland	1	1
Edita Prima	Finland	1	1
Other operations	Finland/Sweden	0	1

A full list of the Group's subsidiaries is presented in Note 33. Related party transactions.

Changes in holdings in subsidiaries

January 1, 2021–June 30, 2022

The Group's parent company Edita Group Plc sold all of its shares in Nordic Morning Finland Oy and Nordic Morning Group Sweden AB in a transaction completed on January 31, 2022. Edita Group Plc owned 100% of the share capital of the two companies. At the same time, Nordic Morning Sweden AB and Mods Graphic Studio AB, which are fully owned by Nordic Morning Group Sweden AB, were transferred to the new owner. More information on the financial position of the discontinued operations is presented in Note 4.

January 1, 2020–December 31, 2020

No changes during the financial year.

Notes to the consolidated financial statements (IFRS)

20. Other financial assets

The “Other financial assets” balance sheet item includes the following financial assets

EUR 1,000	30.6.2022	31.12.2020
Financial assets measured at fair value through profit or loss	0	26
Total	**0**	**26**

The Group has recognized impairment on unlisted equities during the financial year.

Changes in the value of financial assets

EUR 1,000	30.6.2022	31.12.2020
At the beginning of the financial year	26	140
Sale of equity investments	0	-104
Impairment	-26	-10
Other increases	0	0
At the end of the financial year	**0**	**26**
Non-current financial assets	0	26

21. Deferred tax assets and liabilities

Changes in deferred taxes during the financial year January 1, 2021–June 30, 2022

EUR 1,000	1.1.2021	Recognized in the income statement	Exchange rate differences	Divested operations	30.6.2022
Deferred tax assets					
Provisions	12	-12	0	0	0
Adjustments to the capitalization of intangible assets	354	-112	0	0	242
Leases	112	31	0	-21	121
Total	**478**	**-93**	**0**	**-21**	**363**

Change in deferred taxes during the financial period January 1, 2020–December 31, 2020

EUR 1,000	1.1.2020	Recognized in the income statement	Exchange rate differences	Divested operations	31.12.2020
Deferred tax assets					
Provisions	0	12	0	0	12
Adjustments to the capitalization of intangible adjustments*	164	190	0	0	354
Leases	98	11	3	0	112
Total	**262**	**212**	**3**	**0**	**478**
Deferred tax liabilities					
Measurement of intangible and tangible assets at fair value in business combinations	22	-22	0	0	0
Accumulated depreciation differences and other a	24	-24	0	0	0
Available-for-sale financial assets	20	-20	0	0	0
Total	**65**	**-65**	**0**	**0**	**0**

*The figure presented in the financial statements for 2020 has been adjusted, see Note 5.

The Group did not have any confirmed losses on the financial statements date of June 30, 2022 (in the comparison year 2020, the Group had a total of EUR 9.9 million in confirmed losses for which deferred tax assets were not recognized due to the uncertainty related to their use). In the comparison year, confirmed losses in Finland amounted to approximately EUR 20,000, with the remainder of the confirmed losses being in Sweden. All of the confirmed losses in the comparison year were related to the companies divested on

Notes to the consolidated financial statements (IFRS)

22. Inventories

EUR 1,000	30.6.2022	31.12.2020
Materials and supplies	723	272
Unfinished products	221	139
Finished products/goods	1 252	905
Total	**2 195**	**1 316**

As expenses of EUR 63 thousand were recognized for the financial year, the carrying amount of inventories was reduced to correspond with their net realizable value (EUR 108 thousand in 2020).

23. Sales receivables and other receivables

EUR 1,000	30.6.2022	31.12.2020
Loans and other receivables		
Sales receivables	5 713	12 041
Receivables from customers for projects in progress, continuing operations	86	57
Receivables from customers for projects in progress, discontinued operations	0	339
Prepaid expenses and accrued income		
Rents	0	325
Royalty receivables	199	147
Social security expense accruals	63	53
Sales accruals	582	548
Annual credits	5	15
IT service accruals	219	193
Other prepaid expenses and accrued income	263	266
Other receivables	12	699
Total of sales receivables and other receivables	**7 143**	**14 682**

Notes to the consolidated financial statements (IFRS)

Maturity distribution of sales receivables and recognized expected credit losses

30.6.2022 EUR 1,000	Not due	<30 days	31–60 days	>60 days	Total
ECL multiplier*)	0,2 %	2,0 %	7,5 %	10,0 %	
Gross carrying amount	5 578	118	23	-5	5 713
Lifetime ECL	11	2	2	0	15

31.12.2020 EUR 1,000	Not due	<30 days	31–60 days	>60 days	Total
ECL multiplier*)	0,6 %	2,0 %	7,5 %	10,0 %	
Gross carrying amount	10 763	1 192	46	40	12 041
Lifetime ECL	65	24	3	4	96

*) Expected credit loss multiplier

Sales receivables by currency

EUR 1,000	30.6.2022	31.12.2020
EUR	5 713	8 475
SEK	0	3 562
NOK	0	2
Other	0	1
Total	**5 713**	**12 041**

There are no major credit risk concentrations associated with receivables. In the Edita Publishing business area, sales receivables are distributed across a broad group of customers. In the Edita Prima business area, the amount of overdue receivables is particularly low. Furthermore, the largest customers are either public sector organisations or large and highly solvent companies. Statement of financial position values provide the best indication of the maximum amount subject to a credit risk in a situation in which the counterparties to a contract are unable to fulfill the obligations associated with financial instruments.

24. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement are formed as follows:

EUR 1,000	30.6.2022	31.12.2020
Cash in hand and at the bank	209	283
Total	**209**	**283**

Balance sheet values provide the best indication of the maximum amount subject to a credit risk in a situation in which the c ounterparts to a contract are unable to fulfil the obligations associated with financial instruments. There are no major credit risk conc entrations associated with cash and cash equivalents. In the statement of cash flows, items classified as cash and cash equivalents have a maximum maturity of three months from the date of acquisition.

Notes to the consolidated financial statements (IFRS)

25. Equity and capital management

EUR 1,000	Number of shares (1,000)	Share-holders' equity	Share premium fund	Invested unrestricted equity fund
31.12.2019	6 000	6 000	25 870	0
31.12.2020	6 000	6 000	25 870	0
30.6.2022	6 000	80	0	7 572

The company has one share class, and so there are no vote differentials. One share carries one vote. The share has no nominal value. The company's shares do not belong to the book-entry system. All shares issued have been fully paid for.

On the financial statements date, equity consisted of share capital, the invested unrestricted equity reserve, and retained earnings.

Share capital
The share capital of the Group's parent company was reduced during the financial year by EUR 5,920 thousand by means of a transfer to the invested unrestricted equity reserve.

Share premium fund
The share premium fund was created when Valtion Painatuskeskus (the State Printing Centre) was turned into an independent company and ceased to operate as a state-owned public corporation. In connection with the business transfer, the company's equity was increased as capital contribution. The share premium fund was a non-distributable fund. During the financial year, all of the funds in the share premium fund were transferred to the invested unrestricted equity reserve.

Treasury shares
The Group held no treasury shares during the financial year January 1, 2021–June 30, 2022 and the financial year January 1, 2020–December 31, 2020.

Translation differences
The translation differences fund comprised the translation differences arising from the translation of the financial statements of foreign units. The profits and losses arising from the hedging of net investments in foreign units were included in translation differences provided that the requirements for hedging had been met. In addition, the translation differences fund included exchange rate differences arising from the Group's internal equity-based loans. There have been no translation differences in the Group's equity after the divestment completed on January 31, 2022, in which the Group sold all of its subsidiaries in Sweden.

Invested unrestricted equity reserve
During the financial year, the Group's parent company transferred a total of EUR 31,790 thousand from share capital and the share premium fund to the invested unrestricted equity reserve. EUR 24,217 thousand from the reserve was used to cover losses in retained earnings. The reserve amounted to EUR 7,572 thousand on the financial statements date.

Distributable assets
The profit (loss) for the financial year is recognized in retained earnings. The Group's parent company's distributable assets consist of retained earnings and the invested unrestricted equity reserve. The distributable assets amounted to EUR 7,572,114.30 in the financial statements dated June 30, 2022. In the comparison year, on December 31, 2020, the parent company's distributable assets amounted to EUR 1,773,926.25.

Dividends and capital management
The goal of the Group's capital management is to support business operations by means of an optimal capital structure that ensures normal operating conditions and by increasing value generated to owners in the long term. The company has no fixed dividend policy. The equity-to-assets ratio and the company's needs form the basis for dividend distribution, concerning which the Board of Directors makes a proposal to the Annual General Meeting. After the end date of the reporting period, the Board of Directors proposed that no dividend be distributed.

The covenants relating to the Group's bank loans are normal terms that, for example, restrict the placement of collateral and changes of qualified majority in ownership. During the financial year, the parent company decided not to renew one of its credit limit agreements. Consequently, the covenant terms concerning the equity ratio and the ratio of net debt to EBITDA ceased to be in effect.

The Group's capital structure is continually monitored by means of the equity-to-assets leverage ratio and the gearing ratio. At the end of June 2022, the Group's interest-bearing net liabilities stood at EUR 8.5 million (2020: EUR 11.8 million) and the net gearing ratio was 328.7% (2020: 84.3%). The net gearing ratio for the comparison year has been adjusted from the previous financial statements due to the IFRS agenda decision pertaining to the capitalization of cloud computing costs. The net gearing ratio for the financial year was increased by the loss recognized on the divestment completed on January 31, 2022. When calculating net indebtedness, interest-bearing net liabilities are divided by shareholder's equity. Net liabilities include interest-bearing financial liabilities less interest-bearing receivables and cash and cash equivalents.

Notes to the consolidated financial statements (IFRS)

EUR 1,000	30.6.2022	31.12.2020
Interest-bearing liabilities	8 672	12 130
Cash and cash equivalents	209	283
Net indebtedness	**8 463**	**11 847**
Total shareholders' equity	2 575	14 054
Equity-to-assets ratio, %*	12,0 %	30,8 %
Gearing ratio %*	328,7 %	84,3 %

*the figure for 2020 has been adjusted due to the IAS 38 agenda decision concerning cloud computing costs

26. Provisions

EUR 1,000	Rearrange-ments	Other provisions	Total
Provisions on December 31, 2020	**0**	**61**	**61**
Amounts used	0	-61	-61
New provisions	1	0	1
Reversal of unused amounts	0	0	0
Provisions on June 30, 2022	**1**	**0**	**1**

Restructuring provision
Restructuring provisions are related to restructuring of the Edita Publishing business area, aiming to adjust business operations to the changing market situation.

Other provisions
Other provisions were related to concluded legal procedures.

Notes to the consolidated financial statements (IFRS)

27. Interest-bearing liabilities

EUR 1,000

Non-current financial liabilities amortized at cost	30.6.2022	31.12.2020
Lease liabilities	4 077	6 575
Total	**4 077**	**6 575**

Current financial liabilities amortized at cost	30.6.2022	31.12.2020
Repayments of loans due in the following year	3 609	3 331
Payments of lease liabilities due in the following year	987	2 223
Total	**4 596**	**5 555**

Contractual maturing of lease liabilities by maturity class	Lease liabilities		Interest	
Ending year of the financial period	30.6.2022	31.12.2020	30.6.2022	31.12.2020
2021		2 223		113
2022		2 089		84
2023	987	948	63	-56
2024	960	868	50	44
2025	887	879	39	33
2026	885	890	28	22
2027	895	901	17	11
2028	450	0	6	0
Total	**5 064**	**8 798**	**203**	**253**

Assets and depreciation related to leases are presented in Note 17.

Contractual maturing of bank liabilities by maturity class	Bank loans		Interest	
Ending year of the financial period	30.6.2022	31.12.2020	30.6.2022	31.12.2020
2021		3 331		17
2022		0		0
2023	3 609	0	20	0
Total	**3 609**	**3 331**	**20**	**17**

Notes to the consolidated financial statements (IFRS)

Contractual maturing of interest-bearing liabilities by maturity class	Interest-bearing liabilit		Interest	
Ending year of the financial period	**30.6.2022**	**31.12.2020**	**30.6.2022**	**31.12.2020**
2021		5 555		130
2022		2 089		84
2023	4 596	948	83	-56
2024	960	868	50	44
2025	887	879	39	33
2026	885	890	28	22
2027	895	901	17	11
2028	450	0	6	0
Total	**8 672**	**12 130**	**223**	**269**

Weighted averages of effective interest rates of non-current interest-bearing liabilities	30.6.2022	31.12.2020
	1,3 %	1,4 %

Non-current interest-bearing liabilities are divided by currency as follows	30.6.2022	31.12.2020
EUR	4 077	5 354
SEK	0	1 221
Total	**4 077**	**6 575**

Current interest-bearing liabilities are divided by currency as follows	30.6.2022	31.12.2020
EUR	4 596	4 308
SEK	0	1 247
Total	**4 596**	**5 555**

Changes in liabilities arising from financing

EUR 1,000	30.6.2022	31.12.2020
Interest-bearing liabilities January 1	12 130	11 463
Change in consolidated account credit limit*)	277	1 189
Withdrawals and repayments of other bank loans*)	0	-750
Repayments of lease liabilities*)	-2 858	-2 214
Increases from leases	534	2 424
Liabilities eliminated in the divestment	-1 293	0
Translation differences and other adjustments	-118	19
Total interest-bearing liabilities at the end of the financial y	**8 672**	**12 130**

*) Change with cash flow effect

Notes to the consolidated financial statements (IFRS)

28. Accounts payable and other liabilities

EUR 1,000	30.6.2022	31.12.2020
Current financial liabilities amortized at cost		
Accounts payable	3 064	8 075

The fair values of accounts payable are essentially equivalent to their carrying amounts. The discounting effect is not significant.

Accounts payable by currency	30.6.2022	31.12.2020
EUR	3 032	7 350
SEK	32	721
NOK	0	3
Other currencies	0	1
Total	**3 064**	**8 075**

29. Financial risk management

The Group is exposed to a number of financial risks in its normal business operations. The goal of the Group's risk management policy is to minimize the adverse effects of financial market movements on the Group's result. Liquidity risk is the primary financial risk. With the Group having divested its Swedish operations, it no longer has substantial exposure to currency risk. Under the risk management policy, risks are managed through a risk management process. This process identifies the risks threatening operations, assesses and updates them, develops the appropriate risk management actions and regularly reports on risks to the Group management team and Board of Directors. Financial risk management is an integral part of the Group's risk management policy.

The share of net revenue derived from business operations outside the euro area is marginal due to the Group having sold its Nordic Morning business (in 2020, approximately one-third due to the Swedish operations using the Swedish krona as their sales currency). The Group did not have any open currency derivatives or other currency risk hedges in effect on the financial statements dates of June 30, 2022 and December 31, 2020.

The parent company's operating currency is the euro. The Group did not have foreign subsidiaries on the financial statements date. The assets and liabilities of foreign subsidiaries in the comparison year, denominated in foreign currencies and translated into euros at the

Notes to the consolidated financial statements (IFRS)

EUR 1,000	31.12.2020
Non-current assets	6 253
Non-current liabilities	1 221
Exchange rate changes in non-current items	165
Current assets	5 112
Current liabilities	7 981
Exchange rate changes in non-current items	-32

Currency risk sensitivity analysis
The tables below show the appreciation/depreciation of the euro against the Swedish krona in the comparison year. The sensitivity analysis is based on the assets and liabilities denominated in foreign currencies on the financial statements date of the comparison year as well as the profit for the comparison year. The non-euro-denominated operations of the Group's continuing operations are

EUR 1,000	31.12.2020
Percentage of change	10 %
Effect on Group's profit after tax	126
Effect on the Group's shareholders' equity	-156

EUR 1,000	31.12.2020
Percentage of change	-10 %
Effect on Group's profit after tax	-154
Effect on the Group's shareholders' equity	190

Liquidity risk
The liquidity risk relates to the repayment of debts, the payment of investments and the adequacy of working capital. Edita Group strives to minimize its liquidity risk and the repayment of its future financial liabilities by ensuring sufficient finance from income and sufficient credit limit reserves and by balancing loan repayment schedules between different calendar years.

At the end of the financial year, cash and cash equivalents totaled EUR 0.2 million (EUR 0.3 million on December 31, 2020). The Group had a consolidated account credit limit with a maximum size of EUR 6.3 (9.3) million. At the end of the financial year, the consolidated account credit limit debt was EUR 3.6 (3.3) million. In addition, the Group has had access to unwithdrawn confirmed credit limits of EUR 2.0 (7.0) million. The credit limits in effect on the financial statements date did not involve any covenants that require regular reporting to the creditors.

The liquidity risk is monitored constantly and liquidity forecasts are made regularly. The following table shows a maturity analysis based

Notes to the consolidated financial statements (IFRS)

EUR 1,000

Breakdown of maturities of financial liabilities on June 30, 2022	Balance sheet value	Cash flow*	12 months or less	1–2 years	2–5 years	>5 years
Financial liabilities	3 609	3 629	3 629	0	0	0
Lease liabilities	5 064	5 266	1 050	1 010	2 750	456
Accounts payable	3 064	3 064	3 064			

Breakdown of maturities of financial liabilities on December 31, 2020	Balance sheet value	Cash flow*	12 months or less	1–2 years	2–5 years	>5 years
Financial liabilities	3 331	3 348	3 348	0	0	0
Lease liabilities	8 798	9 051	2 337	2 173	2 717	1 824
Accounts payable	8 075	8 075	8 075			

*Contractual cash flow from agreements cleared in gross amounts

Interest rate risk

The Group’s interest rate risk mainly comprises movements in market rates and margins affecting the loan portfolio. The effect of the interest rate risk on the Group’s net profit is reduced as necessary by hedging with interest rate derivatives. The Group had a total of EUR 3.6 million in interest-bearing debt from financial institutions on June 30, 2022 (December 31, 2020: EUR 3.3 million). In addition, the Group had liabilities related to non-cancellable leases in the amount of EUR 5.1 (8.8) million. Interest rate risk has been reduced by using interest rate derivatives to convert variable rate loans to fixed rate loans. The final installment on the Group’s latest interest-hedged bank loan was made in 2020. On the financial statements date, the duration was 2.3 (2.7). In analyzing the interest rate risk, a one percentage point change in the interest rate is estimated to not constitute a risk to the Group’s pre-tax profit, as the majority of the Group’s debt is related to lease liabilities for which the interest rate is redefined when the lease period or other terms of the lease are redefined. The effect of a one percentage point change in the interest on bank loans would have been approximately EUR 115 thousand during the financial year January 1, 2021–June 30, 2022 (January 1–December 31, 2020: approx: EUR 30 thousand).

Credit risk

Edita Group’s credit risks relate to operating activities. The Group’s credit risk policy defines the creditworthiness requirements for the Group's customers. The Group does not have significant concentrations of credit risk. In the Edita Publishing business area, sales receivables are distributed across a broad group of customers. In the Edita Prima business area, the amount of overdue receivables is particularly low. Furthermore, the largest customers are either public sector organisations or large and highly solvent companies. The Group has seen no need to use credit insurance policies, letters of credit or bank guarantees provided by customers. The Group's total amount of credit risk corresponds to the carrying amount of financial assets at the end of the financial year. The age distribution of sales receivables and expected credit risks are presented in Note 23.

Notes to the consolidated financial statements (IFRS)

30. Fair value of financial assets and liabilities

EUR 1,000	Note	Carrying value 30.6.2022	Fair value 30.6.2022	Carrying value 31.12.2020	Fair value 31.12.2020
Financial assets					
Other non-current assets	20	300	300	326	326
Sales receivables and other receivables	23	5 725	5 725	12 740	12 740
Cash and cash equivalents	24	209	209	283	283
Financial liabilities					
Financial loans	27	3 609	3 569	3 331	3 298
Accounts payable	28	3 064	3 064	8 075	8 075

Fair value determination principles applied by the Group on all financial instruments
When determining the fair values of the financial assets and liabilities shown in the table, the following price quotations, assumptions and measurement models have been used.

Financial assets, equity investments and other investments
Financial assets consist of cash, demand deposits and other current, extremely liquid investments. Other financial assets comprise unlisted Finnish equities and are measured at the price quoted on the end date of the reporting period.

Derivatives
For derivatives, the measurement principle is counterparty price quotation. The Group did not have derivatives in effect on the financial statements date.

Sales receivables and other receivables
The amortized cost of sales receivables corresponds to their fair value because there is no material discounting effect when taking into account the maturity of the receivables.

Bank loans
Financial liabilities are initially measured at fair value. Subsequently, all financial liabilities are measured at amortized cost. The fair values of liabilities are based on discounted cash flows. The discount rate applied is the rate at which the Group could acquire corresponding loan funding externally at the reporting period’s end date. Interest-bearing financial liabilities are, as a rule, tied to one-month market interest rates. Expenses arising from interest-bearing liabilities are amortized using the effective interest method.

Accounts payable
The initial carrying amount of accounts payable corresponds to their fair value because there is no material discounting effect when taking into account the maturity of the liabilities.

Fair value hierarchy of financial assets and liabilities measured at fair value

EUR 1,000	Fair values at the end of the comparison year			
Assets measured at fair value	**31.12.2020**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss				
Share investments	26	0	6	20

A transfer of approximately EUR 20,000 has been made from level 2 to level 3 in the figures for the comparison year.

Fair values of the hierarchy level 1 are based on the listed (unadjusted) prices of identical assets or liabilities in a well-functioning market. Fair values of the level 2 instruments are based to a significant extent on other input information than listed prices included in the level 1; however, they are based on information that can be determined for the asset or liability in question, either directly (i.e. as a price) or indirectly (i.e. derived from prices). For determining the fair value of these instruments, the Group utilises generally accepted measurement models, input information of which are, nevertheless, based to a significant extent on verifiable market information. Fair values of the level 3 instruments are based on input information concerning the asset or liability that is not based on observable market information (unobservable inputs).

Notes to the consolidated financial statements (IFRS)

Fair value hierarchy of financial assets and liabilities measured at fair value, which are not measured at fair value on the balance sheet but whose fair value is presented in the financial statements

EUR 1,000	Fair values on balance sheet date			
	30.6.2022	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Sales receivables and other receivables	5 725		5 725	
Other non-current assets	300		300	
Total	**6 025**		**6 025**	
Financial liabilities:				
Bank loans	3 569		3 569	
Accounts payable	3 064		3 064	
Total	**6 634**		**6 634**	

EUR 1,000	Fair values on balance sheet date			
	31.12.2020	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Sales receivables and other receivables	12 740		12 740	
Other investments	26		6	20
Total	**12 766**		**12 746**	**20**
Financial liabilities:				
Bank loans	3 298		3 298	
Accounts payable	8 075		8 075	
Total	**11 373**		**11 373**	**0**

31. Adjustments to cash flow from operating activities

Non-cash transactions

EUR 1,000	January 1, 2021–June 30, 2022	January 1, 2020–December 31, 2020
Depreciation and impairment, continuing operations*	4 229	2 519
Depreciation and impairment, discontinued operations	1 359	2 392
Change in provisions	-61	59
Adjustment to the capitalization of cloud computing costs*	0	1 042
Exchange rate differences	-11	-36
Adjustments related to divested companies	9	0
Other adjustments	2	1
Total	**5 527**	**5 976**

*The figure presented in the financial statements for 2020 has been adjusted. More information is provided in Note 5.

Notes to the consolidated financial statements (IFRS)

32. Collateral and other contingent liabilities

EUR 1,000	30.6.2022	31.12.2020
Other collateral and guarantees given on behalf of shareholders		
Rent guarantees	0	498
Leases with a term of less than 12 months and leases for which the underlying asset is of low value		
Within one year	24	51
1–5 years	12	30
Total	**36**	**82**

Off-balance sheet financial liabilities

Real estate investments

The Group is obligated to review the VAT reductions made on real estate investments completed in the years 2010–2022, if the property's taxable use decreases during the review period. The last review year is 2030. The maximum amount of the liability is EUR 51,964.24 (78,751.66).

33. Related party transactions

Parties are considered to be related parties if one party has the ability to control the other party or to exercise significant influence in or joint control over the other party in making financial and operating decisions. The Group's related parties include its subsidiaries and the sole shareholder, the Finnish state, which owns all of the shares in the parent company. The related parties also include the members of the Group's Board of Directors, the CEO, the members of the Group's and its business groups' management teams, and the family members of the aforementioned. Entities under the control or joint control of related parties are also considered related parties. More information on the parent company's subsidiaries is presented in Note 19.

The Group's parent company and subsidiary relationships are as follows as of June 30, 2022

Company	Parent company's holding %	Group's holding and votes, %
Parent company Edita Group Plc, Helsinki, Finland		
Edita Prima Oy, Helsinki, Finland	100 %	100 %
Edita Publishing Oy, Helsinki, Finland	100 %	100 %

Sales of goods and services conducted with a related party are based on market prices. The Group did not have material transactions with related parties outside the Group during the financial year.

The Group's parent company Edita Group Plc sold all of its shares in Nordic Morning Finland Oy and Nordic Morning Group Sweden AB in a transaction completed on January 31, 2022. Edita Group Plc owned all of the shares in these companies. At the same time, the shares in Nordic Morning Sweden AB and Mods Graphic Studio AB were transferred to the new owner. Nordic Morning Group Sweden AB owned 100% of the shares of these companies on the transaction date.

Notes to the consolidated financial statements (IFRS)

Employee benefits of management

More information on the Group CEO and the members of the Board of Directors can be found in the Group's annual report available online.

Salaries and fees

The Group management team is in charge of the Group's operating activities.

Anne Årneby served as the Group's CEO from January 12, 2017 to January 31, 2022. Kristiina Kujala has served as Interim CEO since February 1, 2022.

In the calendar year 2021, the Group had an incentive program under which the CEO was entitled to a performance-based bonus not exceeding 100 percent of the CEO's annual taxable earnings. The other individuals covered by the incentive program are entitled to a performance-based bonus not exceeding 60–80 percent of their annual taxable earnings. An incentive program for key personnel is also in effect in the calendar year 2022, but no incentive bonuses had been accumulated in the program by the financial statements date. Other incentive programs were also in effect during the financial year. A total of approximately EUR 360,000 in incentive bonuses for the CEO and other members of the Group management team were accumulated in these programs. No incentive bonuses were accumulated in the management's incentive program in the comparison year 2020.

Fees and fee-related provisions

EUR 1,000		**January 1, 2021–June 30, 2022**	**1, 2020–December 31, 2020**
CEO		112	0
Former CEO		277	240
Former CEO's incentive bonuses		174	0
One-time fees granted to former CEO		121	0
Total		**684**	**240**
Other members of the Group Management Team		1014	893
Incentive bonuses of the other members of the Group Management Team		186	0
Total		**1 200**	**893**
Members of Edita Group Plc's Board of Directors			
Ruuska Jukka	Chairman of the Board since March 12, 2020 Vice Chairman of the Board until March 12, 2020	71	52
Sjödell Per	former Member of the Board Chairman of the Board until March 12, 2020	0	12
Airaksinen Mervi	Member of the Board Vice Chairman of the Board since March 12, 2020	57	33
Mustakari Sinikka	Member of the Board	17	0
Kankkunen Anu	Member of the Board	19	0
Korte Niko	Member of the Board	39	0
Korkiakoski Anne	Member of the Board	66	41
Engberg Jani	Member of the Board	44	26
Strandberg Maija	former Member of the Board	7	26
Jonasson Blank Ingrid	former Member of the Board	7	34
Ohtola Jukka-Pekka	former Member of the Board	26	0
Hurtola Pekka	former Member of the Board	0	6
Ronkainen Anni	former Member of the Board	0	0
Total		**352**	**229**
Total		**2 237**	**1 362**

The contractual retirement age of the parent company's CEO complies with the applicable laws and regulations. The CEO and the members of the Board of Directors do not own any company shares, nor have they been granted any share options. The CEO and the members of the Board of Directors have not been granted any loans, and no collateral or contingent liabilities have been provided on

Notes to the consolidated financial statements (IFRS)

34. Breakdown of share ownership and information on shareholders

The parent company’s entire share capital has been directly owned by the Finnish state since December 18, 2020. During the period December 5, 2018–December 18, 2020, all of the shares in the parent company were owned by the State Business Development Company Vake Oy.

35. The impacts of the COVID-19 pandemic and the war in Ukraine on the financial statements and during the

The COVID-19 pandemic was directly reflected in the Group’s continuing operations as a reduction in the demand for print advertising products and direct advertising. The indirect impacts of the pandemic included the transition to remote work and studies. Society took a significant “digital leap” in a short period of time. Traditional paper-based products were replaced by digital solutions, and this change looks to be permanent at least to some extent. The impacts of the war in Ukraine and the related economic sanctions increased general uncertainty, which has affected demand and the availability of materials. Furthermore, the situation in Ukraine has contributed to higher inflation and rising energy prices, which increase uncertainty in the near term.

36. Restatement of an error in the previous financial statements

Erroneously recognized changes in exchange rates have been treated as a restatement of an error concerning prior financial periods. The effect on profit compared to the financial statements for 2020 is EUR -0.5 million in financial items and EUR +0.1 million in taxes for the financial year. The effect on the balance sheet is EUR +0.1 million on tax assets based on the taxable profit for the financial year, EUR -0.4 million on retained earnings, and EUR +0.5 million on translation differences in equity.

Parent company income statement (FAS) (EUR)

	Note	1.1.2021 - 30.6.2022	1.1.2020 - 31.12.2020
NET REVENUE	**2.**	**5 551 446,95**	**3 826 516,48**
Other operating income	3.	3 321 471,26	2 046 932,80
Personnel expenses	4.	-3 893 401,71	-2 120 062,69
Depreciation and impairment		-1 568 768,65	-816 506,30
Other operating expenses	5.	-8 811 839,48	-5 577 072,17
OPERATING PROFIT / LOSS (-)		**-5 401 091,63**	**-2 640 191,88**
Financial income and expenses	6.	-26 095 099,76	-5 340 534,12
PROFIT/LOSS (-) BEFORE APPROPRIATIONS AND TAXES		**-31 496 191,39**	**-7 980 726,00**
Appropriations	7.	5 700 000,00	2 213 251,19
Income taxes	8.	-195 230,90	109 575,97
PROFIT/LOSS (-) FOR THE FINANCIAL YEAR		**-25 991 422,29**	**-5 657 898,84**

Parent company balance sheet (FAS) (EUR)

ASSETS	Note	30.6.2022	31.12.2020
NON-CURRENT ASSETS			
Intangible assets	9.	1 235 100,21	2 175 454,72
Tangible assets	10.	4 191 298,18	5 100 402,63
Investments in Group companies	11.	17 704 406,94	44 267 016,96
Other investments	11.	0,00	25 982,55
Other non-current receivables	12.	300 000,00	300 000,00
Total non-current assets		23 430 805,33	51 868 856,86
CURRENT ASSETS			
Current receivables	12.	5 984 847,64	9 169 849,94
Financial securities	13.	102,00	102,00
Cash and bank balances		72 191,30	37 013,79
Total current assets		6 057 140,94	9 206 965,73
Total assets		**29 487 946,27**	**61 075 822,59**

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	30.6.2022	31.12.2020
SHAREHOLDERS’ EQUITY	14.		
Share capital		80 000,00	6 000 000,00
Share premium fund		0,00	25 869 610,34
Invested unrestricted equity reserve		7 572 114,30	0,00
Profit/loss (-) from previous years brought forward		25 991 422,29	7 431 825,09
Profit/loss (-) for the financial year		-25 991 422,29	-5 657 898,84
Shareholders’ equity, total		7 652 114,30	33 643 536,59
MANDATORY PROVISIONS	15.	214 365,00	60 683,00
LIABILITIES			
Current liabilities	16.	21 621 466,97	27 371 603,00
Total liabilities		21 621 466,97	27 371 603,00
Liabilities total		**29 487 946,27**	**61 075 822,59**

Parent company cash flow statement (FAS) (EUR)

	1.1.2021 - 30.6.2022	1.1.2020 - 31.12.2020
Cash flow from operating activities		
Profit/loss (-) before appropriations and taxes	-31 496 191,39	-7 980 726,00
Adjustments:		
Planned depreciation and impairment	1 568 768,65	816 506,30
Unrealized exchange rate gains/losses	4 114,38	-256 485,16
Other adjustments	-70 939,67	61 413,73
Financial income and expenses (+)	26 642 184,86	5 590 960,65
Change in working capital:		
Increase (+) decrease (-) in non-interest-bearing current receivables	354 766,49	-522 230,67
Increase (+) decrease (-) in non-interest-bearing current liabilities	-497 432,86	550 630,86
Interest and other financial expenses paid	-353 055,08	-164 421,74
Interest received	54 283,69	34 839,34
Taxes paid	-7 834,24	-15 617,15
Cash flow from operating activities	**-3 801 335,17**	**-1 885 129,84**
Cash flow from investing activities		
Investments in shares of subsidiaries	-808 084,66	0,00
Investments in intangible and intangible assets	-45 193,29	-1 044 050,92
Income from selling of investments	1 439 016,00	96 709,66
Dividends received	0,00	4 008,95
Cash flow from investing activities	**585 738,05**	**-943 332,31**
Cash flow from financing activities		
Change in cash pool liability	5 557 383,99	1 418 981,46
Withdrawals and repayments of other current borrowings	277 351,42	1 188 526,46
Repayments on external non-current borrowings	0,00	-750 000,00
Repayments of other current intercompany loans	-4 683 960,78	0,00
Contributions received from subsidiaries	2 100 000,00	1 000 000,00
Cash flow from financing activities	**3 250 774,63**	**2 857 507,92**
Change in cash and cash equivalents, increase (+)/decrease (-)	**35 177,51**	**29 045,77**
Cash and cash equivalents at January 1	37 013,79	7 968,01
Cash and cash equivalents at December 31	**72 191,30**	**37 013,79**

Notes to the Parent Company Financial Statements

1. Accounting policies applied to the parent company's financial statements (FAS)

Basic information

Edita Group Plc is a Finnish public limited company domiciled in Helsinki and established in accordance with Finnish law. Edita Group Plc's financial statements have been drawn up in accordance with the Finnish Accounting Standards (FAS). Edita Group Plc is the parent company of Edita Group. The consolidated financial statements have been drawn up in accordance with the latest IFRS regulations. As the accounting policies of the FAS and the IFRS are in most respects convergent in Edita Group Plc, a description of the most important accounting policies can be found in the accounting policies applied to the consolidated financial statements.

The company's financial year had a duration of 18 months, covering the period from January 1, 2021 to June 30, 2022. The comparison period is January 1, 2020–December 31, 2020. Consequently, the figures for the financial year and the comparison period are not entirely comparable.

Non-current assets

Intangible and tangible assets are recognized in the balance sheet at original cost less planned depreciation. Planned depreciation is calculated from original acquisition values and estimated useful life. Land is not depreciated. The depreciation periods are as follows:

Buildings and structures	30 years
Machinery and equipment	4–15 years
Other non-current expenditure	4–5 years

Investments and loan receivables with an estimated life of over one year are presented under investments.

Any impairment requirement of non-current assets is reviewed annually and an impairment is recognized immediately when necessary.

Financial assets

Cash and cash equivalents include cash in hand and at the bank, deposits of less than three months and other cash equivalents.

Shares and participations included in financial asset securities are measured at the lower of cost or market value.

Financing arrangements

The adequacy of the Group's working capital has been arranged by means of a cash pool agreement between the parent company and a bank. The limit is EUR 6.3 million, of which EUR 2.7 million was unused on the financial statements date. Due to their nature, changes in the limit are presented in the cash flow statement as part of cash flow from financing activities. In addition, the parent company had unused confirmed credit limits amounting to EUR 2.0 million at its disposal on the financial statements date.

Taxes

Income tax in the income statement is the tax on the year's profit/loss and tax adjustments from previous years. Deferred taxes are not recognized in the parent company's accounts.

Pension plans

The statutory and individual pension insurance of parent company employees is arranged by external pension insurance companies.

Appropriations

The parent company's appropriations include contributions received from subsidiaries as well changes in depreciation difference.

Notes to the Parent Company Financial Statements (FAS) (EUR)

2. Net revenue

	30.06.2022	31.12.2020
By market area		
Finland	4 748 515,47	3 075 104,73
Other EU countries	802 931,48	751 411,75
Total	5 551 446,95	3 826 516,48

3. Other operating income

	30.06.2022	31.12.2020
Rental income	2 235 799,37	1 485 431,71
Group’s internal administrative fees	1 050 768,40	533 595,87
Other	34 903,49	27 905,22
	3 321 471,26	2 046 932,80

4. Personnel

	30.06.2022	31.12.2020
Personnel expenses		
Salaries and fees	-3 432 122,72	-1 826 903,56
Pension expenses and pension insurance contributions	-371 047,44	-213 929,81
Other personnel expenses	-90 231,55	-79 229,32
	-3 893 401,71	-2 120 062,69
Employees in the company during the financial year		
Employees on salary	21	23
Management salaries and fees		
CEO	-219 828,00	0,00
Members of the Board	-352 248,44	-228 695,43
	-572 076,44	-228 695,43

Anne Årneby was the Group’s CEO until January 31, 2022. Her salaries and fees were paid from Nordic Morning Group Sweden AB, which was the parent company of the Swedish operations until January 31, 2022. Kristiina Kujala has served as the Group’s Interim CEO since February 1, 2022. More information on the compensation of the Group’s executive management is presented in Note 33 to the consolidated financial statements, Related party transactions.

5. Other operating expenses

Royalties and order commissions	-190,00	0,00
Rents	-1 832 861,46	-1 058 803,56
Other business premises expenses	-1 562 250,16	-959 419,25
Logistics	-9 477,47	-4 488,65
IT and data communications	-2 049 194,00	-1 425 764,30
Marketing and representation expenses	-5 279,58	-6 128,56
Other operating expenses	-3 352 586,81	-2 122 467,85
Other operating expenses, total	-8 811 839,48	-5 577 072,17
Auditor's fees		
Audit fees	-49 651,00	-39 151,00
Tax consultation	-12 845,00	-15 595,60
Other fees	-71 692,77	-5 120,00
	-134 188,77	-59 866,60

6. Financial income and expenses

Dividend income		
From others	0,00	4 008,95
	0,00	4 008,95
Other interest income		
From Group companies	47 507,06	34 732,37
From others	97,58	106,97
	47 604,64	34 839,34
Other financial income		
From others	37 721,15	82 390,13
	37 721,15	82 390,13
Interest income and other financial income, total	85 325,79	121 238,42
Exchange rate gains and losses	112 432,74	274 752,52
Impairment on non-current asset investments		
Loss on the sale of shares in subsidiaries	-25 931 678,69	0,00
Other items	-25 982,55	-5 045 898,05
	-25 957 661,24	-5 045 898,05
Interest expenses		
To Group companies	-31 219,44	-19 860,33
To others	-118 352,63	-79 296,81
	-149 572,07	-99 157,14
Other financial expenses		
To others	-185 624,98	-44 384,77
	-185 624,98	-44 384,77
Interest expenses and other financial expenses, total	-335 197,05	-143 541,91
Total financial income and expenses	-26 095 099,76	-4 793 449,02

7. Appropriations

Difference between planned depreciation and depreciation made for taxation purposes	0,00	113 251,19
Contributions received from subsidiaries	5 700 000,00	2 100 000,00
	5 700 000,00	2 213 251,19

8. Notes on income taxes

Income tax on normal operations	-183 323,26	0,00
Income tax on normal operations from previous year	-11 907,64	158,95
	-195 230,90	158,95

Non-current assets

9. Intangible assets

Intellectual property		
Acquisition cost, January 1	702 726,72	702 726,72
Acquisition cost, June 30, 2022 and December 31, 2020	702 726,72	702 726,72
Accumulated depreciation, January 1	702 726,72	702 679,13
+ Depreciation for the year	0,00	47,59
Accumulated depreciation, June 30, 2022 and December 31, 2	702 726,72	702 726,72
Carrying amount, June 30, 2022 and December 31, 2020	0,00	0,00
Other non-current expenses		
Acquisition cost, January 1	2 048 236,39	184 793,78
+ Increases	0,00	1 863 442,61
Acquisition cost, June 30, 2022 and December 31, 2020	2 048 236,39	2 048 236,39
Accumulated depreciation, January 1	198 665,27	68 534,41
+ Depreciation for the year	614 470,91	130 130,86
Accumulated depreciation, June 30, 2022 and December 31, 2	813 136,18	198 665,27
Carrying amount, June 30, 2022 and December 31, 2020	1 235 100,21	1 849 571,12
Intangible assets, total		
Acquisition cost, January 1	2 750 963,11	887 520,50
+ Increases	0,00	1 863 442,61
Acquisition cost, June 30, 2022 and December 31, 2020	2 750 963,11	2 750 963,11
Accumulated depreciation, January 1	901 391,99	771 213,54
+ Depreciation for the year	614 470,91	130 178,45
Accumulated depreciation, June 30, 2022 and December 31, 2	1 515 862,90	901 391,99
Carrying amount, June 30, 2022 and December 31, 2020	1 235 100,21	1 849 571,12
Advance payments	0,00	325 883,60
	1 235 100,21	2 175 454,72

10. Tangible assets

Land areas		
Acquisition cost, January 1	1 922 846,00	1 922 846,00
Acquisition cost, June 30, 2022 and December 31, 2020	1 922 846,00	1 922 846,00
Carrying amount, June 30, 2022 and December 31, 2020	1 922 846,00	1 922 846,00
Buildings and structures		
Acquisition cost, January 1	16 781 260,69	16 781 260,69
+ Increases	41 825,22	0,00
Acquisition cost, June 30, 2022 and December 31, 2020	16 823 085,91	16 781 260,69
Accumulated depreciation, January 1	13 728 295,24	13 152 329,67
+ Depreciation for the year	851 980,00	575 965,57
Accumulated depreciation, June 30, 2022 and December 31, 2	14 580 275,24	13 728 295,24
Carrying amount, June 30, 2022 and December 31, 2020	2 242 810,67	3 052 965,45
Machinery and equipment		
Acquisition cost, January 1	2 942 828,14	2 942 828,14
+ Increases	3 368,07	0,00
Acquisition cost, June 30, 2022 and December 31, 2020	2 946 196,21	2 942 828,14
Accumulated depreciation, January 1	2 818 236,96	2 707 874,68
+ Depreciation for the year	102 317,74	110 362,28
Accumulated depreciation, June 30, 2022 and December 31, 2	2 920 554,70	2 818 236,96
Carrying amount, June 30, 2022 and December 31, 2020	25 641,51	124 591,18
Tangible assets, total		
Acquisition cost, January 1	21 646 934,83	21 646 934,83
+ Increases	45 193,29	0,00
Acquisition cost, June 30, 2022 and December 31, 2020	21 692 128,12	21 646 934,83
Accumulated depreciation, January 1	16 546 532,20	15 860 204,35
+ Depreciation for the year	954 297,74	686 327,85
Accumulated depreciation, June 30, 2022 and December 31, 2	17 500 829,94	16 546 532,20
Carrying amount, June 30, 2022 and December 31, 2020	4 191 298,18	5 100 402,63
On the carrying amount, June 30, 2022 and December 31, 2020		
Share of machinery and equipment in production	25 641,51	124 591,18

11. Investments

Share in Group companies, January 1	44 267 016,96	46 308 911,22
+ Capitalization	808 084,66	3 004 003,81
- Decreases	-27 370 694,68	0,00
- Impairment	0,00	-5 045 898,07
Balance sheet value, June 30, 2022 and December 31, 2020	17 704 406,94	44 267 016,96
Other shares and holdings, January 1	25 982,55	25 982,55
- Impairment	-25 982,55	0,00
Balance sheet value, June 30, 2022 and December 31, 2020	0,00	25 982,55

Company and domicile	Holding %	Holding %
Edita Prima Oy, Helsinki	100 %	100 %
Edita Publishing Oy, Helsinki	100 %	100 %
Nordic Morning Finland Oy, Helsinki	0 %	100 %
Nordic Morning Group Sweden AB, Stockholm, Sweden	0 %	100 %

12. Receivables

Other non-current receivables		
Rental deposit account	300 000,00	300 000,00
Sales receivables from non-Group companies	61 305,93	65 019,68
Receivables from Group companies		
Sales receivables	11 365,33	318 143,24
Group account receivables	0,00	6 313 408,38
Contributions from subsidiaries	5 700 000,00	2 100 000,00
Prepaid expenses and accrued income	7 305,91	58 262,00
	5 718 671,24	8 789 813,62
Other current receivables	0,00	89 071,27
Prepaid expenses and accrued income from non-Group companies		
Social security expense accruals	21 565,80	10 094,79
Tax receivables	2 276,07	9 894,48
IT expenses accruals	133 337,00	73 755,05
Other	47 691,60	22 784,03
	204 870,47	116 528,35
Receivables, total	5 984 847,64	9 060 432,92

13. Financial securities

Replacement value	310,00	2 352,19
Carrying amount	102,00	102,00
Difference	208,00	2 250,19

14. Shareholders’ equity

Restricted shareholders’ equity

Share capital, January 1	6 000 000,00	6 000 000,00
Decrease of share capital	-5 920 000,00	0,00
Share capital, June 30, 2022 and December 31, 2020	80 000,00	6 000 000,00
Share premium fund, January 1	25 869 610,34	25 869 610,34
Change	-25 869 610,34	0,00
Share premium fund, June 30, 2022 and December 31, 2020	0,00	25 869 610,34
Total restricted shareholders’ equity	80 000,00	31 869 610,34

Unrestricted shareholders’ equity

Invested unrestricted equity reserve, January 1	0,00	0,00
Transfer from restricted equity	31 789 610,34	0,00
Transfer to retained earnings	-24 217 496,04	0,00
Invested unrestricted equity reserve, June 30, 2022 and 31.12.2020	7 572 114,30	0,00
Profit/loss from previous years brought forward, January 1	1 773 926,25	7 431 825,09
Transfer from the invested unrestricted equity reserve	24 217 496,04	0,00
Retained earnings, June 30, 2022, and 31.12.2020	25 991 422,29	7 431 825,09
Profit/loss (-) for the financial year	-25 991 422,29	-5 220 230,76
Restatement of error in the financial statements for 2020	0,00	-437 668,08
	-25 991 422,29	-5 657 898,84
Total unrestricted shareholders’ equity	7 572 114,30	1 773 926,25
Total shareholders’ equity	**7 652 114,30**	**33 643 536,59**

Erroneously recognized changes in exchange rates have been treated as a restatement of an error concerning prior financial periods. The effect on profit compared to the financial statements for 2020

Calculation of distributable funds, June 30, 2022 and December 31, 2020

Profit/Loss from previous years brought forward	25 991 422,29	7 431 825,09
Profit/loss (-) for the financial year	-25 991 422,29	-5 657 898,84
Invested unrestricted equity reserve	7 572 114,30	0,00
	7 572 114,30	1 773 926,25

The parent company had distributable funds of EUR 7,572,114.30 on June 30, 2022.

The company has 6,000,000 shares. The share has no nominal value. All shares carry equal voting rights and equal entitlement to dividends.

15. Mandatory provisions

Provisions related to contracts	214 365,00	0,00
Other mandatory provisions	0,00	60 683,00
	0,00	60 683,00

The mandatory provision for the financial year concerns leased premises left vacant that are not estimated to be fully utilized in business operations in the future. The provision has been adjusted by rental income likely to be received in the future. The expense corresponding to the provision has been recognized as a lease expense in other operating expenses in the income statement.

16. Current liabilities

Liabilities to credit institutions	3 608 738,63	3 331 387,21
Accounts payable to non-Group companies	221 978,01	1 022 110,57
	3 830 716,64	4 353 497,78
Liabilities to Group companies		
Group account liabilities	16 701 724,06	17 457 748,45
Loans	0,00	4 844 564,59
Accounts payable	0,00	5 429,56
Accrued liabilities and deferred income	25 220,00	0,00
	16 726 944,06	22 307 742,60
Other current liabilities	170 805,97	118 275,04
Accrued liabilities and deferred income to non-Group companies		
Wages and salaries with related expenses	260 299,04	354 406,11
Taxes	70 534,39	0,00
Management incentive programs	104 703,00	0,00
Other	457 463,87	237 681,47
	893 000,30	592 087,58
Current liabilities, total	21 621 466,97	27 371 603,00
Interest-bearing liabilities		
Current	20 310 462,69	25 633 700,25
	20 310 462,69	25 633 700,25
Non-interest-bearing liabilities		
Current	1 311 004,28	1 737 902,75
	1 311 004,28	1 737 902,75

17. Related party transactions

There were no unusual transactions with related parties.

18. Contingent liabilities

Amounts payable under leasing agreements		
Due for payment in the next financial year	33 165,40	70 292,99
Due for payment later	28 612,97	40 152,87
	61 778,37	110 445,86
Guarantees given on behalf of Group companies	300 000,00	798 490,00
Amounts payable under lease agreements		
Due for payment in the next financial year	967 343,52	892 034,25
Due for payment later	4 353 045,84	4 997 718,00
	5 320 389,36	5 889 752,25

Off-balance sheet financial liabilities
Real estate investments
The company is obligated to review the VAT reductions made on real estate investments completed in the years 2010–2022 if the property's taxable use decreases during the review period. The last review year is 2030. The maximum amount of the liability is EUR 51,964.24.

Signatures to the financial statements and the Board of Directors' report

Helsinki, 29th of September, 2022

Jukka Ruuska
Chairman of the Board

Mervi Airaksinen
Vice Chairman of the Board

Anne Korkiakoski

Anu Kankkunen

Jani Engberg

Niko Korte

Sinikka Mustakari

Kristiina Kujala
Interim CEO

Auditor's statement

A report has been issued today on the audit performed by us.

Helsinki, 29th of September 2022

KPMG Oy Ab
Authorized Public Accountants

Ari Eskelinen
Authorized Public Accountant